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BHARTIYA

A N N U A L R E P O R T

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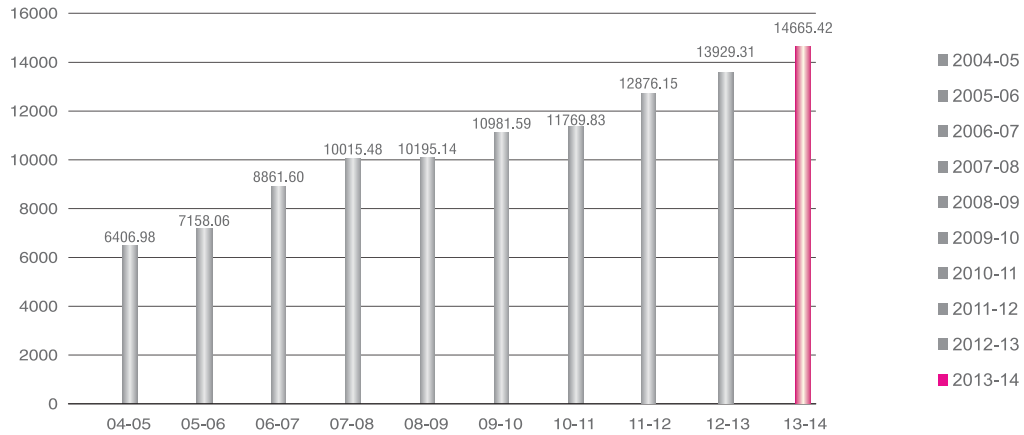
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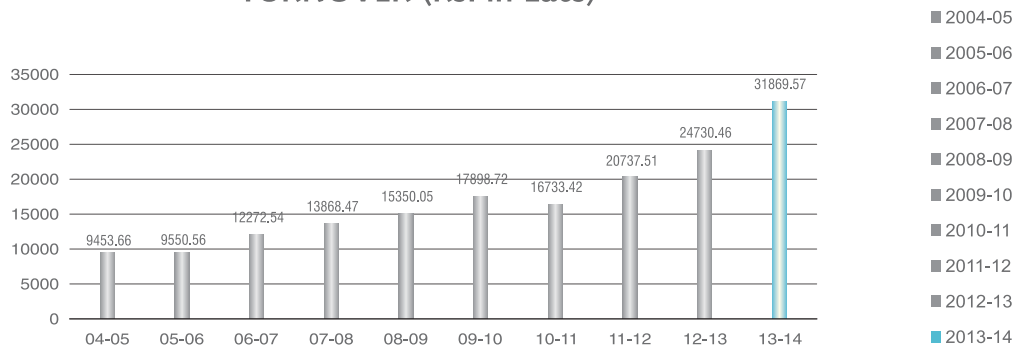
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PERFORMANCE HIGHLIGHTS

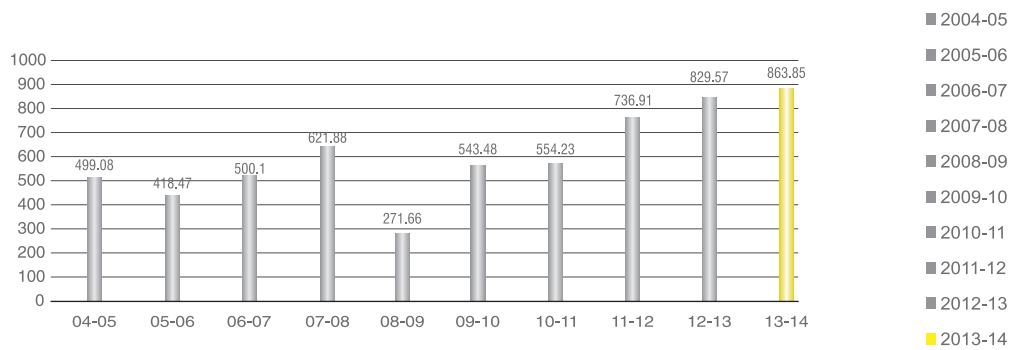
NET WORTH (Rs. in Lacs)



TURNOVER (Rs. in Lacs)



PROFIT AFTER TAX (Rs. in Lacs)



BOARD OF DIRECTORS

DIRECTORS

Snehdeep Aggarwal	Managing Director
Jaspal Sethi	Whole-Time Director
A.K. Gadhok	Whole-Time Director
Shashank	Director
Ramesh Bhatia	Director
Nikhil Aggarwal	Director
A. Sahasranaman	Director
C.L. Handa	Director
Sandeep Seth	Director
V.K. Chopra	Director (Resigned w.e.f. 19th June, 2014)
Shilpa Budhia	Company Secretary

AUDITORS

Sushil Poddar & Co., New Delhi

BANKERS

Corporation Bank
 Citi Bank N.A.
 Kotak Mahindra Bank
 IDBI Bank Ltd.
 ING Vysya Bank Ltd.
 Chinatrust Commercial Bank
 State Bank of India
 Indusind Bank

DELHI

Registered Office
 E-52, New Manglapuri, Mandi Road,
 (Mehrauli), New Delhi -110 030, India
 Email: bhartiya@bhartiya.com

GURGAON

Plot No. 38, Sector-44, Gurgaon, Haryana

HONG KONG

World Fashion Trade Ltd.
 Suite 605, 6th Floor, China Insurance Group
 Building, 141 Des Voeux Road,
 Central, Hong Kong

U.S.A

BIL Group LLC
 146, West 29th Street, Suite# 11E,
 New York, N.Y. 10001 USA

SWITZERLAND

Ultima S.A., Avenue J-J .Rousseau -7,
 CH-2001, Neuchatel, Switzerland

ITALY

Ultima Italia Sri,
 Branch: Via Dei Tigli, 4,
 26010 Casaleto Vaprio (CR), Italy

CHINA

World Fashion Trade Ltd.
 Room 510, Tower 8, United Plaza,
 No. 58, Qianjiang Road, Hangzhou,
 China. Post Code - 310 008

CHENNAI

342, Nallambakkam Village,
 Via-Vandalur, Chennai-600048.

BANGALORE

No. 27/2, Gottigere,
 Bannerghata Road,
 Bangalore-560 083 India

FROM THE CHAIRMAN



I founded Bhartiya International in 1987 on the core belief that through creative design and superior product, all things are possible. Now, twenty-seven years later, still guided by this belief and with the support of a world-class team for design and production, Bhartiya is one of the largest manufacturer and exporter of leather garments in India.

Today we operate four distinct global apparel and textile groups, a leather business, and we own a 30 percent share of Bhartiya City, one of the largest multi-use real estate development project underway in India. We operate nine garment and accessories factories, a tannery, with offices in Gurgaon, Chennai, Bangalore, Dhaka, Milan and Hangzhou.

Each of our business units is inspired and guided by superior design, above all. Our businesses are vertically integrated with talented and dynamic managers leading each group. We have extended the breadth and scope of our products and our global reach to new markets and customers beyond Europe to North America, South America, China and Australia.

Today we design and produce a product range with offerings for men, women and children across age groups, lifestyles and wearing occasions. At the core of everything we do is excellent product; it is the cornerstone of Bhartiya's business building success.

As Chairman, I am proud the Company has been profitable each year since our inception, and has paid a shareholder dividend annually since becoming publicly listed in 1994. While we have a long heritage of growth and profitability, our team is energized by the belief and expectation that the best years for Bhartiya are ahead of us.

I am confident that Bhartiya will have continued and sustainable revenue and profitability growth in the years ahead. 2014-2015 is likely to be a year of record performance and a testament to consumer acceptance of our designs and products coupled with the strong customer relationships we maintain with global brands and retailers.

The Company is also benefitting from improvement in global economies, greater consumer confidence and healthier retail trading conditions. Higher labor and operating costs in China have benefited us as global brands and retailers look to India for new sourcing options as they migrate from China.

Bhartiya's long-term goals for continued success include:

- Driving organic growth across our businesses
- Improving factory efficiencies and operational improvements
- Maintaining design leadership, improving leathers, creating new products that excite our customers

I believe that through hard work all things are possible. Bhartiya's continued success will come from our motivated, focused and disciplined managers and employees who are committed to delivering sustained revenue and earnings improvement for our shareholders.

As your Chairman, and on the behalf of our entire Bhartiya International team, we thank you for your continued support.

Snehdeep Aggarwal

MANAGEMENT DISCUSSION & ANALYSIS



LEATHER APPAREL

The Company continues to leverage art with science: to balance the art of product design and garment making, with the science of supply chain and production management. Our Milan design studios and our India leather and garment production capabilities create signature Bhartiya products that inspire and excite our global retail and branded customers.

The Company's Bangalore-based garment business is one of the largest leather garment manufacturer in India, producing for the leading International retailers.

To leverage vertical integration and horizontal expansion is an important strategy for the Company. Bhartiya continues to invest in infrastructure, including expanded leather development capabilities, to ensure new, innovative leathers and finishes, and new, more efficient garment factories to produce our quality jackets. The Company has successfully combined its years of garment making experience with design and leather research and development to create a unique competitive position in the market.

As a close partner with leading global brands and retailers, the Company is poised for continue growth and profitability as global economies and retail markets improve, sales expansion with North American customers gains further traction and momentum, and the Company broadens and streamlines its production base with more efficient, and increased capacity.

ACCESSORIES

The Company continues to show dramatic growth and expansion in its Chennai-based business. The management team is leveraging internal design capability, on-site leather making facilities and Bhartiya customer relationships. Today we are producing accessories, bags and belts for well-known international customers. The Accessories group also continues to leverage its resources to extend and strengthen customer relationships and experiences.

We are encouraged by the future prospects of the accessories business. The Company is planning to expand its accessories capacity within the Company owned Special Economic Zone (SEZ). Growth rates with core customers demonstrate a sustainable and profitable business. The American business development strategy, supported by "just in time" in-store EDI replenishment, is expected to aid in the expansion of the Company's small leather goods and belt business.

TEXTILE APPAREL

The Company operates a product-sourcing group servicing global brands and retailers in Europe and North America. We design, develop, and source textile clothing for companies that do not operate sourcing offices in India. We provide sophisticated one-stop shop solutions to meet our customers' specific textile clothing needs.

The Company provides defined products with competitive pricing, quality assurance, and logistical support to ensure reliable delivery. We have broadened our product offerings or to include scarves and footwear. We have extended the boundary of customers beyond Europe to include the US and South America.

The strength of this business is our merchandising approach to reliably provide high value apparel, and the entrepreneurial spirit of our Textile team. We have expanded our internal management team and broadened our sales coverage to support our planned growth and market expansion.

OUTERWEAR AND FUR

The Company's fur and outerwear business is supported by our Milan studio design team, and outsourced through independent, contracted factories in China. We manage our China sourced business through Company offices in Hangzhou, China.

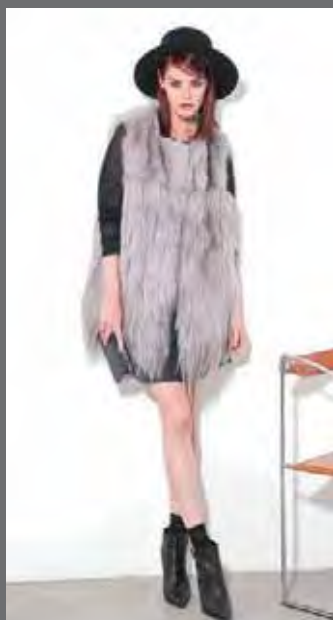
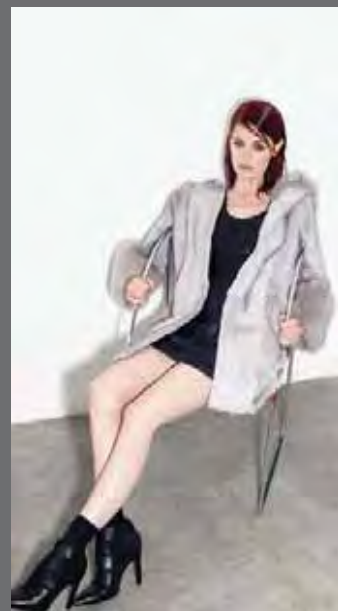
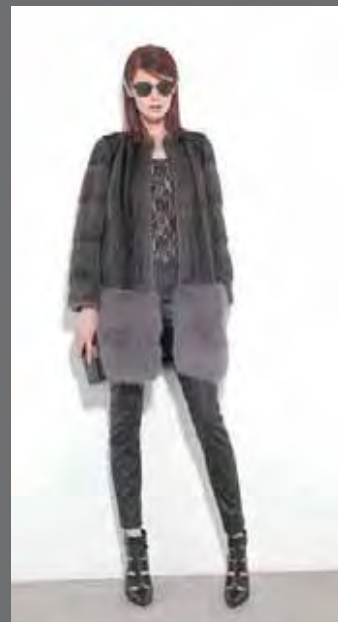
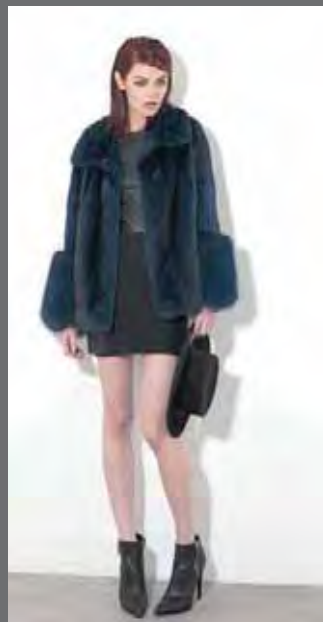
The preponderance of the Company's China outerwear production is in PU materials, allowing our retailer and branded customers to merchandise beautifully designed garments at entry price points, made in man-made materials.

We are successfully consolidating our know-how and technologies to create unique competitiveness in our outerwear sourcing business. The Company has developed new natural-organic fabric dyes in Italy that are being created in new 2015 collections.

OVERVIEW

Bhartiya International is a diverse global apparel company with Indian roots and a proud entrepreneurial heritage and spirit. Vertically aligned from design through production with an integrated supply chain, the Company is poised for expansion with sustained revenue and profitability growth. As global brands and retailers look for sourcing options beyond China, Bhartiya International is positioned to support their apparel product sourcing needs and requirements.





OUR COMPANY

HUMAN RESOURCES

Bhartiya's philosophy has always been based on the progressive and continuous improvement, whether in business or any other function. Being a knowledge driven organization, we have given utmost importance to our human resources and believe in upgrading the skill, knowledge in the respective areas. Human Resource has evolved in our organization manifolds by the way of automation. The automation in Human Resource has considerably resulted in better efficiencies, increased productivity. Robust processes, employee friendly policies, high ethical values have put Bhartiya on a very high pedestal. This has helped the organization to foster a positive culture and transparency in the system.

Bhartiya firmly believes that people are its most valued asset, and the focus is to retain and sustain a highly qualified and diverse work force.

INTERNAL CONTROL

The Company has robust system of internal control to provide the reasonable assurance that all information used within the business and for external reporting is adequate. The Company has in house internal audit function manned by experienced Chartered Accountant reporting into Audit Committee. The Internal Control procedures of your company have been designed to ensure:

- accuracy of financial reporting,
- operating effectiveness,
- safeguarding of Company's assets,
- compliance to the applicable statutes and company policies and procedures

With the endeavor to strengthen the internal control mechanism and accuracy of reporting, Company is implementing an ERP specific to the fashion industry.

RISK MANAGEMENT

The Company has adequate risk management process to identify and notify the board of directors about the risks or opportunities that could have an adverse impact on the Company's operations or to that could be exploited to maximize the gains. The processes and procedures are in place to act in a time bound manner to manage the risks or opportunities. The risk management process is reviewed and evaluated by the board of directors. Bhartiya International's exposure to foreign currency risk is restricted to its imports and exports. These risks are minimized through well-thought-out financial operations, astute treasury management and effective use of hedge options

CAUTIONARY STATEMENT

All the statements and assertions in this report regarding the projections, estimates and outlook are subject to current market situations and expected effects of future events on current and developing circumstances. Results may vary due to a number of factors, which could effect the company's business operations, such as demand and supply conditions, price inputs, change in government levies and regulations, industrial relations and other economic variables in the country. BIL cannot be held responsible in any way for such statements and it undertakes no obligations to publicly update these to reflect subsequent events or circumstances.

Bhartiya City

The successful launch of Bhartiya City is rooted in the meticulous planning and design process with which we developed it. We were determined to invest in infrastructure and to showcase the City as we envisaged it. This resulted in the 40,000 sqft Discovery Centre as a place to experience it all. Bhartiya City is unquestionably a project like no other in India.

We launched Nikoo homes with spectacular success in November, 2012. Today it is the fastest-selling residential brand in Bengaluru, selling over 2250 homes in just over 15 months. Construction is in full swing and on track to deliver as promised.

We partnered with Leela Hotels. This 5-star hotel will have around 250 rooms, including large suites and a presidential suite, and the largest conference centre in Bengaluru, which can accommodate 6000 people. It doesn't stop there – there will also be 144 Leela-branded residences in Bhartiya City.

Bhartiya City was honored in its first year with four exemplary awards recognizing its value and contribution to society. Although our main aim remains serving the future citizens of Bhartiya City, the recognition from our peers has strengthened our belief in our dream. Globally we were awarded Best Futura Mega Project MIPIM Asia Awards. Bhartiya City is the first Indian developer in this category to receive this recognition.





DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2014.

FINANCIAL RESULTS

The financial results of the Company for the financial year ended March 31, 2014 are as follows:

		(Rs. in Lacs)	
Sl. No.	Particulars	2013-2014	2012-2013
1.	Net Sales /Income from Operations	31869.56	24730.46
2.	Other Income	225.17	225.27
3.	Total Expenditure	29439.93	22841.47
4.	Interest	1004.91	690.07
5.	Gross Profit after Interest but before Depreciation & Tax Items	1649.89	1424.19
6.	Depreciation	253.40	200.01
7.	Profit before Tax	1396.50	1224.18
8.	Tax Expense	456.34	394.61
9.	Net Profit after Tax	863.85	829.57
10.	Paid up Equity Share Capital	1106.38	1106.38
11.	Reserves (Excluding Revaluation Reserves)	13559.04	12822.93
12.	Earning Per Share (Basic) Rs.	7.81	7.65
13.	Earning Per Share (Diluted) Rs.	7.77	7.62
14.	Dividend	10%	10%

PERFORMANCE REVIEW

During the year under review, Company achieved a turnover of Rs.31869.56 Lacs as against Rs. 24730.46 Lacs in the previous year showing an increase of 28.87%. The Net Profit after tax also increased to Rs. 863.85 as compared to Rs. 829.57 Lacs in the previous year.

DIVIDEND

Your Directors have recommended a Dividend of Re.1.00/- per paid-up equity share of Rs. 10/- each (i.e. @ 10%) for the Financial Year ended 31st March, 2014. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

SHARE CAPITAL

During the year under review, there were no changes in the share capital structure of the Company.

EMPLOYEES STOCK OPTION PLAN

The Nomination and Remuneration Committee (erstwhile Remuneration and Compensation Committee) of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme of the Company in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines').

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The certificate would be placed at the Annual General Meeting for inspection by members.

Disclosures as required under clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'SEBI Guidelines') as at March 31, 2014, are set out in Annexure A to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- i) in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii) the Directors 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 the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;

- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

DIRECTORS

Mr. Snehdeep Aggarwal and Mr. A. K. Gadhok hold office as Managing Director and Whole Time Director, till March 31, 2014 respectively. The Board on the recommendation of the Remuneration and Compensation Committee (now Nomination and Remuneration Committee) had re-appointed them with effect from April 1, 2014 for a further period of 5 years. Approval of Shareholders is being sought for their re-appointment and remuneration.

Mr. Ramesh Bhatia, Mr. Sandeep Seth and Mr. Shashank retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of section 255 and 256 of the Companies Act, 1956.

With the notification of section 149 of the Companies Act, 2013 and other applicable provisions of the Act, Mr. Sandeep Seth and Mr. Shashank being eligible and offering themselves for re-appointment, are proposed to be appointed as Independent Directors in terms of section 149 and other applicable provisions of the Companies Act, 2013, to hold office for 3 (three) consecutive years for a term upto the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2017.

Further, the Board of Directors of your Company is seeking appointment of all other/remaining independent directors (who were appointed as Directors pursuant to the provisions of Companies Act, 1956 with their period of office liable to determination by retirement of directors by rotation and were independent in terms of clause 49 of the Listing Agreement) as independent directors in terms of section 149 and other applicable provisions of the Companies Act, 2013, to hold office for 3 (three) consecutive years for a term upto the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2017.

Due notices under section 160 of the Act have been received from Members of the Company proposing the appointment of all independent directors of the Company at this Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Further, in terms of Section 152 of the Companies Act, 2013, Mr. Ramesh Bhatia, being eligible, has offered himself for being re-appointed as Director.

The details of Directors being recommended for appointment/ re-appointment as required under clause 49 of the Listing Agreement are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company.

Appropriate Resolution(s) seeking your approval for the appointment/ re-appointment of Directors are also included in the Notice.

CORPORATE GOVERNANCE

As required under clause-49 of Listing Agreement a Report on Corporate Governance along with a Certificate of Corporate Governance from the Auditors is annexed to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis Report forms part of this Annual Report.

SUBSIDIARY COMPANIES

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts together with Directors' Report and Auditors' Report of the Subsidiary Companies are appended and form part of the Annual Report. The statement pursuant to Section 212 of the Companies Act, 1956 is annexed to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements of the Clause-32 of the Listing agreement with the Stock Exchanges and AS-21 presented by ICAI, the Consolidated Financial Statements of the Company and its subsidiaries are annexed and forms part of this Annual Report.

LISTING AGREEMENT

The Company's securities are listed at the following Stock Exchanges in India: -

1. BSE Limited
2. The National Stock Exchange of India Limited

The Annual Listing fee for the Financial Year 2014- 2015 has already been paid to both the above Stock Exchanges.

PUBLIC DEPOSIT

The Company has neither invited/ nor accepted any deposits during the year within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

CASH FLOW STATEMENT

As required by Clause-32 of the Listing Agreement a Cash Flow Statement is annexed and forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s. Sushil Poddar & Co., Chartered Accountants hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

COST AUDITORS

For the financial year ended 31st March, 2014 the Company will file the Compliance Report within the due period.

For the financial year 2014 -2015 the Board of Directors have recommended M/s. Ajay Kumar Singh & Co. as Cost Auditors of the Company. The remuneration of the Cost Auditor is subject to ratification by the shareholders in the ensuing AGM.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo is given in the Annexure (B) forming part of this report.

PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure (c) to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 23, 2013 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website.

ACKNOWLEDGEMENTS:

The Board of Directors are highly grateful for all the help, guidance and support received from the valued customers, suppliers, vendors, other business associates, various government and local authorities as well as the various Banks.

The Board places on record its appreciation for the devoted and dedicated services rendered by all the employees in taking the Company forward.

For and on behalf of the Board

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

ANNEXURE A TO DIRECTORS' REPORT

Statement Pursuant to Clause 12 'Disclosure in the Directors' Report' of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

Pursuant to the Resolution passed by the shareholders in their Annual General Meeting held on September 23, 2013, the Remuneration and Compensation Committee (name changed to nomination and remuneration committee) of the Directors have granted Stock Options to eligible employees during the financial year 2013-14. The option holders are entitled to get one equity share per option. The details of the Stock Option granted are given below:

Sr. No.	Description	Remarks
A	Options granted :	50,000
B	Pricing formula :	The Exercise Price per option shall be such discounted price to the Market Price of the Equity Shares of the Company as may be determined by the Board / Remuneration and Compensation Committee (name changed to nomination and remuneration committee). However the Exercise Price shall not be less than the par value of the Equity Shares of the Company.
C	Option vested :	Nil
D	Options exercised :	Nil

E	Total number of Ordinary Shares arising as a result of exercise of Options :	Nil	
F	Options lapsed :	Nil	
G	Variation of terms of Options :	None	
H	Money realized by exercise of Options :	Nil	
I	Total number of Options in force :	50,000	
J	Details of Options granted to :	Name	No. of options
	i) Senior managerial personnel :	Mr. Robert Moore	50,000
	ii) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year. :	Nil	N.A.
	iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. :	Nil	N.A.
K	Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share.' :	Rs. 7.77	
L	i) Method of calculation of employee compensation cost :	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for stock-based compensation cost as per the intrinsic value method for the financial year 2013-14.	
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options. :	Nil	
	iii) The impact of this difference on Profits and on EPS of the Company. :	There is no impact on EPS and Profit	
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock. :	Options whose exercise price is less than the market price: Weighted average exercise price: Rs. 156/- Weighted average fair value: Rs. 40.12/-	
N	A description of the method and significant assumption used during the year to estimate the fair values of Options :	The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following key assumptions	
		(i) Risk free interest rate	8.44%
		(ii) Expected life	1.168 years to 1.171 years
		(iii) Expected volatility	50.32%
		(iv) Expected dividend	0%
		(v) The price of the underlying shares in market at the time of option grant	Rs. 156.60

ANNEXURE (B) TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

a. Conservation of Energy

The operations of your Company are not energy intensive however the Company has undertaken several steps for energy conservation like monitoring of DG sets, using energy efficient computers, Air-conditioners are used only when required and thereby enhancing energy efficiency.

b. Technology Absorption

The Company is in fashion oriented industry. The Company relies heavily on its Italian office for design and product development. Access to Italian facilities is available for Indian operations thereby facilitating transfer of know-how.

c. Foreign Exchange Earnings & Outgo

The information on foreign exchange earnings and outgo are contained in notes to the accounts.

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

	Bhartiya Global Marketing Ltd., Delhi	Ultima S.A., Switzerland	BIL Group LLC, USA	World Fashion Trade Ltd., Mauritius	Bhartiya Fashion Retail Ltd., Delhi
(A) Financial year of the subsidiary Company ended on	: 31.03.2014	31.03.2014	31.12.2013	31.12.2013	31.03.2014
(B) Holding Company's Interest Number of Shares	: 2,499,020 Equity Shares Rs. 10 each	1000 Shares of CHF 1,000	Members Contribution USD 4,571	1,000 Shares of US \$ 1.00	50,000 Equity Shares of Rs.10 each
Extent of holding	: 100%	100%	100%	100%	100%
(C) The net aggregate amount of profits/(Losses) so far as it concerns members of the Holding Company					
(i) Not dealt within the Holding Company's accounts					
1. For the Financial year of the subsidiary	: Rs. 4,189,623	CHF 259,653	-	HK\$ 263,653	Rs. (31,216)
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. 1,186,789	CHF 192,706	-	HK\$ 112,453	Rs. (31,316)
(ii) Dealt within the Holding Company's accounts					
1. For the financial year of the subsidiary	: -	-	USD (2,937)	-	-
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: -	-	USD (3,002)	-	-

	Bhartiya International SEZ Ltd., Delhi	(a) J&J Leather Enterprises Ltd., Chennai	(b) Ultima Italia SRL, Italy
(A) Financial year of the subsidiary Company ended on	: 31.03.2014	31.03.2014	31.03.2014
(B) Holding Company's Interest Number of Shares	: 12,069,230 Equity Shares of Rs. 10 each	125,000 Equity Shares of Rs. 100 each	2,000,000 Shares of € 1.00 each
Extent of holding	: 88.95%	100%	100%
(C) The net aggregate amount of profits/(Losses) so far as it concerns members of the Holding Company			
(i) Not dealt within the Holding Company's accounts			
1. For the Financial year of the subsidiary	: Rs. (1,169,325)	Rs. 372,993	€ 18,881

BHARTIYA INTERNATIONAL LTD.

	Bhartiya International SEZ Ltd.	(a) J&J Leather Enterprises Ltd. Chennai	(b) Ultima Italia SRL, Italy
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. (3,000,482)	Rs. 812,847	€ 16,953
(ii) Dealt within the Holding Company's accounts			
1. For the financial year of the subsidiary	: -	-	-
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: -	-	-
(a) This is wholly owned subsidiary of Bhartiya Global Marketing Ltd. Delhi.			
(b) This is wholly owned subsidiary of Ultima S. A. Switzerland.			

For and on behalf of the Board

New Delhi, 27th May, 2014

Snehdeep Aggarwal
Managing Director**Ramesh Bhatia**
Director

CORPORATE GOVERNANCE REPORT

COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company’s philosophy on Corporate Governance revolves around the principles of ethical governance which guides and directs the management to conduct the business in an efficient and transparent manner to meet its obligations towards shareholders’ and other stakeholders’ expectations. Corporate Governance, which aims to promote fairness, transparency and integrity of the management, is not a mere legal compulsion but rather a way of life, which helps in inspiring & strengthening investor’s confidence in the Company.

In rapidly changing business and technological environment, Bhartiya International Limited(BIL) maintains its industry leadership through continuous endeavor to improve upon governance aspects on an on-going basis and adopts innovative approaches for leveraging resources, converting opportunities and motivation fostering a healthy growth and development of human resources thus generated confidence among business partners, customers and investors and at the same time fulfills its social responsibilities.

During the Financial Year 2013-2014, the Company has complied with the requirements of clause 49 of the Listing Agreement executed with the stock exchanges. The detailed Corporate Governance Report of BIL is as follows:

BOARD OF DIRECTORS

a. Composition of the Board

As on 31st March, 2014, the Board comprises of ten Directors and seven out of them are Non-Executive Directors. The Independent Directors are professionals with high credentials, who actively contribute in the deliberations of the Board, covering all strategic policy matters and strategic decisions.

The Board comprises of the following Directors:

Name of Director	Director Identification Number (DIN)	Category of Directorship	No. of other Directorships #	Memberships/ Chairmanships of other Committees *
Mr. Snehideep Aggarwal	00928080	Managing Director	–	–
Mr. A. K. Gadhok	01254410	Executive Director (Whole-Time Director)	1	–
Ms. Jaspal Sethi	01689695	Executive Director (Whole-Time Director)	1	–
Mr. Ramesh Bhatia	00052320	Non-Executive Non-Independent Director	2	–
Mr. Nikhil Aggarwal	01891082	Non-Executive Non-Independent Director	–	–
Mr. C. L. Handa	00928283	Non-Executive Independent Director	2	–
Mr. Sandeep Seth	01408624	Non-Executive Independent Director	–	–
Mr. Shashank	01569514	Non-Executive Independent Director	1	–
Mr. A. Sahasranaman	01983690	Non-Executive Independent Director	–	–
Mr. V. K. Chopra	02103940	Non-Executive Independent Director	11	9 (including 4 as Chairman)

Notes:-

The Directorships, held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

* In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Shareholders’/Investors’ Grievance Committees in all Public Limited Companies (excluding Bhartiya International Limited) have been considered.

The Independent Directors also meet the criteria as defined under Clause 49 of the Listing Agreement.

b. Number of Board Meetings:

Four (4) Board Meetings were held during the financial year and the gap between two meetings did not exceed four months.

The dates on which the meetings were held are:

May 29, 2013, August 8, 2013, November 11, 2013 and February 6, 2014.

c. Directors' Attendance record

The attendance of Directors at the Board meetings held during the financial year ended March 31, 2014 and at the previous Annual General Meeting (AGM) was as under:

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Snehdeep Aggarwal	4	Present
Mr. A. K. Gadhok	1	Absent
Ms. Jaspal Sethi	1	Absent
Mr. Ramesh Bhatia	1	Present
Mr. C. L. Handa	3	Present
Mr. Sandeep Seth	4	Present
Mr. Shashank	2	Absent
Mr. A. Sahasranaman	4	Absent
Mr. Nikhil Aggarwal	2	Absent
Mr. V. K. Chopra	4	Absent

Information Supplied to the Board:

The Board has complete access to all the information with the Company. Adequate information is circulated as part of the Agenda papers and also placed before the Board for taking decision. The information required to be placed before the Board includes:

- Annual operating plans & budgets and any update thereof.
- Capital Budgets and any update thereof
- Quarterly results of the Company and its operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

Code of Conduct

As per the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board has laid down a Code of Conduct ("the Code") for all Board members and Senior Management Personnel of the Company. The Code is posted on the website of Bhartiya Group www.bhartiyaafashion.com. All Board members and Senior Management Personnel affirm compliance with the code on an annual basis and the declaration to that effect by Mr. Snehdeep Aggarwal, Managing Director, is attached to this report.

A Code of conduct applicable to all the employees of the Group has been communicated, which are to be followed in day to day work life. To help guide and align our behaviors as we make business decisions that impact our daily operations, we rely on our Employee Code of Conduct, which outlines our values and describes our standards for conduct, compliance, and avoiding conflicts of interest. It supports our continuing commitment to honest and ethical conduct and compliance with both the letter and the spirit of all laws, rules, and regulations, and our company’s policies, standards, and procedures.

The Company recognizes that sexual harassment violates fundamental rights of gender equality, right to life and liberty and right to work with human dignity as guaranteed by the Constitution of India. To meet this objective, measures have been taken to eliminate and to take necessary penal action for any act of sexual harassment.

Whistle Blower Policy

To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about serious malpractice, impropriety, abuse or wrongdoing within the organisation, the Company has a Whistle Blower Policy in place, applicable to all the employees within the Bhartiya Group.

This mechanism has been communicated to all concerned and the same is also available in the Company’s Intranet.

Subsidiary Company

None of the subsidiary of the Company falls within the meaning of “Material Non-listed Indian subsidiary” as designed by Clause 49 (III) of the Listing Agreement.

The financial statements and the minutes of the Board Meetings of the subsidiary companies are noted at the Board Meetings respectively of the Company.

AUDIT COMMITTEE

a. Composition

The Audit Committee comprises of three Non-Executive Directors and all are Independent Directors.

Mr. Sandeep Seth, Mr. Shashank and Mr. C. L. Handa are the members of the Audit Committee. Mr. Sandeep Seth is the Chairman of the Audit Committee

Ms. Shilpa Budhia, Company Secretary acts as Secretary of the Audit Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 23rd September, 2013.

b. Meetings and attendance during the Financial Year 2013-2014

Four Audit Committee Meetings were held during the Financial Year.

Director	15.05.2013	06.08.2013	06.11.2013	05.02.2014
Mr. Sandeep Seth	P	P	P	P
Mr. C.L. Handa	P	P	P	P
Mr. Shashank	–	–	P	P

c. Terms of Reference: The terms of reference/powers of the Audit Committee are as under:

A. Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. The role of Audit Committee includes

- a. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- b. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment
- c. Approving payment to statutory auditors, including cost auditors for any other services rendered by them
- d. Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors’ Responsibility Statement to be included in the Directors’ Report of the Company from time to time
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by the management
 - Significant adjustments made in financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of related party transactions
 - Qualifications in draft audit report

- e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Reviewing and monitoring the auditors independence and performance and effectiveness of audit process
- h. Approval or any subsequent modification of transactions of the Company with related parties
- i. Scrutiny of inter-corporate loans and investments
- j. Valuation of undertakings or assets of the Company, wherever it is necessary
- k. Evaluation of internal financial controls and risk management systems
- l. Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit
- n. Discussion with internal auditors, any significant findings and follow-up thereon
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board
- p. Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- q. To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- r. To review the functioning of the Whistle Blower mechanism
- s. Approval of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate
- t. Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.
- u. Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- v. Reviewing the following information:
 - The Management Discussion and Analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of internal auditors/chief internal auditor

STAKEHOLDERS RELATIONSHIP COMMITTEE

a. Composition

The name of Shareholders'/Investors' Grievance Committee had been changed to Stakeholders Relationship Committee for complying with the provisions of Companies Act, 2013. The Committee comprises of three Non-Executive Directors and all are Independent Directors. Mr. Sandeep Seth is the Chairman of the Stakeholders Relationship Committee. Other members of the Stakeholders Relationship Committee are Mr. Shashank and Mr. C. L. Handa.

Ms. Shilpa Budhia, Company Secretary and Compliance Officer, acts as Secretary to the Committee.

b. Meetings and attendance during the Financial Year 2013-2014

The Committee met to attend shareholders queries together with the status report on the nature of queries received & the disposal thereof. Four Committee Meetings were held during the financial year.

Director	30.04.2013	26.07.2013	21.10.2013	30.01.2014
Mr. Sandeep Seth	P	P	P	P
Mr. C. L. Handa	P	P	P	P
Mr. Shashank	P	–	P	P

c. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee are as under:

- a. Oversee and review all matters connected with the transfer, transposition and transmission of the Company's securities;
- b. Approve issue of the Company's duplicate share/debenture certificates, if any;
- c. Monitor redressal of investors'/shareholders'/security holders' grievances about non-receipt of declared dividend, non-receipt of Annual Reports;
- a. Oversee the performance of the Company's Registrars and Transfer Agents;
- b. Recommend methods to upgrade the standard of services to investors;
- c. Monitor implementation of the Company's Code of Conduct for Prohibition of Insider Trading;
- d. To perform all functions relating to the interests of shareholders/investors of the Company as may be required by the provisions of the Companies Act, 2013, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority;

Total number of complaints/communications received during the financial year were 28 (Twenty Eight) only and all of them have been redressed/answered to the satisfaction of shareholders. There was no investor grievance remained unattended or pending as on March 31, 2014.

SHARE TRANSFER COMMITTEE

a. Composition

The Share Transfer Committee comprises Mr. Snehdeep Aggarwal and Mr. A. K. Gadhok as members.

b. Meetings and Attendance during the financial year 2013-2014

Thirteen Meetings of the Committee were held during the year on April 10, 2013, April 30, 2013, May 10, 2013, June 3, 2013, June 24, 2013, August 26, 2013, September 14, 2013, November 15, 2013, November 30, 2013, January 10, 2014, January 29, 2014, January 31, 2014 and March 10, 2014. Both the members were present in all the meetings of the Committee.

c. Terms of Reference

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Share Transfer Committee.

MANAGEMENT COMMITTEE

a. Composition

This Committee was formed by the Board in its meeting held on February 6, 2014 and comprises of Mr. Snehdeep Aggarwal, Mr. A. K. Gadhok and Mr. C. L. Handa as its members.

b. Meetings and Attendance during the financial year 2013-2014

Three Meetings of the Committee was held during the year.

Director	14.02.2014	13.03.2014	31.03.2014
Mr. Snehdeep Aggarwal	P	P	P
Mr. A. K. Gadhok	P	P	P
Mr. C. L. Handa	P	P	P

c. Terms of Reference

The broad terms of reference of the Management Committee are as under:-

- a. Availing term loans/working capital facilities/vehicle loans for business purposes from banks/financial institutions for an amount not exceeding Rs. 500 crores which is within the limits of Rs. 600 crore as approved by the shareholders including accepting sanction letters and renewal of existing bank limits.
- b. Authorisation for dealing/liasing with various Statutory/Regulatory authorities including state, central authorities viz., Income Tax, FEMA, MCA, SEBI, Pollution Control Board, Municipal Corporation, Telecom authorities, Service Tax authorities, VAT authorities etc. and vendors.
- c. Authorisation for opening and closing of bank accounts, changes in signatories for operating the bank accounts etc.
- d. To take up any other assignments as may be granted by the Board from time to time

INVESTMENT COMMITTEE

a. Composition

This Committee was formed by the Board in its meeting held on May 29, 2013 and comprises of Mr. Snehdeep Aggarwal and Mr. A. K. Gadhok, as its members.

b. Meetings and Attendance during the financial year 2013-2014

Five Meetings of the Committee was held during the year.

Director	05.07.2013	19.07.2013	25.10.2013	12.03.2014	27.03.2014
Mr. Snehdeep Aggarwal	P	P	P	P	P
Mr. A. K. Gadhok	P	P	P	P	P

c. Terms of Reference

The Committee is vested with the powers of making investments in securities quoted on the stock exchanges.

NOMINATION AND REMUNERATION COMMITTEE

a. Composition

The name of the Remuneration and Compensation Committee has been changed to Nomination and Remuneration Committee for complying with the provisions of Companies Act, 2013. The Committee comprises of three Non-Executive, Independent Directors. Mr. Sandeep Seth is the Chairman of the Committee. Other members of the Nomination & Remuneration Committee are Mr. Shashank and Mr. C. L. Handa. Ms. Shilpa Budhia, Company Secretary acts as Secretary of the Nomination and Remuneration Committee.

b. Meetings and Attendance during the financial year 2013-2014

Two Meetings of the Committee was held during the year.

Director	30.04.2013	28.01.2014
Mr. C.L. Handa	P	P
Mr. Sandeep Seth	P	P
Mr. Shashank	P	P

c. Terms of reference

The broad terms of reference of the Nomination and Remuneration Committee are as under:-

- a. Identifying, evaluating, and recommending appropriate Independent Directors, Executive and Non -Executive Directors on the Board of the Company based on the qualifications, positive attributes, independence of a director and availability of time with him or her to devote to the job;
- b. Evaluating the skill, knowledge, experience and effectiveness of individual directors as well as the Board as a whole;
- c. Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors which includes a policy on Board diversity;
- d. Identifying the qualifications, positive attributes and evaluating and recommending the appointment and remuneration of Key Managerial Personnel and Senior Management of the Company, one level below the Board.
- e. Payment of remuneration to the directors shall be approved by a resolution passed by the Nomination and Remuneration Committee;
- f. All information about the Directors/Managing Directors/Whole time Directors i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders;
- g. The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors/Whole time Directors;
- h. While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;
- i. The relevant disclosures will be made in the Annual Report of the Company and wherever required;
- j. The Committee shall look into the administration and superintendence of the Employee Stock Option Scheme implemented by the Company from time to time including:
 - the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
 - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;

- the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
 - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
 - the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options
- k. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

Remuneration Policy

Remuneration of the Managing Director or Executive Director is determined periodically by the Nomination and Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by Shareholders. Non-Executive Directors are paid sitting fees within the limits prescribed under law.

Remuneration to Executive Directors for the financial year 2013-2014 is as under:

Name of the Director	Salary (Rs.)*
Mr. Snehdeep Aggarwal	18,00,000
Ms. Jaspal Sethi	11,40,000
Mr. A. K. Gadhok	9,73,888

* Salary includes Basic Salary, Perquisites & Allowances as per Income Tax Rules and contribution to Provident Fund.

The details of sitting fees paid for attending the Board/Committee Meetings to the Non-Executive Directors for the financial year 2013-2014 is as under: -

Name of the Director	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)
Mr. C. L. Handa	7500	10000	17500
Mr. Ramesh Bhatia	2500	-	2500
Mr. A. Sahasranaman	10000	-	10000
Mr. Shashank	5000	7000	12000
Mr. Sandeep Seth	10000	10000	20000
Mr. Nikhil Aggarwal	5000	-	5000
Mr. V.K. Chopra	10000	-	10000

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY DIRECTORS AS ON 31ST MARCH, 2014

Name of the Director	Category	Number of shares held	No. of Convertible instruments held
Mr. Snehdeep Aggarwal	Managing Director	1143362	Nil
Ms. Jaspal Sethi	Executive-Director (Whole-Time-Director)	98800	Nil
Mr. A. K. Gadhok	Executive-Director (Whole-Time-Director)	Nil	Nil
Mr. Ramesh Bhatia	Non-Executive	340250	Nil
Mr. Nikhil Aggarwal	Non-Executive	20000	Nil
Mr. C.L. Handa	Independent Non-Executive	Nil	Nil
Mr. Shashank	Independent Non-Executive	Nil	Nil
Mr. A. Sahasranaman	Independent Non-Executive	Nil	Nil
Mr. Sandeep Seth	Independent Non-Executive	Nil	Nil
Mr. V.K. Chopra	Independent Non-Executive	Nil	Nil

The Company has granted 50,000 stock options to its employees during the financial year 2013-14 details of which are provided in the Directors Report.

CSR COMMITTEE

a. Composition

The Corporate Social Responsibility Committee (CSR Committee) was constituted by the Board on May 27, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee. The Committee comprises of Mr. Snehdeep Aggarwal, Mr. Ramesh Bhatia & Mr. Sandeep Seth as Members. Mr. Snehdeep Aggarwal is the Chairman of the Committee.

a. Terms of reference

The broad terms of reference of the CSR Committee are as under:-

- a. To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under

- b. To recommend the amount of expenditure to be incurred on the CSR activities
- c. To monitor the implementation of the framework of the CSR Policy
- d. To disseminate factually correct information to investors, institutions and the public at large
- e. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

RISK MANAGEMENT COMMITTEE

a. Composition

The Risk Management Committee was constituted by the Board on May 27, 2014 considering the requirements of revised clause 49 of the Listing Agreement. The Committee comprises of Mr. Snehdeep Aggarwal, Mr. Sandeep Seth & Mr. C.L. Handa as Members. Mr. Snehdeep Aggarwal is the Chairman of the Committee.

b. Terms of reference

The broad terms of reference of the Risk Management Committee are as under:-

- a. to assist the Board in fulfilling its corporate governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks;
- b. Monitoring and approving the risk policies and associated practices of the Company;
- c. Reviewing and approving risk disclosure statements in any public documents or disclosures.

GENERAL BODY MEETINGS

The location and time of the Extra-Ordinary General Meetings held during the last 3 years are as follows:-

Extra-Ordinary General Meeting	Date	Time of EGM	Location	No. of Special Resolutions passed
Year-2012-2013	26 th November, 2012	10.00 A.M.	Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	3
Year-2011-2012	8 th February, 2012	12.00 Noon	Air Force Auditorium, Subroto Park, New Delhi-110010	2

The location and time of the Annual General Meeting held during the last 3 years were as follows:-

Annual General Meeting	Date	Time of AGM	Location	No. of Special
26 th AGM	23 rd September, 2013	10.00 A.M.	Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	3
25 th AGM	27 th September, 2012	11.00 A.M.	Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	–
24 th AGM	26 th September, 2011	11.30 A.M.	Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	1

(i) All resolutions moved at the last Annual General Meeting and Extra-Ordinary General Meeting were passed by show of hands.

(ii) Postal Ballot

At the ensuing Annual General Meeting there is no resolution to be passed by Postal Ballot.

DISCLOSURES

- (i) There were no materially significant related party transactions that may have a potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Note to the Accounts in the Annual Report.
- (ii) While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed.
- (iii) Company has laid down adequate procedure to inform the Board about the risk assessment and risk minimization procedures.
- (iv) There have been no instances of non-compliance by the Company on any matter related to capital markets and no penalties or strictures have been imposed by SEBI or the Stock Exchange during the last three years
- (v) In compliance with the SEBI regulations on prevention of Insider Trading, the Company has constituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be

followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violation.

- (vi) A Whistle Blower Policy is in place and the employees have direct access to the Audit Committee to raise their concerns.
- (vii) The Company has complied with all mandatory requirements of Corporate Governance as specified under clause 49 of the Listing Agreement and non - mandatory requirements have been adopted by the Company to the extent it is in line with the nature of business activities of the Company. However, steps have been taken to implement the other requirements in a phased manner.

MEANS OF COMMUNICATION

The Company publishes its quarterly, half yearly and yearly financial results in leading National newspapers like Business Standard (Hindi and English). All other communication to shareholders are published in The Financial Express & Jansatta. Half yearly results are sent by post to all shareholders.

The Company sends the financial results to the Stock Exchanges immediately after its approval by the Board and periodically display and update the same on the Company's website www.bhartiyafashion.com.

Official news releases and official Media releases are sent to the Stock Exchanges.

Detailed Presentations are made to Institutional Investors and Financial Analysts, on the unaudited quarterly financial results as well as the annual audited financial results of the Company. The presentations are also uploaded on the Company's website www.bhartiyafashion.com

CORPORATE FILING AND DISSEMINATION SYSTEM (CFDS)

As required under Clause 51 of the Listing Agreement all disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and the hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

NSE ELECTRONIC APPLICATIONS PROCESSING SYSTEM (NEAPS)

All compliance related filings like shareholding pattern, corporate governance report, media releases etc. are also filed electronically on the listing center.

SEBI COMPLAINT REDRESS SYSTEM (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaints and its current status.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

MDA is attached separately in this Annual Report.

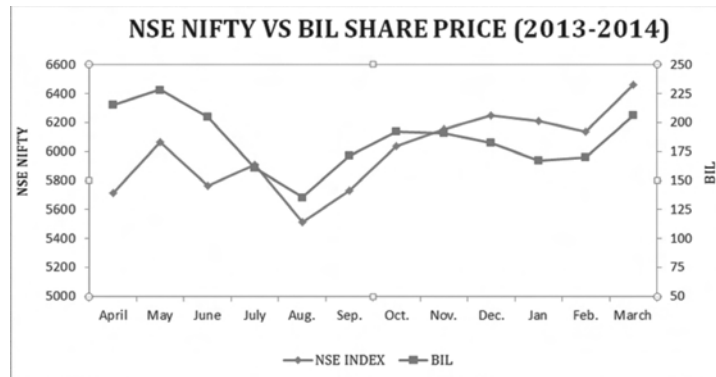
GENERAL INFORMATION FOR SHAREHOLDERS

1. **AGM : Date, Time and Venue** : Monday, 8th September, 2014, 11.00 a.m. at Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003.
2. **Financial Calendar for 2014-2015**
Financial year - April to March
 Results for Quarter ending 30th June, 2014 : by 14th of August, 2014
 Results for Quarter ending 30th Sep., 2014 : by 14th of November, 2014
 Results for Quarter ending 31st Dec., 2014 : by 14th of February, 2015
 Year ending 31st March, 2015 : by the 30th of May, 2015
3. **Book Closure** : Monday the 1st September, 2014 to Monday the 8th September, 2014 (both days inclusive)
4. **Dividend Payment Date** : On or before 7th October, 2014 if declared at Annual General Meeting on 8th September, 2014
5. **Listing on Stock Exchanges & Stock Code**
 The Company is listed at following Stock Exchanges:-
 1. BSE Limited (Stock Code: 526666) and
 2. National Stock Exchange of India Ltd. (Stock Code: Symbol-BIL, Series - EQ)
 The Annual listing fee for the year 2014-2015 has been duly paid to both the Stock Exchanges.
 Demat ISIN Number for NSDL & CDSL - INE 828A01016
 Annual Custody Issuer fee for the financial year 2014-15 has been paid by the Company to NSDL and CDSL.

6. Market Price Data: High, Low during each month in last financial year

Months	BIL			Months	NSE Nifty		
	High (Rs.)	Low (Rs.)	Average (Rs.)		High (Rs.)	Low (Rs.)	Average (Rs.)
Apr-13	231.90	198.85	215.38	Apr-13	5930.20	5495.10	5712.65
May-13	235.90	220.55	228.23	May-13	6187.30	5944.00	6065.65
Jun-13	219.50	190.15	204.83	Jun-13	5939.30	5588.70	5764.00
Jul-13	174.40	147.85	161.13	Jul-13	6077.80	5742.00	5909.90
Aug-13	155.85	114.90	135.38	Aug-13	5742.30	5285.00	5513.65
Sep-13	186.00	156.85	171.43	Sep-13	6115.55	5341.45	5728.50
Oct-13	204.00	180.70	192.35	Oct-13	6299.15	5780.05	6039.60
Nov-13	203.25	178.05	190.65	Nov-13	6317.35	5989.60	6153.48
Dec-13	187.05	178.45	182.75	Dec-13	6363.90	6139.05	6251.48
Jan-14	181.70	152.25	166.98	Jan-14	6345.65	6073.70	6209.68
Feb-14	183.95	155.85	169.90	Feb-14	6276.95	6000.90	6138.93
Mar-14	225.15	187.95	206.55	Mar-14	6704.20	6221.45	6462.83

7. Stock Performance in comparison to broad-based indices such as NSE Nifty, BSE Sensex, CRISIL index etc.



8. Share Transfer System

Share transfers are processed and share certificates duly endorsed are returned within a period of seven days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Share Transfer Committee which consists of two members i.e. Mr. Snehdeep Aggarwal & Mr. A. K. Gadhok, Directors of the Company. Share transfer/transmissions approved by the Committee are placed at the Board Meeting from time to time. Company Secretary of the Company acts as Secretary of the Committee. A summary of transfer/transmission of securities of the Company so approved by the Share Transfer Committee is placed at every Board Meeting / Stakeholders Relationship Committee (earlier Shareholders'/Investors' Grievance Committee). The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with Stock Exchanges. As at March 31, 2014 there was no Equity Share pending for Transfer, also there was no Demat Request pending as on March 31, 2014.

9. Distribution of Shareholding as on March 31, 2014

No. of Shares	SHAREHOLDERS		SHAREHOLDING	
	Number	% to total	Number	% to total
Upto-250	5327	89.21	311862	2.82
251-500	265	4.44	105800	0.96
501-1000	131	2.19	109251	0.99
1001-2000	71	1.19	107916	0.97
2001-3000	35	0.59	87245	0.79
3001-4000	21	0.35	77357	0.70
4001-5000	19	0.32	89868	0.81
5001-10000	28	0.47	208893	1.89
10001 & above	74	1.24	9965656	90.07
Total	5971	100.00	11063848	100.00

10. Shareholding Pattern as on March 31, 2014

Category	No. of Shares held	% of Paid up Capital
Promoters Holding	1483612	13.41
Persons acting in concert	3614560	32.67
Mutual Funds	3000	0.03
Banks	800	0.01
NRIs/OCBs	322081	2.91
Indian Corporate Bodies	3463962	31.31
Indian Public	2175833	19.66
Total	11063848	100

- 11. Registrar & Share Transfer Agent**
(For both Physical & Electronic Transfer etc.) : **MAS Services Ltd.**
: T-34, 2ND Floor,
Okhla Industrial Area,
Phase-II, New Delhi - 110 020
Tel. No. 26387281-83,
Fax No. 26387384
E-mail: info@masserv.com
- 12. Dematerialization of shares and liquidity** : As on March 31, 2014, 93.48% of the Paid-up share capital has been dematerialized.
- 13. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity** : on 31.03.2014, 100,000 warrants were outstanding. During FY 2014-15, these warrants have been converted into Equity Shares resulting in the increased paid-up Equity capital to Rs. 111,638,480/-
- 14. Plant Locations** : Bangalore and Chennai.
- 15. Address for Correspondence** : **Registered Office**
Bhartiya International Ltd. E-52, New Manglapuri, Mandi Road (Mehrauli) New Delhi - 110 030. Tel No.: 011 - 46002100
Fax No.: 011 - 26803485, E-mail: shares@bhartiya.com
Company Secretary and Compliance Officer
Ms. Shilpa Budhia
Bhartiya International Ltd.
E-52, New Manglapuri, Mandi Road (Mehrauli)
New Delhi - 110 030.
Tel No.: 011 - 46002100
Fax No.: 011 - 26803485

Prevention of Insider Trading:

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.

Reconciliation of Share Capital Audit:

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report there on is submitted to the Stock Exchanges, NSDL and CDSL and is placed before the Stakeholders Relationship Committee of the Board of Directors of the Company. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.

Corporate Identity Number (CIN)

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L74899DL1987PLC026607.

Compliance Certificate

Certificate from the Statutory Auditor, M/s. Sushil Poddar & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed hereinafter.

CODE OF CONDUCT DECLARATION

Declaration

I, Snehdeep Aggarwal, Managing Director of Bhartiya International Ltd. do hereby declare that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2014.

New Delhi, 27th May, 2014

Sd/-
Snehdeep Aggarwal
Managing Director

To
The Board of Directors
Bhartiya International Ltd.

CEO/CFO CERTIFICATION

We, Snehdeep Aggarwal, Managing Director & Manoj Khattar, Chief Financial Officer of the Company to the best of our knowledge and belief, certify that:-

- a) We have reviewed the Balance sheet as at 31stMarch, 2014, Statement of Profit and Loss, Cash Flow Statement and the Directors' Report for the Financial Year 2013-14 and based on our knowledge and information confirm that:
 - (i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulation
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2013-2014 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken to rectify these deficiencies.
- d) We further Certify that:-

We have indicated to the Auditors and the Audit committee that there have been

 - (i) No significant changes in internal control over financial reporting during the year;
 - (ii) No significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) No instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board

New Delhi, 27th May, 2014

Snehdeep Aggarwal
Managing Director

Manoj Khattar
Chief Financial Officer

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The members
Bhartiya International Limited.

We have examined the compliance of Conditions of Corporate Governance by Bhartiya International Ltd. ("the Company") for the financial year ended on 31stMarch, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar
Partner
Mem. No. 094479
New Delhi, 27th May, 2014

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Bhartiya International Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya International Limited ('the company') which comprise the balance sheet as at 31st March, 2014, the statement of Profit and Loss and the cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principal generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

- e) On the basis of written representation received from the directors as on 31st March 2014, and taken on record by the board of directors, none of the director is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for **SUSHIL PODDAR & CO.**

Firm's Registration No. 014969N
Chartered Accountants

S.K. PODDAR

Partner

Mem. No. 094479

New Delhi, 27th May, 2014

ANNEXURE TO AUDITORS' REPORT

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular programme which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- ii. (a) As explained to us, physical verification of inventory, except material lying with third parties and in transit, has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act. Hence the provision of clause (f) and (g) of paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) There are two wholly owned subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted unsecured loans. The maximum amount involved during the year was Rs. 96,011,470/- and the year end balance of loan granted to them was Rs. 96,011,470/-.
- (c) The company has granted an interest free unsecured loan of Rs. 92,009,840/- to its wholly owned subsidiaries. In our opinion, having regard to the long term involvement with the wholly owned subsidiaries and according to the explanations given to us in this regard, the terms and conditions of the loans granted are prima facie not prejudicial to the interest of the company.
- (d) There is no stipulation as to the repayment of the principal amount.
- (e) In view thereof the clause pertaining to the overdue amount being more than Rs. 1 Lakh is not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained . We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. (a) According to the records of the company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us , no undisputed amounts payable in respect of the statutory dues referred to above were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) Following are the amounts which are disputed and not paid by the Company :

Nature of Demand	Amount in Rs.	Period to which the Amount Relates	Forum where appeal has been filed
Income Tax (Tax & Interest)	11,639,722/- & 586,060/-	A.Y 2003-04 & A.Y 2004-05	High Court

- x. The company does not have accumulated losses and has not incurred cash losses in the current financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions or banks.
- xii. During the year, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv. In our opinion and according to the information and explanations given by the management, the company is not a dealer or trader in shares, securities, debentures and other investments. However in respect of transactions relating to investment in shares/ mutual funds. The company has maintained proper records and timely entries have been made and the investments are held in the name of the company.
- xv. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by its wholly owned subsidiaries from banks or financial institutions are not prima-facie prejudicial to the interest of the company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an 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 investments.
- xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are applicable to the company.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar
Partner
Mem. No. 094479
New Delhi, 27th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	As at	
		31st March, 2014	31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	110,638,480	110,638,480
(b) Reserves and Surplus	3	1,355,903,673	1,282,292,661
(c) Money Received against Share Warrant	4	2,175,000	2,175,000
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	312,674,190	271,865,675
(b) Deferred Tax Liabilities	6	33,967,191	26,378,416
(c) Other Long-Term Liabilities	7	14,526,000	14,526,000
(d) Long-Term Provisions	8	9,623,324	6,998,136
3 Current Liabilities			
(a) Short-Term Borrowings	9	1,157,828,830	671,246,842
(b) Trade Payable	10	207,984,975	229,400,683
(c) Other Current Liabilities	11	212,638,479	196,379,491
(d) Short-Term Provisions	12	65,813,677	47,195,621
TOTAL		3,483,773,819	2,859,097,005
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets	13		
(i) Tangible Assets		557,685,216	556,593,733
(ii) Intangible Assets		3,250,224	3,558,027
(iii) Capital Work In Progress		31,995,649	1,982,844
(iv) Intangible Assets under development		3,528,300	–
(b) Non Current Investments	14	593,623,211	679,515,854
(c) Long Term Loans And Advances	15	112,775,097	113,953,944
(d) Other Non-Current Assets	16	241,200	281,400
2 Current assets			
(a) Current Investments	17	8,388,432	12,108,472
(b) Inventories	18	1,484,398,496	903,105,963
(c) Trade Receivables	19	184,392,565	273,582,816
(d) Cash & Cash Equivalents	20	179,007,484	96,453,888
(e) Short Term Loans and advances	21	324,447,745	217,919,864
(f) Other Current assets	22	40,200	40,200
TOTAL		3,483,773,819	2,859,097,005

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

				Amount in Rs.
PARTICULARS	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013	
Income:				
Revenue From Operations	23	3,186,956,741	2,473,046,363	
Other income	24	22,517,394	22,526,805	
Total Revenue		<u>3,209,474,135</u>	<u>2,495,573,168</u>	
Expenses:				
Cost of Raw Material Consumed	25	1,212,074,530	1,173,217,294	
Purchases of Stock In Trade		722,509,246	380,921,944	
Changes in Inventories of Finished Goods	26	(44,008,555)	(20,907,407)	
Employee Benefits Expenses	27	174,500,058	120,092,898	
Finance Cost	28	143,599,876	84,649,767	
Depreciation and Amortization Expense	29	25,339,595	20,001,392\	
Other Expenses	30	835,809,687	615,179,671	
Total Expenses		<u>3,069,824,437</u>	<u>2,373,155,559</u>	
Profit before Tax and Exceptional Item		139,649,698	122,417,609	
Less :Exceptional Item	31	7,631,333	-	
Profit before Taxes		<u>132,018,365</u>	<u>122,417,609</u>	
Tax Expense:	32			
Current Tax		38,044,794	34,417,384	
Deferred Tax		7,588,773	5,043,468	
Profit for the year		<u>86,384,798</u>	<u>82,956,757</u>	
Earnings Per Equity Share:				
Basic		7.81	7.65	
Diluted		7.77	7.62	
Significant Accounting Policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional item	139,649,698	122,417,609
Adjustment for :		
Depreciation and Amortisation	25,339,595	20,001,392
Financial Costs	100,491,389	69,007,420
Effect of Exchange difference	43,108,487	15,642,347
Loss/(Profit) on sale of fixed assets (net)	(1,083,046)	1,399,112
Loss/(Profit) on sale of Investments (net)	(1,035,025)	(717,457)
Dividend from current Investments	(401,145)	(678,498)
Rental Income	(21,256,475)	(20,172,000)
Provision for Employee Stock Option benefits	170,363	-
Share of loss of Subsidiary	175,251	-
	<u>145,509,394</u>	<u>84,482,316</u>
Operating profit before working capital change	285,159,092	206,899,925
Adjustment for :		
Inventories	(581,292,533)	(158,798,810)
Trade and Other Receivables	89,190,251	(203,351,690)
Loans and Advances	(97,156,357)	(18,519,409)
Trade and Other Paybles	(4,631,716)	91,349,185
	<u>(593,890,355)</u>	<u>(289,320,724)</u>
Cash generated from operations	(308,731,263)	(82,420,799)
Income Tax Paid (net of refund)	(43,138,206)	(38,524,047)
Effect of Exchange difference	(43,108,487)	(15,642,347)
NET CASH FROM OPERATING ACTIVITIES	<u>(394,977,956)</u>	<u>(136,587,193)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/(Purchases) of Investment (Net)	26,941,407	7,985,478
Dividend from current Investments	401,145	678,498
Loans & Advances to Subsidiaries	603,599	(6,254,621)
Advances for Capital Assets	3,000,888	2,087,711
Rent Received	21,256,475	20,172,000
Sale of Fixed Assets	2,363,577	403,560
Purchase of fixed assets/Capital W.I.P.	(60,904,710)	(104,902,347)
Cash Flow From Investment Activities before Exceptional Items	(6,337,619)	(79,829,721)
Dividend from overseas subsidiary	67,345,000	-
NET CASH USED IN INVESTMENT ACTIVITIES	<u>61,007,381</u>	<u>(79,829,721)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	489,317,128	110,683,786
Proceeds from Long Term Borrowings	40,808,515	184,110,117
Finance Cost Paid	(100,491,389)	(69,007,420)
Share Capital Issue Proceeds (Including Share Premium)	-	36,000,000
Advance Subscription Adjusted (Net)	-	(6,825,000)
Dividend paid (including dividend tax)	(13,110,083)	(12,990,957)
NET CASH USED IN FINANCING ACTIVITIES	<u>416,524,171</u>	<u>241,970,526</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	82,553,596	25,553,612
Cash and Cash Equivalents-Opening Balance	96,453,888	70,900,276
Cash and Cash Equivalents- Closing Balance	<u>179,007,484</u>	<u>96,453,888</u>

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Firm Registration No. 014969N

Chartered Accountants

For and on behalf of the Board

S.K. Poddar

Partner

Mem. No. 094479

New Delhi, 27th May, 2014**Shilpa Budhia**

Company Secretary

Manoj Khattar

Chief Financial Officer

Snehdeep Aggarwal

Managing Director

Ramesh Bhatia

Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014****1. SIGNIFICANT ACCOUNTING POLICIES:****a) Method of Accounting**

The Financial statements are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3C) and in accordance with the requirements of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/materialised.

c) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties, non refundable taxes, incidental expenses related to acquisition and reduced by accumulated depreciation, impairment loss & Subsidy/Grant received if any. In respect of project involving construction, related pre-operational expenses form part of the value of assets capitalised. Interest on borrowings and other costs directly attributable to the asset during the period of construction/acquisition upto the date the asset is put to use is also added to the cost of fixed assets.

d) Depreciation

Depreciation on fixed assets is calculated on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Leasehold land is amortised over the period of the lease. Depreciation on assets at the overseas branches are as per the rates applicable/levied thereon.

e) Inventories

Raw materials and consumables have been valued at cost after providing for obsolescence. Cost Comprise of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.

Finished goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.

f) Foreign Exchange Transactions

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Current Assets and Current Liabilities, outstanding in foreign currency at the year end, are converted at the closing exchange rates.
- c) Investments in Overseas Subsidiary is carried at the original rupee cost.
- d) In respect of transactions at the overseas offices,
 - i) revenue expenditure and income during the year are converted into Indian Rupees at the average rate prevailing during the year.
 - ii) Fixed assets acquired are accounted for at the actual exchange rate prevailing at the time of acquisition.
 - iii) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year.
 - iv) Balances of the Head Office account appearing in foreign currency in branch books are translated at corresponding rupee balance appearing in the Head Office books.
- e) All gains /losses on such conversion are charged to profit and loss account.

g) Retirement Benefits

The employer's contribution to the employees provident fund is accounted for on accrual basis and is charged to the profit and loss account during the year. The gratuity liability is provided for all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

i) Revenue Recognition**Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed on to the buyer which is generally on dispatch of goods to customers.

Export Incentive

Export Incentive under the "Duty Entitlement Pass Book Scheme" and "Duty Draw back scheme" are accounted for in the Year of Export

Other export incentives are accounted for on actual receipt basis.

Dividend

Dividend income is recognised when the right to receive the dividend is established

j) Investment

All long term investments are stated at cost .Provision in the carrying amount of long term investments is made for any diminution in value considered permanent. Current Investments are carried at lower of cost or market value.

k) Taxation

Provision for tax for the year comprises current Income Tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

l) Government Grants

Grants received against specific fixed assets are adjusted to the cost of assets. Revenue Grants are recognised in the Profit and Loss Account in accordance with the related scheme.

m) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

n) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets) , issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

o) Employee Share based payments

The Company has formulated Employee Stock Option Plans (ESOP Schemes) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provides for grant of option to employee of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. Employee Stock Option granted by the Company are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on ' Employee Share Based Payment' issued by the Institute of Chartered Accountants of India.

p) Derivative Financial Instruments and Hedge Accounting

The Company has adopted principles of hedge accounting as set out in Accounting Standard (AS)30,"Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduce the risk or cost to the Company .The Company does not use these contracts for trading or speculation purpose.

NOTES (CONTD.)

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
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2. SHARE CAPITAL

Authorised Share Capital

a) 20,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
b) 500,000 (Previous Year 500,000) Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	<u>250,000,000</u>	<u>250,000,000</u>

Issued, Subscribed & Paid up :

a) 1,10,63,848 (Previous Year 1,10,63,848) equity shares of Rs.10/- each fully Paid Up.	110,638,480	110,638,480
	<u>110,638,480</u>	<u>110,638,480</u>

2.1 The details of Shareholders holding more than 5% shares

Name of the share holders	As at 31st March, 2014 No. of Shares	As at 31st Mar, 2014 % of Holding	As at 31st Mar, 2013 No. of Shares	As at 31st March, 2013 % of Holding
(a) Snehdeep Aggarwal	1,143,362	10.33	1,143,362	10.33
(b) Bharitya Infotech Pvt. Ltd.	1,000,000	9.04	1,000,000	9.04
(c) Bhartiya Global Holdings Pvt. Ltd.	1,350,000	12.20	1,350,000	12.20
(d) Spirit Impex Pvt. Ltd.	1,200,000	10.85	1,200,000	10.85
(e) Bhartiya Finstock Pvt. Ltd.	615,536	5.56	550,000	4.97

2.2 Reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March, 2014 No. of Shares	As at 31st March, 2013 No. of Shares
Shares outstanding at the beginning of the year	11,063,848	10,463,848
Shares Issued during the year	-	600,000
Shares outstanding at the end of the year	11,063,848	11,063,848

2.3 The Company has only one class of equity shares having a par values of Rs. 10 per share. The Board of Directors, in their meeting on 27th May, 2014 declared a dividend of Rs. 1/- per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company in proportion of the number of equity share held by the shareholders.

2.4 50000 options issued on 28/01/2014 under Employee Stock Option Scheme 2013 exercisable over a period upto 31st March, 2015 after vesting on 1st February 2015 (25000 options) and 1st March, 2015 (Balance 25000 options) at an exercise price of Rs. 156/- (including premium of Rs. 146/-) per option are outstanding as at year end. Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs. 10/- each.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
3. RESERVES & SURPLUS		
i) Share Premium A/c		
As Per last Balance Sheet	376,165,000	346,165,000
Add: Additions during the year on fresh issue of shares	–	30,000,000
	376,165,000	376,165,000
ii) Prferential Share Warrant Forfeited	8,500,000	8,500,000
iii) General Reserves		
As Per last Balance Sheet	199,851,233	179,851,233
Add: Transferred from Profit and Loss A/c	20,000,000	20,000,000
	219,851,233	199,851,233
iv) Surplus in Statement of Profit & loss		
As Per last Balance Sheet	697,776,428	648,461,155
Add: Profit for the Year	86,384,798	82,956,757
	784,161,226	731,417,912
Less : Appropriations		
– General Reserve	20,000,000	20,000,000
– Proposed Dividend	11,063,848	11,063,848
– Tax on Dividend	1,880,301	1,880,301
	751,217,077	698,473,763
Less : Dividend Paid on Fresh issue of Shares	–	600,000
Less : Dividend Tax on Fresh issue of Shares	–	97,335
	751,217,077	697,776,428
v) Stock Option Outstanding	170,363	–
TOTAL	1,355,903,673	1,282,292,661

4 Money Received against Share Warrants

a) Preferential Share Warrant :		
100,000 Preferential Share warrant paid up Rs. 21.75/- each. (Previous Year 600,000 warrants of Paid up Rs. 15/- each.)	2,175,000	9,000,000
Add : Preferential warrants issued (Previous Year 100,000 Preferential warrant issued paid up Rs. 21.75/-each)	–	2,175,000
	2,175,000	11,175,000
Less : Preferential warrants Converted into equity (Previous Year 600,000 Preferential Warrant Converted into Equity Shares paid up Rs. 15/- each).	–	9,000,000
	2,175,000	2,175,000

4.1 The Company had allotted 100,000 warrants to non-promoter on 7th Dec 2012 on preferential basis, convertible into equity shares of Rs. 10/- each fully paid up. The holders of warrants have a right to apply one equity share of Rs. 10 each at a premium of Rs. 77/- with in a period of 18 months from the date of allotment. Against this the company has received Rs. 21.75/- per warrant.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
5. LONG TERM BORROWINGS		
Secured		
– Term Loans from Banks	309,671,412	269,519,899
– Vehicle Loans from Banks	3,002,778	2,345,776
TOTAL	312,674,190	271,865,675
5.1 Term Loan from Allahabad Bank is secured by exclusive charge on specific land , building and machinery of the project created out of the Term loan and personal guarantee of one of the Director. The loan is repayable in fifteen equal quarterly instalments starting from April 2013 quarter.		
5.2 Term Loans of Rs. 20 Crores & Rs. 7.5 Crores from IDBI Bank is secured by First Charge on the commercial property situated at Institutional Plot No 38, Sector 44, Gurgaon and personal guarantee of one of the Director. The Term Loan of Rs. 20 Crores is repayable in 180 monthly Installment starting from February, 2013 and Term Loan of Rs. 7.5 Crores is repayable in 161 monthly installment starting from June, 2014.		
5.3 Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.		
6 DEFERRED TAX LIABILITY (NET)		
a) Deferred tax Assets Related to Capital Losses	(5,170,131)	(6,476,032)
b) Deferred tax Liabilities Related to Fixed Assets	39,137,322	32,854,448
TOTAL	33,967,191	26,378,416
7 OTHER LONG TERM LIABILITIES		
(a) Security Deposit from related parties (refer note no 33.12)	14,526,000	14,526,000
TOTAL	14,526,000	14,526,000
8 LONG TERM PROVISIONS		
(a) Provision for employees benefit Provision for Gratuity	9,623,324	6,998,136
TOTAL	9,623,324	6,998,136

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
9. SHORT TERM BORROWINGS		
Secured		
– Working Capital Loans From Banks	1,157,828,830	671,246,842
TOTAL	1,157,828,830	671,246,842
9.1 Working Capital facilities are secured against hypothecation of stocks of raw - materials, stock in process, finished goods, Other Current assets , specified immovable property, movable fixed assets, lien on fixed deposits, exports bills and personal guarantees of Directors.		
9.2 Foreign documentary bills discounted with Banks have been shown as a contingent liability. The same are secured against the export bills and the personal guarantees of Directors.		
10 TRADE PAYABLE		
(a) Payable	161,402,713	184,056,046
(b) Payable to related parties (refer note no 33.12)	18,020,935	15,199,976
(c) Acceptance	28,561,327	30,144,661
TOTAL	207,984,975	229,400,683
10.1 The Company has not received information from vendors regarding their status under the Micro, Small and Medium enterprises Development Act , 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.		
11 OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Borrowings	37,942,230	35,207,090
(b) Unclaimed Dividend	1,071,138	1,237,072
(c) Due to Employees	14,769,115	12,788,443
(d) Temporary Book Overdraft	30,213,055	–
(e) Expenses Payable	119,789,108	139,006,793
(f) Statutory Dues Payable	4,591,111	4,612,430
(g) Other Payables	1,058,710	919,948
(h) Interest Accrued but not due	3,204,012	2,607,715
TOTAL	212,638,479	196,379,491
12 SHORT TERM PROVISIONS		
(a) Provision for Employees benefits	3,379,451	2,910,430
(b) Provision for Income Tax	49,490,077	31,341,042
(c) Proposed Dividend	11,063,848	11,063,848
(d) Tax on Proposed Dividend	1,880,301	1,880,301
TOTAL	65,813,677	47,195,621

NOTES (CONTD.)

13. FIXED ASSETS

Amount in Rs.

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1st April, 2013	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2014	For the year	Deduction/ adjustments during the year	As at 31st March, 2013	As at 31st March, 2014
Tangible Assets :								
Own Assets :								
land	22,391,870	-	67,200	22,324,670	-	-	22,391,870	22,324,670
Lease hold land	30,000,000	-	-	30,000,000	627,178	-	29,529,617	28,902,439
Building	361,669,030	-	-	361,669,030	9,310,615	-	324,355,914	315,045,299
Machinery	150,012,970	13,942,268	-	163,955,238	7,500,879	-	120,345,993	126,787,382
Vehicles	29,519,045	4,788,138	694,086	33,613,097	2,015,767	335,803	13,578,529	15,992,617
Furniture	35,045,359	2,321,646	87,930	37,279,075	2,248,847	69,032	19,756,668	19,810,569
Office Equipments	27,420,859	3,097,247	1,193,505	29,324,601	1,360,157	633,974	21,185,745	22,363,304
Computers	9,808,733	2,860,726	2,968,324	9,701,135	1,574,568	2,691,705	5,449,397	6,458,936
Total (A)	665,867,866	27,010,025	5,011,045	687,866,846	24,638,011	3,730,514	556,593,733	557,685,216
Previous Year	505,639,488	175,125,321	14,896,943	665,867,866	19,700,699	13,270,075	402,795,979	556,593,733
Intangible Assets :								
Computer Software	4,028,110	353,580	-	4,381,690	661,384	-	3,558,027	3,250,224
Total (B)	4,028,110	353,580	-	4,381,690	661,384	-	3,558,027	3,250,224
Previous Year	4,425,879	3,138,895	3,536,664	4,028,110	260,493	3,360,860	855,429	3,558,027
Capital work in Progress								
Capital work in Progress	1,982,844	31,995,649	1,982,844	31,995,649	-	-	1,982,844	31,995,649
Total (C)	1,982,844	31,995,649	1,982,844	31,995,649	-	-	1,982,844	31,995,649
Previous Year	75,344,713	71,254,787	144,616,656	1,982,844	-	-	75,344,713	1,982,844
Intangible work in Progress								
Intangible Capital work in Progress (D)	-	3,528,300	-	3,528,300	-	-	-	3,528,300
Total (D)	-	3,528,300	-	3,528,300	-	-	-	3,528,300
Total (A+B+C+D)	671,878,820	62,887,554	6,993,889	727,772,485	25,299,395	3,730,514	562,134,604	596,459,389
Previous Year	585,410,080	249,519,003	163,050,263	671,878,820	19,961,192	16,630,935	478,996,121	562,134,604

13.1 Registration formalities in respect of properties purchased for Rs. 18,50,000/- (Previous Year 18,50,000/-) are pending.

13.2 During the year ended 31st March, 2014, certain assets which were not in use having net book value of Rs. 8,55,044/-were retired.

NOTES (CONTD.)

PARTICULARS	No. of Shares/Units	As at 31 st March, 2014	No. of Shares/Units	As at 31 st March, 2013
14. NON CURRENT INVESTMENTS (at cost unless otherwise specified)				
A) Trade Investments :				
i) In Equity Shares of Subsidiary				
Companies – Unquoted				
1 Equity share of Rs. 10 each, fully paid in Bhartiya Global Marketing Ltd.	2,499,020	24,990,200	2,499,020	24,990,200
2 Equity Shares of Rs. 10 each, fully paid in Bhartiya International Sez Ltd.	12,069,230	120,692,300	12,069,230	120,692,300
3 Equity Shares of Rs. 10 each, fully paid in Bhartiya Retail Fashion Ltd.	50,000	500,000	50,000	500,000
4 Equity Shares in Ultima S.A. Switzerland (having par value of SFR 1,000)	1,000	33,785,508	1,000	33,785,508
5 Equity Shares in World Fashion Trade Ltd. (having par value of \$ 1.)	1,000	44,780	1,000	44,780
6 Member's Contribution in B I L Group LLC	–	70,118,049	–	69,982,200
Total Investments in Subsidiary Companies		<u>250,130,837</u>		<u>249,994,988</u>
ii) In Equity Shares of Associates Companies - Unquoted				
1 Equity Shares of Rs. 10/- each, fully paid in Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd.	11,200,000	280,000,000	11,200,000	280,000,000
2 Equity Shares of Rs. 10/- each, fully paid in Tada Mega Leather Cluster Pvt. Ltd.	5,000	50,000	5,000	50,000
iii) In Preference Shares of Associates Companies-Unquoted				
1 Compulsory Convertible Preference Shares of Rs 10 each, fully paid in Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd.	4,796,865	119,960,000	4,796,865	119,960,000
Total investments in Associate Companies		<u>400,010,000</u>		<u>400,010,000</u>
TOTAL TRADE INVESTMENTS (A)		<u>650,140,837</u>		<u>650,004,988</u>
B) Other Investments				
i) Government Securities & Others Unquoted				
1 Indra Vikas Patra	–	6,500	–	6,500
Total		<u>6,500</u>		<u>6,500</u>
ii) Investments in Mutual Funds (Quoted)				
1 DSPML INDIA T.I.G.E.R FUND -GROWTH	118,509	5,000,000	118,509	5,000,000
2 DSPBR SMALL & MIDCAP FUND	–	–	244,499	2,500,000
3 DSPBR TOP 100 EQUITY FUND-G	43,518	4,000,000	43,518	4,000,000
4 DSPBR WORLD ENERGY FUND-D	–	–	250,000	2,500,000
5 HDFC TOP 200 FUND-GROWTH	–	–	19,395	3,500,000
6 KOTAK 50 EQUITY SCHEME-GROTH	21,795	2,004,366	21,795	2,004,366
7 RELIANCE RSF-EQUITY PLAN-GROWTH	–	–	176,805	5,000,000
8 RELIGARE PSU EQUITY FUND-GROWTH	–	–	250,000	2,500,000
Total		<u>11,004,366</u>		<u>27,004,366</u>

NOTES (CONTD.)

PARTICULARS	No. of		As at	
	Shares/Units	31 st March, 2014	Shares/Units	31 st March, 2013
iii) Investments in Debenture (Unquoted)				
Redeemable NCD of Citicorp Finance India	–	2,500,000	–	2,500,000
Total		2,500,000		2,500,000
TOTAL OTHER INVESTMENTS (B)		13,510,866		29,510,866
TOTAL NON CURRENT INVESTMENTS (A+B)		663,651,703		679,515,854
Less:- Provision for diminution in the value of Investments		70,028,492		–
TOTAL NON CURRENT INVESTMENTS		593,623,211		679,515,854
Aggregate amount of quoted Investments		11,004,366		27,004,366
Market value of quoted Investments		13,118,802		34,953,934
Aggregate amount of unquoted Investments		582,618,845		652,511,488

- 14.1 The Company has provided for the diminution in the value of investments in two of its overseas subsidiary companies due to accumulated losses in these subsidiary companies.
- 14.2 As per the incorporation documents of BIL Group LLC, Bhartiya International Ltd, is the sole member having 100% membership interest and the entire investment has been represented as members contribution. An LLC for income tax purposes in USA under the IRS can elect to be taxed as either a partnership or as a separate corporate entity. In the selection of being taxed as a partnership , the LLC is a pass through entity and the members get taxed on their share of the profit/loss. BIL Group LLC has , adopted to be taxed as a partnership and hence Bhartiya International Ltd being the sole member , shall be taxed for the full profit or loss in USA .The financial year closure of this LLC is 31st December and it has reported a loss of USD 2937 /- (Rs. 175,251/-) in its financial year ended 31st December, 2013. Accordingly the company has provided the loss in books of accounts .
- 14.3 Investment in the subsidiary Bhartiya International SEZ Ltd. include 6 equity shares of (Rs.60/-) held in the name of a Director / nominees in fiduciary capacity for the company.
- 14.4 Investment in the wholly owned subsidiaries Ultima S.A, Switzerland, Bhartiya Global Marketing Ltd.and Bhartiya Fashion Retail Ltd, include 1 equity share of the nominal value of SFR 1000 (Rs.33,785/-) and 6 equity shares (Rs. 60/-) respectively held in the name of Directors/nominees in fiduciary capacity for the company.

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
15. LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Security and Other Deposits	2,579,018	4,730,528
(b) Other Advances	5,946,864	5,974,943
(c) Advance for Capital Goods	8,237,745	11,238,633
(d) Loans to related parties (refer note no 33.12)	96,011,470	92,009,840
TOTAL	112,775,097	113,953,944
16 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	241,200	281,400
TOTAL	241,200	281,400

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2014	NO OF SHARES/UNITS	As at 31 st March, 2013
17. CURRENT INVESTMENTS				
i) In Equity Shares Quoted, fully paid up				
1 ADANI PORT & SEZ LTD	–	–	5,000	671,576
2 AXIS BANK LTD	–	–	400	493,968
3 CAIRN INDIA LTD	–	–	2,000	651,080
4 CESC LIMITED	–	–	2,500	700,734
5 CITY UNION BANK LTD	–	–	15,164	255,001
6 DLF LTD	–	–	1,730	761,576
7 EXIDE INDUSTRIES LTD	–	–	5,000	687,216
8 GSFC LIMITED	–	–	5,000	397,979
9 GUJARAT GAS CO LTD	–	–	1,000	307,512
10 HDFC LTD	–	–	500	382,505
11 HINDALCO INDUSTRIES LTD	5,000	617,993	5,000	617,993
12 HINDUSTAN COPPER LTD	9,000	987,082	5,000	719,821
13 HINDUSTAN ZINC LTD	5,000	605,148	4,000	503,299
14 ICICI BANK LTD	–	–	375	406,421
15 INDIAN OVERSEAS BANK	–	–	5,000	417,952
16 INFOSYS TECHNOLOGIES LTD	–	–	500	1,471,355
17 ING VYSYA BANK LTD	–	–	500	258,524
18 IL&FS TRANSPORT NETWORK LTD	5,000	572,920	–	–
19 JAIPRAKASH ASSOCIATES LTD	10,000	535,727	–	–
20 JINDAL STEEL & POWER LTD	–	–	2,000	1,039,409
21 LARSAN & TOUBRO LTD	750	708,645	200	331,768
22 LUPIN LTD	1,000	603,378	1,000	603,378
23 MAX INDIA LTD	2,500	597,680	2,500	597,680
24 NMDC LTD	–	–	5,000	799,829
25 L&T FINANCE HOLDINGS LTD	5,000	357,402	–	–
26 ONGC LTD	–	–	2,500	712,548
27 PUNJAB NATIONAL BANK	–	–	1,000	821,947
28 RELIANCE CAPITAL LTD	1,000	811,186	1,000	811,186
29 RELIANCE INDUSTRIES LTD	800	767,038	475	499,159
30 RELIANCE INFRASTRUCTURE LTD	350	350,903	350	350,903

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31st March, 2014	NO OF SHARES/UNITS	As at 31st March, 2013
31 STATE BANK OF INDIA	–	–	500	1,378,233
32 TATA CONSULTANCY SERVICES	–	–	300	396,650
33 TATA STEEL LTD.	4,100	2,114,372	3,100	1,799,754
Total		9,629,474		19,846,956
ii) In Equity Shares Unquoted, fully paid up				
1 Sai Royalaseem Paper Mills Ltd	31,792	386,273	31,792	386,273
Total		386,273		386,273
Grand Total		10,015,747		20,233,229
Less:- Provision for diminution in the value of Investments		1,627,315		8,124,756
TOTAL CURRENT INVESTMENTS		8,388,432		12,108,472
Aggregate amount of quoted Investments		8,002,159		11,722,200
Market value of quoted Investments		8,733,248		16,633,194
Aggregate amount of unquoted Investments		386,273		386,273

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
18. INVENTORIES		
As Valued and Certified by the management		
(a) Raw Materials	1,368,135,497	807,692,017
(b) Finished Goods	101,698,658	57,690,103
(c) Consumable Store	14,564,341	37,723,843
TOTAL	1,484,398,496	903,105,963
19 TRADE RECEIVABLES		
(Unsecured, considered good)		
(a) Outstanding over six months	12,588,273	6,631,605
(b) Others	171,804,292	266,951,211
TOTAL	184,392,565	273,582,816
19.1 The Company has filed legal Suit for recovery of Rs. 61,62,337/- against one of its overseas customer. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.		
20 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
– In Current Accounts	56,307,995	58,957,124
– In Fixed Deposits	119,767,452	33,819,853
(b) Cash on Hand	2,932,037	3,676,911
TOTAL	179,007,484	96,453,888
20.1 Balances with banks Includes Unclaimed Dividend of Rs. 10,71,138/- (Previous year Rs. 12,37,072/-)		
20.2 Fixed deposits of Rs. 11,84,22,933/- (previous year Rs 31,838,071/-) are pledged with the banks for various limits and facilities granted.		
21 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Loans/Advances to Related Parties (refer note no 33.12)	34,146,475	38,061,571
(b) Advances with Suppliers	91,233,274	75,732,308
(c) Advance Tax/TDS	34,521,329	22,724,165
(d) Vat Receivable	40,904,043	30,154,417
(e) Prepaid Expenses	8,073,092	5,474,011
(f) Security & Other Deposits	3,084,424	1,019,117
(g) Advance to Staff	6,927,654	4,195,094
(h) Export Incentive Receivable	105,533,570	34,020,571
(i) Other Advances	23,884	6,538,610
TOTAL	324,447,745	217,919,864
21.1 The company has filed a writ Petition before the Hon'ble Madras High Court for the recovery of Duty Drawback amounting to Rs. 33,63,721/- against the Chief Commissioner of Customs, Chennai. The management is confident for the recovery of the said amount and hence has not made any provision for bad & doubtful debts against this.		

NOTES (CONTD.)
Amount in Rs.

PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
22 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	40,200	40,200
TOTAL	<u>40,200</u>	<u>40,200</u>

Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
23 REVENUE FROM OPERATION		
(a) Sales	2,963,924,269	2,267,227,613
(b) Export Incentive	223,032,472	205,818,750
TOTAL	<u>3,186,956,741</u>	<u>2,473,046,363</u>

24 OTHER INCOME

(a) Dividend from Current Investments	401,145	678,498
(b) Profit on sale of Investments	1,035,025	717,457
(c) Rental Income	21,256,475	20,172,000
(d) Share of Loss of Subsidiary	(175,251)	-
(e) Other Income	-	958,850
TOTAL	<u>22,517,394</u>	<u>22,526,805</u>

25 RAW MATERIAL CONSUMPTION

Opening Stock	845,415,860	707,524,457
Add : Purchases	1,749,358,508	1,311,108,697
	<u>2,594,774,368</u>	<u>2,018,633,154</u>
Less : Closing Stock	1,382,699,838	845,415,860
TOTAL	<u>1,212,074,530</u>	<u>1,173,217,294</u>

26 CHANGE IN INVENTORIES OF FINISHED GOODS

(a) Opening Stock	57,690,103	36,782,696
(b) Closing Stock	101,698,658	57,690,103
Decrease/(Increase)	<u>(44,008,555)</u>	<u>(20,907,407)</u>

27 EMPLOYEE BENEFITS EXPENSES

(a) Salary & Allowances	157,651,833	111,231,597
(b) Contribution to Provident & Other fund	9,903,614	2,755,028
(c) Staff Welfare Expenses	6,944,611	6,106,273
TOTAL	<u>174,500,058</u>	<u>120,092,898</u>

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
28 FINANCE COST		
(a) Interest Expense-Net	91,327,260	63,424,904
(b) Borrowing Cost	9,164,129	5,582,516
(c) Loss on foreign currency transactions	43,108,487	15,642,347
TOTAL	143,599,876	84,649,767
29 DEPRECIATION AND AMORTISATION		
(a) Depreciation	25,299,395	19,961,192
	25,299,395	19,961,192
(b) Preliminary Expenses W/off	40,200	40,200
TOTAL	25,339,595	20,001,392
30 OTHER EXPENSES		
(I) Manufacturing Expenses		
(a) Wages	1,233,971	1,542,179
(b) Fabrication Charges	534,795,143	379,764,780
(c) Other Manufacturing Expenses	14,996,100	7,408,559
(d) Freight & Cartage	13,718,610	11,666,205
(II) Selling & Administrative Expenses		
(a) Legal And Professional Charges	27,189,492	24,021,228
(b) Power & Fuel	10,127,711	6,555,033
(c) Auditors Remuneration	550,000	550,000
(d) Bank Charges	27,023,038	23,472,546
(e) Repair & Maintainence		
– Building	2,361,651	3,226,492
– Plant & Machinery	2,492,677	2,518,129
– Others	6,982,358	2,126,036
(f) Communication	6,077,740	6,233,720
(g) Rates Taxes & Duties	2,795,322	2,061,477
(h) Insurance	3,538,460	2,442,656
(i) Rent	4,450,488	5,153,209
(j) Travelling & Conveyence	57,115,717	35,525,418
(k) Freight on Exports	29,833,536	31,700,766
(l) Commission, Brokerage & Discount	52,961,415	31,070,949
(m) Loss on Sale/Assets written Off	(1,083,046)	1,399,112
(n) Misc. Expenses	23,842,001	21,389,374
(o) Directors Meeting Fees	88,963	121,043
(p) Packing Expenses	14,718,340	15,230,760
TOTAL	835,809,687	615,179,671

NOTES (CONTD.)
Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
31 EXCEPTIONAL ITEMS		
(a) Dividend received from Overseas Subsidiary Income Tax Provision	67,345,000 (11,445,283)	–
	<u>55,899,717</u>	<u>–</u>
(b) Provision for diminution in Investmensts	(63,531,050)	–
TOTAL	<u>(7,631,333)</u>	<u>–</u>

31.1 The Company has provided for the diminution in the value of investments in two of its overseas subsidiary companies due to accumulated losses in these subsidiary companies.

32 TAX EXPENSE
I) Current Tax

(a) Current Tax	49,490,077	31,341,042
(b) Tax For earlier Year	–	3,076,342
(c) Tax on Dividend (refer note 31)	(11,445,283)	–
	<u>38,044,794</u>	<u>34,417,384</u>

II) Deferred Tax

(a) Related To Capital Assets	6,282,873	4,761,386
(b) Related To Brought Forward Capital losses	1,305,900	282,082
	<u>7,588,773</u>	<u>5,043,468</u>

33.01 The previous period figure has been re grouped/reclassified, wherever necessary to conform to the current period presentation.

33.02 CONTINGENT LIABILITES AND COMMITMENTS

	As at 31 st March, 2014	As at 31 st March, 2013
(a) Estimated value of contract remaining to be executed on capital Account net of Advances and not provided for	9,879,947	24,784,958
(b) Contingent liabilities not provided for		
i) Letter of Credit/Import Bills outstanding –	172,523,135	228,251,468
ii) Standby Letter of credit (SBLC) issued by company bankers in favour of the bankers of its subsidiaries		
– Ultima Italia SRL	–	41,982,000
– Ultima S A	247,260,000	83,964,000
– WFT Ltd	29,085,000	19,096,000
iii) Bills discounted with banks -	23,219,179	37,533,923
iv) Other Guarantee given by bank -with corporation Bank	4,545,000	3,105,000
v) Corporate Guarantee given by the company to a bank against facilities granted by that bank to its wholly owned subsidiaries		
– Ultima Italia Srl	53,300,000	69,970,000

NOTES (CONTD.)

	As at 31 st March, 2014	As at 31 st March, 2013
vi) Income Tax Demand under dispute	12,225,782	12,225,782
vii) DVAT Demand under dispute	-	284,507
vi) Forward contracts outstanding		
In GBP	.50 million (53 Million INR)	
In USD	1.75 million (112.49 Million INR)	

33.03 VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL AND CONSUMABLE CONSUMED

	Current Year		Previous Year	
	% of Consumption	Value of Consumption Rs.	% of Consumption	Value of Consumption Rs.
Indigenous	43	515,323,853	61	720,950,608
Imported	57	696,750,677	39	452,266,686
	100	1,212,074,530	100	1,173,217,294

Amount in Rs.

	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
--	--	--

33.04 VALUE OF IMPORTS ON CIF BASIS

Raw Material	910,006,847	614,686,504
Purchase under Merchandise Trade	681,392,052	360,612,726
Capital Goods	19,035,348	10,259,230

33.05 EXPENDITURE IN FOREIGN CURRENCY (on payment basis)

Agent Commission/Claim on Sales	94,993,525	21,239,090
Foreign Travelling	9,124,100	4,644,744
Others	7,942,989	1,994,652
Interest on Import bills	6,026,803	4,033,323
Administration ,selling and other expenses at Overseas Trading Offices(on accrual basis)	1,698,937	4,570,067

33.06 EARNING IN FOREIGN CURRENCY

FOB Value of Sales	1,997,136,408	1,805,457,853
Export Under merchandising Trade	802,105,877	411,100,761
Sampling Charges	12,062,922	14,037,355

33.07 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

a) Year to which the dividend relates	2012-13	2011-12
b) Number of non-resident shareholders to whom remittances were made	46	57
c) No of shares on which remittances were made	320,882	254,871
d) Amount remitted	320,882	254,871

NOTES (CONTD.)

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
33.08 PAYMENT TO AUDITOR		
Audit Fees	550,000	550,000
Certification	220,000	178,647
Tax Audit	75,000	75,000
Reimbursement of Expenses	60,000	30,000

33.09 Previous year expenses debited to profit & loss account Rs. 3,597,331/- (Previous Year Rs. 1,793,602/-)

33.10 Earning Per Share (EPS)

The Following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for the year ended 31st March, 2014 and the year ended 31st March, 2013 :

Income available to Equity Shareholders	86,384,798	82,956,757
No of Shares at the beginning of the Year (A)	11,063,848	10,463,848
Equity allotted during the year	-	600,000
Weighted Average Shares (B)	-	384,657
Weighted Average Shares Outstanding (nos)(A+B)	11,063,848	10,848,505
Effect of Dilutive Securities Securities (nos):		
Add: Adjustment for warrants/ESOP convertible into Equity Shares	52,532	45,283
Weighted Average number of equity shares for Diluted EPS	11,116,380	10,893,788
	Rs. Per Share	Rs. Per Share
Nominal Value per share	10.00	10.00
Earnings per share (Basic)	7.81	7.65
Earnings per share(Diluted)	7.77	7.62

PARTICULARS	As at 31 st March, 2014 Rs.	As at 31 st March, 2013 Rs.
33.11 Sundry Debtors, Loans & Advances, Sundry Creditors include amounts due from / to subsidiaries companies are as under:		
i) Sundry Debtors		
- World Fashion Trade Ltd.	-	14,590,478
- Ultima SA, Switzerland	-	41,694,834
ii) Loans		
- Bhartiya Global Marketing Ltd.	53,750,000	53,750,000
- World Fashion Trade Ltd.	42,261,470	38,259,840
iii) Advances		
- Bhartiya Global Marketing Ltd.	2,629,413	14,972,453
- Ultima S.A Switzerland	8,249,349	4,550,064
- World Fashion Trade Ltd.	2,282,303	1,893,774
- Bil Group LLc	228,225	228,225
- Bhartiya International SEZ Ltd.	15,883,271	12,233,271
iv) Sundry Creditors		
- ULTIMA ITALIA SRL	111,613,365	131,912,802
- J&J Leather Enterprises Ltd.	13,846,226	13,972,214
- Bhartiya International SEZ Ltd.	3,356,247	1,887,300

NOTES (CONTD.)

33.12 Related Party Disclosures

Related party disclosure as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :

a) Name of Related Parties & Nature of Relationship:

i) Subsidiary Companies

Domestic

Bhartiya Global Marketing Ltd
J&J Leather Enterprises Ltd,
Bhartiya International SEZ Ltd
Bhartiya Fashion Retail Ltd.

Overseas

World Fashion Trade Ltd, Mauritius
Ultima S.A , Switzerland
Ultima Italia SRL , Italy
BIL Group LLC, USA

ii) Associate parties :

Bhartiya Prakash Leather
Bhartiya Urban Infrastructure & Land Development Co Pvt Ltd
Itopia Management Services (India) Pvt. Ltd.
Bhartiya City Developers Pvt. Ltd
Tada Mega Leather Cluster Pvt Ltd.

iii) Key Management Personnel:

Board Of Directors

Snehdeep Aggarwal
C.L.Handa
A. Sahasranaman
V.K.Chopra
Shashank
Jaspal Sethi
Ramesh Bhatia
A.K .Gadhok
Sandeep Seth
Nikhil Agarwal

iv) Relatives Of Key Management Personnel :

Kanwal Aggarwal
Arjun Aggarwal

v)	Summery of transactions during the year :	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
a)	Sales	611,836,053 (278,234,405)	-	-	-
b)	Purchases/Job Work	106,801,654 (93,846,673)	-	-	-
c)	Ticketing	-	12,745,593 (9,789,760)	-	-
d)	Salaries	-	-	3,913,888 (3,417,624)	360,000 (360,000)
e)	Sitting fees	-	-	88,963 (121,043)	-
f)	Lease Rent/Rent Paid	208,000 (208,000)	-	-	480,000 (480,000)
g)	Commission expense	33,803,558 (22,830,091)	-	-	-
h)	Lease Rent Received	-	20,175,000 (19,368,000)	-	-
i)	Service Charges Paid	2,052,651 (2,097,000)	-	-	-
j)	Sale of Land	2,000,000	-	-	-
		-	-	-	-

NOTES (CONTD.)

(ii) Balances Outstanding at the year end:	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
Loans Given	96,011,470 (92,009,840)	-	-	-
Trade Payables	128,815,838 (147,772,316)	818,462 (1,181,062)	43,258 (43,258)	36,000 (36,000)
Advances Paid	29,272,560 (33,877,787)	4,873,915 (4,183,785)	-	-
Trade Receivable	-	-	-	-
	(56,285,312)	-	-	-
Security Deposit (Paid)	500,000 (500,000)	-	-	-
Security Deposit (Received)	-	14,526,000 (14,526,000)	-	-

33.13 SEGMENT INFORMATION
a) BUSINESS SEGMENTS:

Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into more than one segment during the year.

b) Geographic segments

Operation of the Company do not qualify, for reporting as geographic segments, as per the criteria set out under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountant of India.

		Rs. In Lacs				
		Leather Products	Textile Apparels	Others	Unallocable	Total
a.	Segment Revenue	29,351.79 (21,729.48)	2,517.78 (3,000.98)	-	-	31,869.57 (24,730.46)
b.	Segment Results	3,318.02 (2,589.00)	155.81 (220.72)	-	225.20 (225.27)	3,699.03 (3,034.99)
c.	Less: Unallocable expenses net of Income	-	-	-	1,297.58 (1,120.74)	1,297.58 (1,120.74)
d.	Operating Profit	-	-	-	-	2,401.45 (1,914.25)
e.	Less:- Interest	-	-	-	1,004.95 (690.07)	1,004.95 (690.07)
f.	Profit before Tax	-	-	-	-	1,396.50 (1,224.18)
g.	Provision for taxation	-	-	-	456.34 (394.61)	456.34 (394.61)

BHARTIYA INTERNATIONAL LTD.

	Leather Products	Textile Apparels	Others	Unallocable	Total
h. Profit after Tax	-	-	-	-	940.16
	-	-	-	-	(829.57)
i. Capital Employed	7,041.87	95.55	-	7,549.76	14,687.18
	(4,495.89)	(192.73)	-	(9,262.44)	(13,951.06)

33.14 Details of Managerial Remuneration to Managing Director & Whole Time Directors

i) Salary	3,679,200	3,187,596
ii) Contribution to Provident Fund	9,360	9,360
iii) Allowances & Perquisites	234,688	230,028
	<u>3,923,248</u>	<u>3,426,984</u>

Computation of net profit for calculation of managerial remuneration u/s 349 of the Companies Act, 1956 has not been enumerated since no commission is paid/payable to the managing and Whole Time Director.

33.15 In the opinion of the Directors, the Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

FINANCIAL SUMMARY**(Rs. in lacs)**

PARTICULARS	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Equity Share Capital	583.88	627.88	727.88	786.38	786.38	866.38	946.38	1046.38	1106.38	1106.38
Reserves & Surplus	5823.10	6530.18	8133.72	9229.10	9408.75	10115.21	10823.45	11829.77	12822.93	13559.04
Net Worth	6406.98	7158.06	8861.60	10015.48	10195.14	10981.59	11769.83	12876.15	13929.31	14665.42
Capital Employed	7410.92	12128.48	17040.80	14807.19	15796.06	14831.21	13014.95	14301.90	17148.74	18935.08
Gross Fixed Assets	1640.12	1732.49	1792.46	1858.32	2964.94	3145.01	4902.96	5854.10	6718.79	7277.72
Net Fixed Assets	1290.55	1311.05	1296.92	1285.33	2296.65	2352.37	3980.62	4789.96	5621.34	5964.59
Export Sales including Export Incentives	9453.66	9550.56	12272.54	13868.47	15350.05	17898.72	16733.42	20737.51	24730.46	31869.57
Other Income	44.62	43.58	214.64	268.84	-171.40	92.83	199.62	232.35	225.27	225.17
Total Income	9498.28	9594.14	12487.19	14137.31	15178.65	17991.55	16933.04	20969.86	24955.73	32094.74
EBDIT	835.29	921.09	1032.38	1245.27	1638.41	1400.33	1397.51	2015.28	2270.69	3085.89
Depreciation	68.25	74.68	79.23	82.92	97.83	128.13	143.32	162.95	200.01	253.40
EBIT	767.04	846.41	953.15	1162.35	1540.58	1272.20	1254.19	1852.33	2070.67	2832.49
Profit before Tax	609.79	616.45	694.43	811.74	541.42	843.23	849.06	1141.85	1224.18	1320.18
Provision for Tax	110.71	197.98	194.33	189.86	269.76	299.75	294.83	404.94	394.61	456.34
Profit after Tax	499.08	418.47	500.10	621.88	271.66	543.48	554.23	736.91	829.57	863.84
Equity Dividend (%)	15.00	15.00	15.00	15.00	10.00	10.00	10.00	10.00	10.00	10.00
EPS (Basic) Rs.	8.54	7.08	7.33	7.91	3.45	6.89	6.39	7.33	7.65	7.81
EPS(Diluted) Rs.	8.54	6.90	7.17	7.91	3.45	6.53	6.21	7.33	7.62	7.77

DIRECTORS' REPORT

The Directors present their 18th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2014

FINANCIAL RESULTS**(Rs. in Lacs)**

PARTICULARS	2013-2014	2012-2013
Revenue from Operations	673.93	344.04
Other Income	20.75	15.10
Total Revenue	694.68	359.01
Total Expenditure	630.02	337.87
Profit/ (Loss) before Tax	64.66	21.14
Provision for Tax	22.77	9.27
Profit/ (Loss) after Tax	41.89	11.87

REVIEW OF OPERATION

The Revenue from operations for the financial year 2013-2014 is Rs. 673.93 Lacs as against Rs. 344.04 Lacs in the previous year. The Profit after tax is Rs. 41.89 Lacs as compared to Profit of Rs. 11.87 Lacs in the previous year.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2014.

SUBSIDIARY COMPANY

The audited accounts of the Company's Wholly-Owned Subsidiary, M/s J&J Leather Enterprises Ltd. for the year ended 31st March, 2014 as well as the statement under Section 212 of the Companies Act, 1956, is annexed herewith.

DIRECTORS

Ms. Jaspal Sethi, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer herself for reappointment.

During the year under review Mr. Snehdeep Aggarwal had resigned from the Board of Directors of the Company.

FIXED DEPOSITS

The Company did not accept any fixed deposit during the year under review. No deposits were outstanding as on 31st March, 2014.

AUDITORS

The Auditors of the Company, M/s. Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re appointment. They have furnished a certificate that their reappointment/ratification if made would be with in the prescribed limits under section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Auditors observations in the Audit Report have been explained by the Company in details in Notes to the Financial Statements which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii. 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 the Company as on 31st March, 2014 and of the profit of the Company for the year ended on that date;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. They have prepared the annual accounts on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

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

The information required as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 annexed hereto & forms part of this report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the significant contribution made by employees to the Company during the year under review and appreciate the support extended by the Bankers, Vendors and Clients, without whom the excellent results and development of the Company would not have been possible.

For and on behalf of the Board

New Delhi, 26th May, 2014

Manoj Khattar
Director

Ramesh Bhatia
Director

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy and Technology Absorption

The particulars as prescribed 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, are not applicable to the Company as the Company does not undertake any manufacturing activity.

Foreign Exchange Earnings & Outgo

The information on foreign exchange earnings and outgo are contained in the Notes to the Account.

For and on behalf of the Board

New Delhi, 26th May, 2014

Manoj Khattar
Director

Ramesh Bhatia
Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

		J & J Leather Enterprises Ltd.
(A)	Financial year of the subsidiary Company ended on	: 31.03.2014
(B)	Holding Company's Interest"Number of Shares	: 125,000 Equity Shares of Rs. 100 each
	Extent of holding	: 100%
(C)	The net aggregate amount of "profits/ (Losses) so far as it "concerns members of the Holding Company	
	(i) Not dealt within the Holding Company's accounts	
	1. For the Financial year of the subsidiary	: Rs. 372,993
	2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. 812,847
	(ii) Dealt within the Holding Company's accounts	
	1. For the financial year of the subsidiary	: –
	2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: –

For and on behalf of the Board

New Delhi, 26th May, 2014

Manoj Khattar
Director

Ramesh Bhatia
Director

COMPLIANCE CERTIFICATE

Company No. : U74899DL1996PLC075128

Nominal Capital : Rs. 300 lacs

To,
The Members,
Bhartiya Global Marketing Ltd.
New Delhi

We have examined the registers, records, books and papers of Bhartiya Global Marketing Ltd. as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents. We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and rules made thereunder.
3. The Company, being a public limited company, comments is not required.
4. The Board of Directors duly met 06 times on 26.04.2013, 28.05.2013, 11.06.2013, 24.07.2013, 08.11.2013 and 31.03.2014 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended 31st March, 2013 was held on 20th September, 2013 after giving due notice to the members of the company and resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year of the company.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Companies Act, 1956 and Section 185 of Companies Act, 2013..
9. As per information and explanation given to us, the Company has duly complied with the provisions of the section 297 of the Act in respect of contract specified in that section.
10. The Company has made necessary entries regarding disclosure of interest by the directors, in the register maintained under Section 301 of the Act.
11. As informed by the Company, there was no instance falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company
 - (i) has not made any allotment/transfer/transmission of securities during the financial year.
 - (ii) has not deposited any amount in the separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) there was no unpaid/ unclaimed dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon for a period of seven years required to be transferred to Investor Education and Protection Fund.
 - (v) duly complied with the requirement of Section 217 of the Act.

BHARTIYA GLOBAL MARKETING LTD.

14. The Board of Directors of the company is duly constituted. There was an appointment of additional director and resignation of director during the year and all the provisions have been duly complied.
15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the year.
16. The Company has not appointed sole selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
19. The Company has not issue equity shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2014.
25. The Loan and advances or guarantee given to other bodies corporate are within the provisions of the Act and necessary entry has been made in the register kept for the purpose.
26. The Company has not altered provisions of memorandum with respect to situation of Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the company during the year under scrutiny
30. The Company has not altered its Articles of Association of the company.
31. There was no prosecution initiated against or Show Cause Notice received by the Company, during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.

The Company has constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

for **R.S.M. & Co.**
Company Secretaries

(RAVI SHARMA)
Partner (C. P. No. – 3666)
New Delhi, 26th May, 2014

ANNEXURE - A**Registers as maintained by the Company**

1. Register of Investment not held in its own name u/s 49(7).
2. Register of Members u/s 150.
3. Register of Particulars of contract in which directors are interest u/s 301.
4. Register of Directors u/s 303.
5. Register of Directors' Share Holding u/s 307.
6. Minutes of all meetings of Board of Directors and Members.
7. Register of Charges u/s 125.

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 ended on 31st March, 2014.

Forms/ Returns	Under Section	For
Form 20 B (Annual Return)	159	the AGM held on 20.09.2013 filed on 23.10.2013
Form 23AC XBRL & Form-23ACA XBRL (Annual Report)	220	the financial year 2012-13 filed on 18.10.2013
Form 66 (Compliance Certificate)	383A	the financial year 2012-13 filed on 24.09.2013
Form-32 (3 in Nos) (Changes in Composition of Board)	303	Filed on 10.06.2013, 11.06.2013 and 01.10.2013
Form 23 (Registration of Resolution and agreement)	192	Filed on 30.09.2013

for **R.S.M. & Co.**
Company Secretaries

(RAVI SHARMA)

Partner (C. P. No. – 3666)

New Delhi, 26th May, 2014

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Bhartiya Global Marketing Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya Global Marketing Limited ('the company') which comprise the balance sheet as at 31st March, 2014, the statement of Profit and Loss and the cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) On the basis of written representation received from the directors as on 31st March 2014, and taken on record by the board of directors, none of the director is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for **SUSHIL PODDAR & CO.**
Firm's Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management according to a regular programme which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
(c) In our opinion and according to explanations given to us, no fixed assets have been disposed off during the year.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The Company has taken an interest free unsecured loans from its holding Company M/s Bhartiya International Limited for Rs 53,750,000/- It has also given an interest free unsecured loan to its wholly owned subsidiary for Rs 53,750,000/-.
(b) As per the information & explanation given to us by the management and in view of the long term involvement with the above companies , we are of the opinion that the terms & conditions of the above loans are prima facie not prejudicial to the interest of the company.
(c) There are no stipulations as to the repayment of the principal amount of the above interest free loans.
(d) In view of our observation in sub clause (c) above there are no overdue amounts more than Rs 1 Lakh.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. Maintenance of cost accounts under section 209(1) (d) of the Companies Act, 1956, has not been prescribed by the Central Government for the Company.
- ix. (a) According to the records of the company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the statutory dues referred to above were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable and also that there is no dispute pending before any forum in respect of the above taxes.
- x. According to the records of the company, the accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- xi. The Company did not have any outstanding dues to any financial institution, banks or debenture holder during the year.
- xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. The company has given guarantees for loans taken by its holding company from bank. According to information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
- xvi. As per the records of the company, it has not taken any term loans and hence the reporting provisions of this clause are not applicable.
- xvii. According to the information and explanations given to us and on an 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 investments.
- xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 Companies Act, 1956.
- xix. During the year the company has not issued any debentures and as such creation of security is not applicable.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **SUSHIL PODDAR & CO.**
Firm's Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014.

BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	24,990,200	24,990,200
(b) Reserves And Surplus	3	(2,944,441)	(7,134,064)
2 Non-Current Liabilities			
(a) Long-Term Borrowings	4	53,750,000	53,750,000
(b) Other Long-Term Liabilities	5	500,000	500,000
(c) Long-Term Provisions	6	293,281	240,711
3 Current Liabilities			
(a) Short-Term Borrowings	7	2,629,413	14,972,453
(b) Trade Payable	8	8,765,362	3,956,789
(c) Other Current Liabilities	9	626,949	448,298
(d) Short-Term Provisions	10	1,288,160	32,317
TOTAL		89,898,924	91,756,704
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets			
(i) Tangible Assets	11	879,046	1,055,490
(b) Non Current Investments	12	15,075,000	15,075,000
(c) Deferred Tax Assets (Net)	13	76,865	2,119,812
(d) Long Term Loans And Advances	14	53,750,000	54,750,000
(e) Other Non-Current Assets	15	86,000	99,000
2 Current assets			
(a) Inventories	16	168,567	519,898
(b) Trade Receivables	17	14,184,051	15,923,731
(c) Cash & Cash Equivalents	18	3,411,948	1,151,804
(d) Short Term Loans and advances	19	2,254,447	1,048,969
(e) Other Current assets	20	13,000	13,000
TOTAL		89,898,924	91,756,704

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Firm Regn. No. 014969N

Chartered Accountants

S.K. Poddar

Partner

Mem. No. 094479

New Delhi, 26th May, 2014

For and on behalf of the Board

Manoj Khattar

Director

Ramesh Bhatia

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Income:			
Revenue From Operations	21	67,392,986	34,404,298
Other income	22	2,075,417	1,496,808
Total Revenue		69,468,403	35,901,106
Expenses:			
Purchases of Stock In Trade		54,508,321	29,972,566
Change in Inventory of Stock In Trade	23	351,331	631,394
Employee Benefits Expenses	24	3,181,174	2,321,251
Depreciation And Amortization Expense	25	189,444	189,135
Other Expenses	26	4,771,823	672,698
Total Expenses		63,002,093	33,787,044
Profit Before Tax		6,466,310	2,114,062
Tax Expense:			
	27		
Current Tax		1,668,264	35,651
MAT Credit		(1,434,524)	-
Deferred Tax		2,042,947	891,622
Profit After Tax		4,189,623	1,186,789
Earnings Per Equity Share:			
(1) Basic		1.68	0.47
(2) Diluted		1.68	0.47
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Chartered Accountants

Firm Regn. No. 014969N

S.K. Poddar

Partner

Mem. No. 094479

New Delhi, 26th May, 2014

For and on behalf of the Board

Manoj Khattar

Director

Ramesh Bhatia

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional item	6,466,310	2,114,062
Adjustment for :		
Depreciation and Amortisation	189,444	189,135
Financial Costs	14,021	203,938
Effect of Exchange Difference	(1,467,261)	(657,455)
Rent Received	(100,000)	(100,000)
Share of Loss from Firm	2,500	2,576
	<u>(1,361,296)</u>	<u>(361,806)</u>
Operating profit before working capital change	5,105,014	1,752,256
Adjustment for :		
Inventories	351,331	631,394
Trade and Other Receivables	1,739,680	8,868,834
Loans and Advances	1,001,159	(81,988)
Trade and Other Paybles	5,063,477	(6,625,249)
	<u>8,155,647</u>	<u>2,792,991</u>
Cash generated from operations	13,260,661	4,545,247
Income Tax Paid (net of refund)	(208,217)	116,750
Finance Cost	(14,021)	(203,938)
Effect of Exchange Difference	1,467,261	657,455
NET CASH FROM OPERATING ACTIVITIES	<u>14,505,684</u>	<u>5,115,514</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Rent Received	100,000	100,000
Share of Loss from Firm	(2,500)	(2,576)
Purchase of fixed assets/Capital W.I.P.	-	(38,990)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>97,500</u>	<u>58,434</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Borrowings	(12,343,040)	(4,985,676)
NET CASH USED IN FINANCING ACTIVITIES	<u>(12,343,040)</u>	<u>(4,985,676)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	2,260,144	188,272
Cash and Cash Equivalents-Opening Balance	1,151,804	963,532
Cash and Cash Equivalents- Closing Balance	3,411,948	1,151,804
	-	-

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Chartered Accountants

Firm Regn. No. 014969N

S.K. Poddar

Partner

Mem. No. 094479

New Delhi, 26th May, 2014

For and on behalf of the Board

Manoj Khattar

Director

Ramesh Bhatia

Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014**

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting :

The financial statements are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3C) and in accordance with the requirement of the Companies Act, 1956.

b) Fixed Assets :

Fixed Assets are stated at cost of acquisition inclusive of duties, taxes and incidental expenses related to acquisition. Interest on borrowings and other financing cost during the period of construction / acquisition are added to the cost of the fixed assets.

c) Depreciation :

Depreciation is calculated on fixed assets on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956

d) Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed on to the buyer which is generally on dispatch of goods to customers.

e) Inventories :

- Raw materials have been valued at cost . Cost is determined on FIFO basis.
- Finished Goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.

f) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. Gratuity liability is provided for on all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of year on accrual basis .

g) Investment :

- (i) Investment in subsidiary is valued at cost. Provision is made for any diminution in value considered permanent.
- (ii) Investment representing the capital invested in a partnership firm is valued at cost.

h) Foreign Currency Transactions

Earning and expenditure in foreign currency are accounted for at the actual exchange rate prevailing on the date of transaction and monetary items denominated in foreign currency outstanding at the year end are translated at the year end rates. Gain/loss in conversion is charged to profit & loss account .

i) Taxation

Provision for Tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

j) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

k) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
2 SHARE CAPITAL		
Authorised Share Capital		
a) 30,00,000 (Previous year 30,00,000) Equity Shares of Rs 10/- Each	30,000,000	30,000,000
	30,000,000	30,000,000
Issued, Subscribed & Paid up :		
a) 24,99,020 (Previous year 24,99,020) Equity Shares of 10/- Each Fully Paid up	24,990,200	24,990,200
	24,990,200	24,990,200
2.1 The Company is a wholly owned subsidiary of M/s Bharitya International Ltd by virtue of Section 4(1)(b) of Companies Act, 1956		
2.2 Reconciliation of the number of shares outstanding is set out below:		
Shares outstanding at the beginning of the year	2,499,020	2,499,020
Shares Issued during the year	-	-
Shares outstanding at the end of the year	2,499,020	2,499,020
2.3 The Company has only one class of equity shares having a par value of Rs. 10/- per equity share. Each holder of equity shares is entitled to one shares. In the event of Liquidation of the Company , the holder of equity share will be entitled to receive assets of the Company in proportion to the number of equity shares held by the shareholders.		
3 RESERVES & SURPLUS		
(a) Surplus		
As Per last Balance Sheet	(7,134,064)	(8,320,853)
Add: Profit for the year	4,189,623	1,186,789
TOTAL	(2,944,441)	(7,134,064)
4 LONG TERM BORROWINGS		
Unsecured		
Loan/Advances from related party (refer note no 28.7)	53,750,000	53,750,000
TOTAL	53,750,000	53,750,000
5 OTHER LONG TERM LIABILITIES		
(a) Security Deposit	500,000	500,000
TOTAL	500,000	500,000
6 LONG TERM PROVISIONS		
(a) Provision for employees benefits	293,281	240,711
TOTAL	293,281	240,711
7 SHORT TERM BORROWINGS		
(a) Loans/Advances from Related Parties (refer note no 28.7)	2,629,413	14,972,453
TOTAL	2,629,413	14,972,453

NOTES (CONTD.)

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
8 TRADE PAYABLE		
(a) Trade Payable	8,765,362	3,956,789
TOTAL	8,765,362	3,956,789
8.1 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.		
9 OTHER CURRENT LIABILITIES		
(a) Salary & Reimbursements Paybles	473,396	375,067
(b) Statutory Dues	114,978	28,585
(c) Expenses Payble	38,575	44,646
TOTAL	626,949	448,298
10 SHORT TERM PROVISIONS		
(a) Provision for Employees benefits	56,000	32,317
(b) Provision for Income Tax	1,232,160	-
TOTAL	1,288,160	32,317

11 FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2013	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at March 31, 2014	As at April 1, 2013	For the Year	Deduction/ Adjustments during the year	As at March 31, 2014	As at April 1, 2014	As at March 31, 2013
Tangible Assets										
Own Assets										
Land	492,800	-	-	492,800	-	-	-	-	492,800	492,800
Computers	412,986	-	-	412,986	391,842	-	-	391,842	21,144	21,144
Vehicles	620,718	-	-	620,718	448,858	58,968	-	507,826	112,892	171,860
Furniture	1,612,525	-	-	1,612,525	1,423,035	102,073	-	1,525,108	87,417	189,490
Office Equipments	324,264	-	-	324,264	144,068	15,403	-	159,471	164,793	180,196
Total	3,463,293	-	-	3,463,293	2,407,803	176,444	-	2,584,247	879,046	1,055,490
Previous Year	3,424,303	38,990	-	3,463,293	2,231,668	176,135	-	2,407,803	1,055,490	1,192,635

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
12 NON CURRENT INVESTMENTS		
Trade Investments:		
(a) In Equity Shares of Subsidiary Companies Unquoted at Cost		
Investment in J & J Leather Enterprises Ltd, 125,000 Equity Shares (Previous Year 125,000 shares) of Rs. 100 each, fully paid	15,025,000	15,025,000
(b) Investment in Partnership Firms		
Capital in Firm - Bhartiya Prakash leathers (refer note no 28.3)	50,000	50,000
TOTAL	15,075,000	15,075,000
13 DEFERRED TAX ASSETS (NET)		
a) Deferred Tax Assets		
Related to Carried Forward Losses	35,591	2,110,208
b) Deferred Tax Liabilities		
Related to Fixed Assets	41,274	9,604
TOTAL	76,865	2,119,812
14 LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Loans to related parties (refer note no 28.7)	53,750,000	53,750,000
(b) Loans & Advances to Others	–	1,000,000
TOTAL	53,750,000	54,750,000
15 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	65,000	78,000
(b) Security Deposit	21,000	21,000
TOTAL	86,000	99,000
16 INVENTORIES		
(a) Finished Goods	168,567	519,898
TOTAL	168,567	519,898
17 TRADE RECEIVABLES		
(Unsecured, Considered Good)		
Trade receivables		
(a) Over six months	8,047,483	14,390,446
(b) Other (refer note no 28.7)	6,136,568	1,533,285
TOTAL	14,184,051	15,923,731

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
18 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
– In Current Accounts	2,617,405	1,106,328
(b) Cash on Hand	794,543	45,476
TOTAL	3,411,948	1,151,804
19 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good)		
(a) Loans & Advances to Related Parties (refer note no 28.7)	619,029	621,529
(b) Advance Tax/TDS	47,701	275,588
(c) Advance to Staff	123,200	115,740
(d) Prepaid Expenses	24,593	30,362
(e) Others	5,400	5,750
(f) MAT Credit Entitlement	1,434,524	–
TOTAL	2,254,447	1,048,969
20 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	13,000	13,000
TOTAL	13,000	13,000
PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
21 REVENUE FROM OPERATION		
(a) Sales	67,392,986	34,404,298
TOTAL	67,392,986	34,404,298
22 OTHER INCOME		
(a) Share of Profit from Firm	(2,500)	(2,576)
(b) Service Charges	99,873	137,782
(c) Lease Rent Received	100,000	100,000
(d) Other Income	410,783	604,147
(e) Net gain on foreign currency transaction	1,467,261	657,455
TOTAL	2,075,417	1,496,808

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
23 CHANGE IN INVENTORY OF STOCK IN TRADE		
Finished Goods		
Opening Stock	519,898	1,151,292
Closing Stock	168,567	519,898
DECREASE IN STOCK	351,331	631,394
24 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	2,825,901	1,943,417
(b) Contribution to Provident & Other funds	231,635	236,518
(c) Staff Welfare Expenses	123,638	141,316
TOTAL	3,181,174	2,321,251
25 DEPRECIATION AND AMORTISATION		
(a) Depreciation	176,444	176,135
(b) Preliminary Expenses W/off	13,000	13,000
TOTAL	189,444	189,135
26 OTHER EXPENSES		
(a) Professional Charges	2,504,325	52,489
(b) Electricity Expenses	56,370	59,761
(c) Auditors Remuneration	25,000	25,000
(d) Bank Charges	14,021	203,938
(e) Discounts/Rebate	1,441,710	–
(f) Rates Taxes & Duties	7,064	1,299
(g) Insurance	44,161	9,871
(h) Printing & Stationery	38,850	–
(i) Sundry Balances Written off	(29,912)	27,903
(j) Sampling Expenses	643,790	283,325
(k) General Expenses	1,174	3,494
(l) Fees & Subscription	25,270	5,618
TOTAL	4,771,823	672,698
27 TAX EXPENSES		
I) Current Tax		
(a) Current Tax	1,232,160	–
(b) Tax for earlier Years	436,104	35,651
	1,668,264	35,651
II) Deferred Tax		
(a) Related To Capital Assets	(31,670)	(28,065)
(b) Related To Brought Forward Losses	2,074,617	919,687
TOTAL	2,042,947	891,622

NOTES (CONTD.)

NOTES TO ACCOUNTS

28.1 Previous year figures have been regrouped / reclassified wherever necessary to conform to the present year presentation

28.2 Contingent Liabilities not provided for

- a. Corporate Guarantee given by Company to a bank against facilities granted by that bank to its holding Company M/s Bhartiya International Ltd Rs. 34.50 Crores (Previous Year Rs. 33 Crores.).
- b. Land and Building at Chennai of Rs. 492,800 (Previous Year Rs. 492,800) is pledged with the bank for various limits and facilities granted to its holding company.

28.3 The Company is a partner in Bhartiya Prakash Leather and has 60% share in Profit/loss and accordingly the share of Loss as per the balance sheet of M/s Bhartiya Prakash Leathers as at 31.3.2014 has been taken in the books of accounts of the company. The details of the partners and their profit/loss sharing ratio is as under.

Pawan Kumar	40%
M/s Bhartiya Global Marketing Ltd	60%

28.4 Investment include 600 equity shares of the value of Rs.72,120/- in M/s J & J Leather Enterprises Ltd. held in the name of six nominees of the company.

28.5 (a) Provision for Income Tax has been made as per the provisions for Section 115JB(MAT) of the Income Tax Act 1961.

- (b) The Company has considered the brought forward accumulated losses as deferred tax asset as there is a reasonable certainty of realisation of profits in future.

28.6 Sundry Debtors, Loans & Advances include amounts due from / to Subsidiary Companies and Companies under the same management as under:

PARTICULARS	As at 31 st March, 2014 Rs.	As at 31 st March, 2013 Rs.
Sundry Debtors-World Fashion Trade Ltd.	6,074,680	6,880,073
Loans- J & J Leather Enterprises Ltd.	53,750,000	53,750,000
Advances - Bhartiya Prakash Leather	619,029	621,529
Sundry Creditor -Ultima Italia SRL	3,324,000	2,798,800

28.7 Related Party Disclosures

Related party disclosure as required under Accounting Standard 18, "Related Party Disclosures", issued by the Institute Of Chartered Accountants of India are given below :

a) Relationship:

i) Holding Company

Bhartiya International Ltd

ii) Subsidiary Companies Domestic

J&J Leather Enterprises Ltd,

iii) Associate parties

Bhartiya Prakash Leather

World Fashion Trade Ltd

Ultima Italia S.r.l.

Itopia Management Services (India) Pvt. Ltd.

iv) Key Management Personnel:

Board of Directors

Manoj Khattar

Jaspal Sethi

Ramesh Bhatia

NOTES (CONTD.)

b) Summary of transactions during the year :		Holding Company	Subsidiary Company	Associate Parties	Key Management Personnel
a)	Purchase	757,336	-	-	-
		-	-	(934,732)	-
b)	Marketing Fees Paid	-	-	1,339,309	-
		-	-	-	-
c) Balances Outstanding at the year end:					
	Long Term Loan taken	53,750,000	-	-	-
		(53,750,000)	-	-	-
	Long Term Loan given	-	53,750,000	-	-
		-	(53,750,000)	-	-
	Advances Recoverable	-	-	619,029	-
		-	-	(621,529)	-
	Sundry Debtors	-	-	6,074,680	-
		-	-	(6,880,073)	-
	Sundry Creditors	-	-	3,324,000	-
		-	-	(2,798,800)	-
	Short term loans taken	2,629,413	-	-	-
		(14,972,453)	-	-	-

28.8 Earnings Per Share (E.P.S)

The basic /diluted earnings per share calculated as per the Accounting Standard -20 issued by the Institute of Chartered Accountants of India is as below.

PARTICULARS	Current Year Rs.	Previous Year Rs.
a) Net Profit after tax available for Equity Shareholders	4,189,624	1,186,789
b) Weighted Average no of equity shares outstanding during the year	2,499,020	2,499,020
c) Basic/Diluted earnings per-share (of Rs.10/-each) Rs. (a/b)	1.68	0.47

28.9 Auditor's Remuneration

Audit Fees	25,000	25,000
Tax & Consultancy	23,000	15,000

28.10 In the Opinion of the Directors, the Current Assets, Loans and Advances have the value at which they are stated in the balance sheet, if realised in the Ordinary course of business and provision for all known liabilities has been adequately made in the accounts

28.11 Value of Import on CIF basis Rs. Nil (Previous Year Rs. 934,732/-)

28.12 Earning In Foreign Currency

Exports under Merchandising Trade Rs. 66,163,091 /- (Previous Year Rs. 33,398,480/-)

28.13 Expenditure In Foreign Currency

Purchase Under Merchandising Trade Rs. 53,049,865/- (Previous Year Rs. 29,247,489/-)

Marketing Fees Rs. 1,339,309/- (Previous Year Nil)

Rebate & discounts Rs. 1,441,710/- (Previous Year Nil)

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Firm Regn. No. 014969N

Chartered Accountants

S.K. Poddar

Partner

Mem. No. 094479

New Delhi, 26th May, 2014

For and on behalf of the Board

Manoj Khattar

Director

Ramesh Bhatia

Director

DIRECTORS' REPORT**Dear Members,**

The Board of Directors of your Company hereby presents the Annual Report of the Company together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS:**(Rs. in Lacs)**

PARTICULARS	2013-2014	2012-2013
TOTAL REVENUE	926.47	796.70
EXPENDITURE	914.07	786.68
PROFIT AFTER TAX	3.73	8.13

PERFORMANCE REVIEW

The total revenue for the financial year 2013-2014 is Rs. 926.47 Lacs as compared to Rs. 796.70 Lacs in the previous year. The Profit after Tax of the Company is Rs. 3.73 Lacs during the financial year 2013-2014.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2014.

DIRECTORS

Mr. C. L. Handa, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

PUBLIC DEPOSITS

The Company did not accept any fixed deposit during the year under review. No deposits were outstanding as on 31st March, 2014.

AUDITORS

The Auditors of the Company, M/s. Padmanabhan Ramani & Ramanujam, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. They have furnished a certificate that their re-appointment/ratification if made shall be in accordance within the prescribed limits as in Section 141(3)(g) of the Companies Act, 2013.

The Auditors observations in the Audit Report have been explained by the Company in details in Notes to the Financial Statements which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii. 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 the Company as on 31st March, 2014 and of the profit of the Company for the year ended on that date;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. They have prepared the annual accounts on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

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

The particulars as prescribed under sub section (1) (e) of section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure (A) forming part of this Report.

ACKNOWLEDGEMENTS

Your Directors thanks and look forward to receive continued support from the employees of the Company for their dedicated performance and also place on record their commitments to the Company and combined efforts to turn around the Company.

For and on behalf of the Board

Chennai, 24th May, 2014

A.P.S. Narag
Managing Director

Manoj Khattar
Director

ANNEXURE (A) TO THE DIRECTORS' REPORT

Statement containing particulars pursuant to Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' report for the year ended 31st March, 2014.

Conservation of Energy

Not applicable to the Company due to the nature of Business

Technology Absorption

Not applicable

Foreign Exchange Earnings and Outgo

The information on Foreign Exchange earnings and outgo are contained in the Notes to the Accounts.

For and on behalf of the Board

Chennai, 24th May, 2014

A.P.S. Narag
Managing Director

Manoj Khattar
Director

COMPLIANCE CERTIFICATE

To

THE MEMBERS
J & J LEATHER ENTERPRISES LTD
CHENNAI

I have examined the registers, records, books and papers of **M/s. J & J Leather Enterprises Limited** as required to be maintained under the Companies Act, 1956 and under the Companies Act, 2013 (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, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies under the Act and the rules made there under.
3. The Company being Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors met Six (06) times on 02.04.13, 27.05.13, 15.07.13, 30.09.2013, 19.12.13 and 31.03.2014 the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not opted to close its Register of Members during the financial year under review.
6. The Annual General Meeting for the financial year ended on 31.03.2013 was held on 18.09.2013 and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year ended 31.03.2014.
8. As per the information provided by the Management, the Company has not advanced loans to parties which would attract the provisions of Section 185 of the Companies Act, 2013 during the financial year under review.
9. As per the information provided by the Management, the Company had not entered into any arrangements / contracts falling within the purview of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As per the information provided by the Management, there were no instances falling within the purview of Section 314 of the Companies Act, 1956 and the Company was not required to obtain any approval from the Board of Directors, Members, and Central Government during the financial year under review.
12. The Board of Directors has not issued any duplicate Share Certificates during the financial year under review.
13. (i) There were no transfer, transmission and allotment of Shares / securities during the financial year.
(ii) Not declared any dividend or interim dividend
(iii) There is no unpaid dividend to be transferred to Investor Education and Protection Fund.
(iv) Generally complied with the requirements of Section 217 of the Act, with regard to the above.
14. The Board of Directors of the Company is duly constituted and there were no appointment of directors, appointment of additional directors, alternate directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed Managing Director, Whole-time Director/ / Manager during the financial year.
16. The Company has not appointed sole-selling agents during the Financial Year.
17. As per the information provided by the Management the Company was not required to obtain any approval of the Registrar of Companies, Central Government, Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued shares during the financial year under review.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference Shares or Debentures during the Financial Year.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. As per the information provided by the Management, the Company has not accepted unsecured loan falling within the purview of Section 58A of the Companies Act, 1956 and the rules framed thereunder.
24. The amount borrowed by the Company during the financial year is within the borrowing limits of the Company.
25. As per the information provided by the Management, the Company has not made loans and investments in other bodies corporate. The Company has provided security / Corporate Guarantee for the Loan availed by M/s.Bhartiya International Limited. Necessary approvals from the Members have been obtained under Section 372A on 09.06.2008.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under review.
31. As per the information provided by the Management, there were no prosecution initiated against or show cause notices received by the Company during the financial year.
32. As per the information provided by the Management, the Company has not received any money as security from its employees during the year under certification.
33. As per the information provided by the Management, the Company has not constituted separate Provident Fund for its employees and as such, Section 418 of the Act, is not applicable to the Company.

Rajashree I Iyer

Prac. Company Secretary

C.P. No. 10096

Chennai, 24th May, 2014

ANNEXURE - A

1. Minutes of Board Meetings & General Meetings
2. Register of Members
3. Register of Directors
4. Register of Directors Shareholding
5. Directors Attendance Register
6. Members Attendance Register
7. Register of particulars in which Directors are interested.
8. Register of Charges.

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the Financial Year ended 31st March, 2014

Forms/ Returns	Under Section	For
Form 20B (Annual Return)	159	the AGM held on 18.09.2013 filed on 18.10.2013
Form 23AC XBRL & Form-23ACA XBRL (Annual Report)	220	the financial year 2012-13 filed on 17.10.2013
Form 66 (Compliance Certificate)	383A	the financial year 2012-13 filed on 26.09.2013
Form 22B (Registration of Resolution and agreement)	187C	Beneficial interest filed on 01.05.2013

INDEPENDENT AUDITORS' REPORT

To the Members of J & J Leather Enterprises Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of J & J Leather Enterprises Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the statement of Profit and Loss, and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. 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.
 - b. 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.
 - c. The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - e. On the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

For **Padmanabhan Ramani & Ramanujam**

Firm Registration Number: 002510S
Chartered Accountants

N. Ramani

Partner

Mem. No. 022438

Chennai, 24th May, 2014

Re: J & J Leather Enterprises Ltd - Year Ended 31st March, 2014

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 under the section 'Report on other legal and Regulatory requirements' of our report of even date.

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of fixed assets so as to affect the going concern status of the company.
- (ii) (a) Physical verification of inventory has been conducted at reasonable Intervals by the management;
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has not granted any loan secured or unsecured loan to companies, firms or other parties in the register maintained under section 301 of the Act.
- (b) The company has not taken any loan secured or unsecured loan to companies, firms or other parties in the register maintained under section 301 of the Act.

No of parties-1.

Balance as at 31.03.2014 - Rs. 53,750,000
- (iv) In our opinion, there is adequate internal control system 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 and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses internal control;
 - (a) According to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into the register required to be maintained under that Section.
 - (b) In our opinion and according to information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- (v) In our opinion and according to information and explanations given to us, the company has not accepted deposits from the public.
- (vi) In our opinion and according to information and explanations given to us, the company has an internal audit system commensurate with its size and nature of its business;
- (vii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (viii) (a) The company is regular in depositing undisputed statutory dues wherever applicable including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth Tax, Service tax Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) There are no disputed sales tax/income tax/custom tax/wealth tax/service tax/excise duty/cess.
- (ix) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) During the year the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

J & J LEATHER ENTERPRISES LTD.

- (xi) In our opinion, the company is not chit fund or a nidhi/mutual benefit fund/society. As such provisions of clause 4(xiii) of the said order are not applicable to the company.
- (xii) In our opinion and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xiii) In our opinion and according to information and explanations given to us, the company has executed guarantee for loan taken by its holding company from bank, and the terms and conditions on which the guarantee has been executed are not prejudicial to the interest of the company.
- (xiv) In our opinion, term loans were applied for the purpose for which the loans were obtained;
- (xv) In our opinion and according to information and explanations given to us and overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long time investment.
- (xvi) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xvii) During the year, the company has not issued any debentures and as such provisions of clause 4(xix) of the said order are not applicable to the company.
- (xviii) During the year there has been no public issue and as such provisions of clause 4(xx) of the said order are not applicable to the company.
- (xix) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

for **Padmanabhan Ramani & Ramanujam**

Firm Registration Number: 002510S

Chartered Accountants

N. Ramani

Partner

Mem. No. 022438

Chennai, 24th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	12,500,000	12,500,000
(b) Reserves and Surplus	3	13,498,999	13,126,006
2 Non-Current Liabilities			
(a) Long-term borrowings	4	54,682,431	54,059,600
(b) Deferred tax liabilities (Net)	5	1,668,249	1,395,939
(c) Long-term provisions	6	1,681,173	1,114,415
3 Current Liabilities			
(a) Trade Payables		4,267,335	5,648,467
(b) Other Current Liabilities	7	1,646,302	987,535
(c) Short-term provisions	8	25,000	50,000
TOTAL		89,969,489	88,881,962
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible assets		64,012,398	59,808,065
(ii) Intangible assets		268,309	447,181
(iii) Capital Work in Progress		-	-
(b) Long-term loans and advances	10	9,379,141	7,601,611
2 Current Assets			
(a) Inventories	11	334,185	3,666,801
(b) Trade Receivables	12	13,855,783	13,972,214
(c) Cash and cash equivalents	13	1,134,262	1,224,165
(d) Short Term Loan & Advances	14	444,000	855,628
(e) Other current assets	15	541,411	1,306,297
TOTAL		89,969,489	88,881,962

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
Mem. No. 022438
Chennai, 24th May, 2014

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
I. Revenue from operations	16	92,398,339	79,381,848
II. Other income	17	248,273	287,988
III. Total Revenue (I + II)		92,646,612	79,669,836
IV. Expenses:			
Cost of Materials Consumed	18	7,474,885	2,466,572
Manufacturing Expenses	19	55,282,447	51,869,818
Employee benefits expense	20	8,167,966	7,117,840
Finance costs	21	118,482	62,893
Depreciation and amortization expense		7,819,707	7,947,499
Other Expenses	22	12,543,023	9,203,849
Total Expenses		91,406,510	78,668,471
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,240,102	1,001,365
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		1,240,102	1,001,365
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		1,240,102	1,001,365
X. Tax Expense:	23		
(1) Current Tax		594,800	517,863
(2) Deferred Tax		272,309	(329,345)
XI. Profit (Loss) for the period from continuing operations (IX-X)		372,993	812,847
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI+XIV)		372,993	812,847
XVI. Earnings per equity share:			
(1) Basic		2.98	6.50
(2) Diluted		2.98	6.50
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
Mem. No. 022438
Chennai, 24th May, 2014

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	1,240,102	1,001,365
Adjusted for :		
Depreciation/Amortisation Expenses	7,819,707	7,947,499
Financial Cost	118,482	62,893
Loss/(Profit) on Sale of Fixed Assets	(55,273)	-
Operating profit before working capital changes	<u>9,123,018</u>	<u>9,011,757</u>
Movement In Working Capital :		
Decrease/(Increase) In Inventories	3,332,616	(33,965)
Decrease/(Increase) In Trade Receivables	116,431	(4,128,849)
Decrease/(Increase) In Long Term Loans and Advances	(637,142)	818,290
Decrease/(Increase) In Short Term Loans and Advances	1,176,514	(179,831)
(Decrease)/Increase In Trade Payables	(1,381,131)	841,656
(Decrease)/Increase In Other Long Term Payables	566,758	358,928
(Decrease)/Increase In Other Short Term Payables	267,390	272,113
Cash generated from operations	<u>12,564,454</u>	<u>6,960,099</u>
Taxes paid	(1,668,851)	(1,624,780)
Cash flow before extra-ordinary items	<u>10,895,603</u>	<u>5,335,319</u>
NET CASH FROM OPERATING ACTIVITIES	<u>10,895,603</u>	<u>5,335,319</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES :-		
Purchase of Fixed Assets/Capital W.I.P.	(11,949,895)	(5,177,133)
Sale of Fixed Assets	160,000	36,275
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(11,789,895)</u>	<u>(5,140,858)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	922,871	(127,403)
Finance Cost	(118,482)	(62,893)
NET CASH USED IN FINANCING ACTIVITIES	<u>804,389</u>	<u>(190,296)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	<u>(89,903)</u>	<u>4,165</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,224,165	1,220,000
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1,134,262	1,224,165

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
Mem. No. 022438
Chennai, 24th May, 2014

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

i) Method of Accounting

The financial statement are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211(3C) and in accordance with the requirement of Companies Act, 1956.

ii) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. The cost of fixed assets is inclusive of duties taxes, freight and other incidental expenses (other than those subsequently recoverable from tax authorities) related to acquisition. Interest on borrowings and other financing costs during the period of construction/acquisition are added to the cost of fixed assets.

iii) Depreciation

Depreciation on Fixed Assets has been provided on WDV method as per rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets whose actual cost does not exceed five thousand rupees has been provided at the rate of hundred per cent. Depreciation has been provided on prorate on additions/deletions.

iv) Recognition of Income and Expenditure

Revenue/Incomes and Cost/Expenditure are generally accounted on accrual, as they are earned or incurred. Revenue is recognized when practically all risks and rights connected with the goods on which Job work performed have been transferred. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

v) Foreign Currency Transactions

Earning and expenditure in foreign currency are accounted for at the actual exchange rate prevailing on the date of transaction and monetary items denominated in foreign currency outstanding at the year end rates. Gain/Loss in conversion is charged to profit & loss account.

vi) Inventories

Raw material, stores and spares and Finished Goods are valued at tower of Cost or estimated net realisable value. Cost is determined on the first in first out method and in the case of work in progress and finished goods, it also includes an appropriate portion of production and administration related overheads.

vii) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. Gratuity liability is provided for all eligible employees during the year on accrual basis. Provision Is made for value of unutilized leave due to employees at the end of the year on accrual basis.

viii) Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable Income for the Year. The deferred tax charge is recognized using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

ix) Government Grants

Grants received from the Government which are in the nature of promoters contribution and are with reference to the total investment without any liability for repayment, are treated as Capital Reserve.

x) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

NOTES (CONTD...)

xi) Provision Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard-29 (Provision, Contingent Liabilities and Contingent Assets), Issued by the Institute of Chartered Accountants of India, provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligation that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

PARTICULARS	Amount in Rs.			
	As at 31 st March, 2014		As at 31 st March, 2013	
	Number	Amount	Number	Amount
2 Share Capital				
2.1 Authorised				
Equity Shares of Rs.100/- each.	125,000	12,500,000	125,000	12,500,000
TOTAL		<u>12,500,000</u>		<u>12,500,000</u>
2.2 Issued, Subscribed & Paid up				
Equity Shares of Rs.100/- each.	125,000	12,500,000	125,000	12,500,000
TOTAL		<u>12,500,000</u>		<u>12,500,000</u>
2.3 The Reconciliation of the number of share outstanding and the amount of share capital as at 31 st March 2014 and 31 st March 2013 is setout below:				
Equity Shares of Rs.10/- each.				
Number of Shares at the beginning of the year	125,000	12,500,000	125,000	12,500,000
Shares Issued During the year	-	-	-	-
Closing Balance	<u>125,000</u>	<u>12,500,000</u>	<u>125,000</u>	<u>12,500,000</u>
2.4 Shareholders having equity capital 5% or more as at 31 st March, 2014 and 31 st March, 2013 is set out below:				
Name Of Share Holders	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Bhartiya Global Marketing Ltd	125,000	100	125,000	100
2.5 Details of shares held by Holding , subsidiaries or associates of the holding company :				
Name Of Share Holders	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Bhartiya Global Marketing Ltd	125,000	100	125,000	100

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
3 RESERVES & SURPLUS		
a) Capital Reserves		
Opening Balance	4,621,283	4,621,283
Add : Current Year Transfer		
Less : Written Back in Current Year		
Closing Balance	<u>4,621,283</u>	<u>4,621,283</u>
b) Surplus		
As Per last Balance Sheet	8,504,723	7,691,876
Add: Profit/(Loss) for the year	372,993	812,847
	<u>8,877,716</u>	<u>8,504,723</u>
Total	<u>13,498,999</u>	<u>13,126,006</u>
4 LONG TERM BORROWINGS		
Secured		
a) Secured Vehicle Loans from banks (Secured by way of hypothecation of vehicles financed by the Bank. The Loan is repayable in thirty four equal monthly installments)	119,303	309,600
b) Secured Vehicle Loans from Others (Secured by way of hypothecation of Vehicles) Loan of Rs. 877,158/- is repayable in forty seven equal monthly installments. Loan of Rs. 341,035/- is repayable in forty seven equal monthly installments.	813,128	–
c) Unsecured loan and Advances Bhartiya Global Marketing Ltd (Holding Company) (Interest free Loan and no repayment schedule stipulated)	53,750,000	53,750,000
Total	<u>54,682,431</u>	<u>54,059,600</u>
5 DEFERRED TAX LIABILITIES (Net)		
Deferred Tax Liabilities		
Related to Bonus/Gratuity	(168,034)	(442,661)
Deferred tax Liabilities		
Related to Fixed Assets	1,836,283	1,838,600
Total	<u>1,668,249</u>	<u>1,395,939</u>
6 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Provision for Gratuity	964,347	540,441
Provision for Leave Encashment	716,826	573,974
Total	<u>1,681,173</u>	<u>1,114,415</u>

NOTES (CONTD...)

Amount in Rs.

PARTICULARS	As at	As at
	31 st March, 2014	31 st March, 2013
7 OTHER CURRENT LIABILITIES		
a) Current maturities Of Long Term Debt	440,886	140,846
b) Accrued salaries and benefits		
Salary & Benefits	444,508	415,805
Bonus & Incentive	147,479	145,437
c) Other Current Liabilities		
Expenses Payable	43,363	36,541
TDS Payable	243,106	176,769
Sales Tax	301,884	–
Service Tax	11,763	69,792
Professional Tax	13,313	2,345
Total	1,646,302	987,535
8 SHORT TERM PROVISIONS		
Provision for Leave Encashment	25,000	50,000
Total	25,000	50,000

9 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2013	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31 st March, 2014	As at 1 st April, 2013	For the Year	Deduction/ Adjustments during the year	As at 31 st March, 2014	As at 1 st April, 2013	As at 31 st March, 2014
Tangible Assets :										
Own Assets :										
Land	527,731	2,225,260	–	2,752,991	–	–	–	–	527,731	2,752,991
Building	52,558,555	–	–	52,558,555	24,879,406	2,767,915	–	27,647,321	27,679,149	24,911,234
Roads	869,552	–	–	869,552	170,261	34,965	–	205,226	699,291	664,326
Machinery	75,153,055	7,907,678	–	83,060,733	45,774,610	4,250,542	–	50,025,152	29,378,445	33,035,581
Vehicles	1,303,918	1,596,445	395,468	2,504,895	614,315	419,321	290,741	742,895	689,603	1,762,000
Furniture & Fixtures	342,458	31,947	–	374,405	260,908	17,288	–	278,196	81,550	96,209
Office Equipments	1,775,216	115,725	–	1,890,941	1,137,655	97,153	–	1,234,808	637,561	656,133
Computers	962,236	72,840	–	1,035,076	847,501	53,651	–	901,152	114,735	133,924
Total (A)	133,492,721	11,949,895	395,468	145,047,148	73,684,656	7,640,835	290,741	81,034,750	59,808,065	64,012,398
Previous Year	128,870,594	4,861,541	239,414	133,492,721	66,117,166	7,770,629	203,139	73,684,656	62,753,428	59,808,065
Intangible Assets:-										
Computers Software	635,592	–	–	635,592	188,411	178,872	–	367,283	447,181	268,309
Total (B)	635,592	–	–	635,592	188,411	178,872	–	367,283	447,181	268,309
Previous Year	320,000	315,592	–	635,592	11,541	176,870	–	188,411	308,459	447,181
Capital Work in Progress:-										
	–	–	–	–	–	–	–	–	–	–
Previous Year	–	–	–	–	–	–	–	–	–	–
Total (A+B)	134,128,313	11,949,895	395,468	145,682,740	73,873,067	7,819,707	290,741	81,402,033	60,255,246	64,280,707
Previous Year	129,190,594	5,177,133	239,414	134,128,313	66,128,707	7,947,499	203,139	73,873,067	63,061,887	60,255,246

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
10 LONG TERM LOANS & ADVANCES		
(Unsecured, Considered Good)		
Security Deposits	5,031,530	4,034,388
Other Deposits	–	360,000
Advance Income tax (Net off Provisions)	4,347,611	3,207,223
Total	9,379,141	7,601,611
11 INVENTORIES		
a. Raw Materials (Valued at Cost or Net realisable Value, Whichever is lower)	–	1,289,694
b. Stores and spares (Valued at Cost or Net realisable Value, Whichever is lower)	–	2,187,107
c. Consumable Stores	334,185	190,000
Total	334,185	3,666,801
12 TRADE RECEIVABLES		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	–	–
Unsecured, considered good	13,852,330	13,972,214
Unsecured, considered doubtful	–	–
	13,852,330	13,972,214
Less: Provision for doubtful debts	–	–
	13,852,330	13,972,214
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	–	–
Unsecured, considered good	3,453	–
Unsecured, considered doubtful	–	–
	3,453	–
Less: Provision for doubtful debts	–	–
	3,453	–
Total	13,855,783	13,972,214
13 CASH AND CASH EQUIVALENT		
a) Balances with banks		
In Current Accounts	424,267	638,171
b) Cash on hand	709,995	585,994
Total	1,134,262	1,224,165

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
14 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
a) Advances With Suppliers	–	855,628
b) Advances With Staff	444,000	–
Total	444,000	855,628
15 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
a) Prepayments	193,163	114,049
b) Deposits-Others	114,500	1,035,000
c) Others	233,748	157,248
Total	541,411	1,306,297
PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
16 REVENUE FROM OPERATION		
a) Sales	6,040,196	–
b) Job Work Charges	86,358,143	79,381,848
Total	92,398,339	79,381,848
17 OTHER INCOME		
Interest Received	85,000	74,513
Rent Income	108,000	108,000
Other Misc. Income	55,273	105,475
Total	248,273	287,988
18 COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	3,476,801	3,476,801
Add : Purchases		
Consumables	4,332,269	2,466,572
Less : Closing Stock	334,185	3,476,801
Total	7,474,885	2,466,572
19 MANUFACTURING EXPENSES		
Job Work Expenses	35,826,295	30,968,741
Electricity Expenses	5,362,477	4,092,439
Machinery Maintenance	3,886,672	4,774,213
Rent	2,558,520	2,314,218
Effluent Treatment Expenses	2,200,405	2,047,956
Testing Charges	76,650	21,026
Generator Running & Maintenance	5,371,428	7,651,225
Total	55,282,447	51,869,818

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
20 EMPLOYEE BENEFITS EXPENSES		
a) Salary & Allowances	6,088,550	5,440,748
b) Staff welfare expenses	1,514,792	1,254,613
c) Gratuity & Leave Encashment	564,624	422,479
Total	8,167,966	7,117,840
21 FINANCE COSTS		
a) Interest Paid	118,482	62,893
Total	118,482	62,893
22 OTHER EXPENSES		
Printing & Stationery	248,187	232,638
Traveling & Conveyances	931,037	1,544,152
Legal & Professional	2,253,454	1,199,304
Building Maintenance	690,119	380,017
Repair & Maintenance	2,065,059	800,060
Rent-Others	166,916	197,050
Rate & Taxes	90,882	24,102
Freight Outward	2,556,744	2,336,874
Miscellaneous Expenses	358,940	274,785
Communication Expenses	214,709	190,133
Auditors Remuneration - As Auditors	56,180	50,000
Insurance	76,066	88,657
Fees & Subscription	615,171	636,263
Security Expenses	2,185,804	1,224,000
Bank Charges	33,755	25,814
Total	12,543,023	9,203,849
23 TAX EXPENSES		
I) Current Tax		
(a) Current Tax	594,800	500,000
(b) Tax for earlier Year	-	17,863
II) Deferred Tax		
(a) Related to Capital Assets	272,309	(329,345)
(b) Related to Brought forward Capital Losses	-	-
Total	867,109	188,518

NOTES (CONTD...)

NOTE NO 24: NOTES TO ACCOUNTS

24.1 CONTINGENT LIABILITIES & COMMITMENTS

(Rs. in Lacs)

	As at 31 st March, 2014	As at 31 st March, 2013
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as debts:	-	-
(b) Guarantees:	-	-
Contingent Liabilities not provided for Corporate Guarantee executed by the Company in the form of Joint equitable mortgage of Land belonging to the Company for securing the Loan facility extended by a bank to the holding Company.	3450	3450
(c) Other money for which the company is contingently liable.	-	-
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:	-	-
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other commitments	-	-

24.2 The Company has not received any memorandum (as require to be filed by the suppliers with the notified authority under the micro, Small and Medium enterprises development Act. 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is NIL

24.3 Details of Management Remuneration to Whole-Time Director.

	Current year (Rs. In Lacs)	Previous year (Rs. In Lacs)
a. Salary & Allowances	3.00	3.00

24.4 Expenditure In Foreign Currency-

Travelling	-	0.41
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24.5 CIF Value of Imports (Capital Goods and maintenance)

2.98	13.72
-------------	-------

24.6 Consumption of Imported & Indigenous Raw Material (including Consumables)

Particulars	Current year		Previous year	
	(Rs. in Lacs)	%	(Rs. in Lacs)	%
Indigenous	74.75	100	24.67	100
Imported	-	-	-	-
		100		100

24.7 FOB Value Exports

Nil

Nil

NOTES (CONTD...)

24.8 Related party disclosure as required under Accounting Standard on Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :"

(a) Relationship:

i) Holding Companies

Bhartiya Global Marketing Ltd
Bhartiya International Ltd

ii) Key Management Personnel:

Mr. A.P.S. Narag
Mr. Manoj Khattar
Mr. C.L. Handa

iii) (a) Transaction with Related Parties -

Summary transactions during the year :	Holding Company	Key Management Personnel	Relatives of Key Management Personnel's
a) Rent (Recd)	108,000 (108,000)	- -	- -
b) Job Work	86,322,348 (79,381,848)	- -	- -
c) Sales	6,040,196 -	- -	- -
d) Salaries	- -	300,000 (300,000)	- -
e) Purchase of Land	2,000,000 -	- -	- -
(b) Balances Outstanding at the year end:			
Unsecured Loans	53,750,000 (53,750,000)	- -	- -
Sundry Debtors	13,846,226 (13,972,214)	- -	- -
Sundry Creditors	- -	25,000 (25,000)	- -

24.9 Consumption of Raw Material

	Current Year		Previous Year	
	Qty	Value (Rs. Lacs)	Qty	Value(Rs. Lacs)
Consumable	-	74.75	-	24.67
	-	74.75	-	24.67

24.10 Segment Reporting Disclosure as per Accounting Standard AS-17, are at present not applicable to the Company since the business of the company comprises of single segment only.

NOTES (CONTD...)**24.11 Earning per share (E.P.S)**

The basic/diluted earning per share calculated as per share calculated as per Accounting Standard-20, issued by the Institute of Chartered Accountants of India is as below.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Net profit after tax available for equity shareholders	372,993	812,847
b) Weighted average no of equity shares outstanding during the year	125,000	125,000
c) Basic/Diluted earnings per share (face value of Rs 100 each) (a/b)	2.98	6.50

24.12 Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever necessary.

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
Mem. No. 022438
Chennai, 24th May, 2014

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 8th Annual Report and financial statements for the year ended 31st March, 2014.

FINANCIAL RESULTS

The Financial performance of the Company for the year ended 31st March, 2014 is summarized below:

(Amount in Rs.)

PARTICULARS	2013-2014	2012-2013
Total Income	20,52,651	20,97,000
Total Expenditure	33,67,238	52,64,932
Tax Expense	–	2,05,291
Profit/ (Loss) for the year after tax	(13,14,587)	(33,73,223)

DIVIDEND

In view of losses during the year, Your directors do not recommend any dividend for the financial year ended 31st March, 2014.

REVIEW OF OPERATION

Your Directors are pleased to inform that the first unit, established by Bhartiya International Limited, our Holding Company to manufacture leather accessories and products at our Leather Park is performing well in terms of production, exports and employment. The construction work on the second unit will commence in a couple of months, subject to receiving final planning approvals.

As you are aware, your company has approached APIIC and the Government of Andhra Pradesh with the request to change the SEZ status of the project to Non-SEZ due to prevailing unfavorable economic benefits for SEZ units in this sector. After it was approved by the Principal Secretary, Industries, Government of Andhra Pradesh, APIIC has made recommendation to the Development Commissioner, VSEZ for change of Status of Company from SEZ to Non-SEZ. The process of de-notification is expected to move fast once the formal NOC is received by the Development Commissioner from the AP Government, which is a requirement as per the process.

Your company had received the In-principal approval to set up a 106 Acres Mega Leather Cluster through a separate SPV-Tada Mega Leather Cluster Private Limited within the leather Park. Subsequently, there has been some significant changes in the Mega Leather Cluster Scheme, more conducive to its implementation. As required, the company has applied for migration of the approval to the new scheme, which is under the actual consideration of the DIPP. With the financial assistance available under the Mega Leather Cluster scheme, your company will be able to attract good number of small and medium manufacturing units as well, in addition to large players, into the Leather Park.

In view of the above steps taken by your company, your company should be able to witness more interest for many manufacturers to set up units within the Leather Park.

PUBLIC DEPOSITS

The Company has not accepted any public deposit during the financial year under review.

DIRECTORS

Dr. C. Sreedhar had expressed his desire not to continue as Nominee Director and his resignation has been accepted by the Board of Directors w.e.f. 30.09.2013 and subsequently Andhra Pradesh Industrial Infrastructure Incorporation Ltd. (APIIC) had nominated Mr. Rahul Bojja as the Nominee Director of the Company on their behalf w.e.f. 30.09.2013.

Mr. Manoj Khattar, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

AUDITORS

The Auditors of the Company, M/s. Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. They have furnished a certificate that their reappointment/ratification if made shall be in accordance within the conditions as specified in Section 139 of the Companies Act, 2013, read with rules made thereunder.

The Auditors' observation in the Audit Report has been explained by the Company in Notes to the Financial statements which form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii. 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 the Company as on 31st March, 2014 and of the loss of the Company for the year ended on that date;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. They have prepared the annual accounts on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

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

- | | |
|--|-----|
| A) Conservation of Energy:- | Nil |
| B) Technology Absorption, Adoption and Innovation: | Nil |
| C) Foreign Exchange Earnings and Outgo :- | |
| i. Activities relating to export; initiatives taken to increase export; development of new export market for products and services; & export plans:- | Nil |
| ii. Total Foreign Exchange used and earned: - | |

(Amount In Rs.)

Particulars	Current Year	Previous Year
Foreign Exchange Earning	-	-
Foreign Exchange Outgo	-	-

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude for the co-operation and valuable support being extended by the departments of Central Government, State Government, Shareholders, Company's Bankers and its employees.

For and on behalf of the BoardGurgaon, 22nd May, 2014

Sasi Madathil
Managing Director

Manoj Khattar
Director

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Bhartiya International SEZ Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya International SEZ Ltd.. ("the company") which comprise the balance sheet as at 31st March, 2014, the statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, We give in the annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e. On the basis of written representation received from the directors as on 31st March 2014, and taken on record by the board of directors, none of the director is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 22nd May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular programme which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, no fixed asset has been disposed off during the year.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No discrepancies with respect to book records were noticed on such verification.
- iii. (a) As informed to us, 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.
- (b) The company has taken interest free unsecured loans/advances from its holding company M/s Bhartiya International Ltd. The maximum amount involved during the year was Rs13,748,093/-and the year end balance of loan taken was Rs .12,527,024/-.
- (c) As per the information & explanation given to us by the management and in view of long term involvement with the holding company, we are of the opinion that terms and conditions of the loans taken is prima facie not prejudicial to the interest of the company.
- (d) There is no stipulation as to the repayment of the principal amount.
- (e) In view thereof the clause pertaining to the overdue amount being more than Rs 1 Lakh is not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.\
- viii We have broadly reviewed the cost records maintained by the Company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix According to the information and explanations given to us and the records of the company examined by us:
 - a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax, Employees State Insurance and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable. We are informed that the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1956 is not applicable to the company and that the operations of the company during the period, did not give rise to any liability for Sales Tax, Excise Duty, Custom Duty, Service Tax, Wealth Tax and Investor Education and Protection Fund.

- b. According to the information and explanations given to us, there are no dues in respect of Sale Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty and Cess, which have not been deposited on account of any dispute.
- x The company did not have any accumulated losses at the end of financial year. The company has incurred Rs. 8,44,251/- cash loss during the year and Rs. 28,63,601/-in the immediately preceding financial year.
- xi According to the information and explanation given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly provisions of clause 4(xi) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xii During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv Based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi As per the records of the company, it has not taken any term loans and hence the reporting provision of this clause is not applicable.
- xvii According to the information and explanations given to us and on an 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 investments.
- xviii The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix During the year company has not issued any debenture and as such creation of security is not applicable
- xx During the year under review, no money was raised by public issue and as such provisions of clause 4(xx) Companies (Auditor's Report) order 2003 is not applicable to the company.
- xxi Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi 22nd May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	Note No.	Amount in Rs.	
		As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	135,692,300	135,692,300
(b) Reserves and Surplus	3	2,389,672	3,704,259
2 Non-Current Liabilities			
(a) Long-Term Provisions	4	27,864	19,548
3 Current Liabilities			
(a) Short Term Borrowings	5	12,527,024	10,345,971
(b) Trade Payable	6	219,812	108,882
(c) Other Current Liabilities	7	41,484	935,387
(d) Short-Term Provisions	8	7,063	4,075
TOTAL		150,905,219	150,810,422
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets	9		
(i) Tangible Assets		17,099,552	17,414,082
(b) Other Non-Current Assets	10	431,365	587,171
2 Current assets			
(a) Inventories	11	131,135,514	131,135,514
(b) Cash and Cash Equivalents	12	659,281	684,149
(c) Short Term Loans and Advances	13	1,423,701	833,700
(d) Other Current Assets	14	155,806	155,806
TOTAL		150,905,219	150,810,422
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 22nd May, 2014

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
I. Income:			
Revenue From Operations	15	2,052,651	2,097,000
Total Revenue		2,052,651	2,097,000
II. Expenses:			
Employee Benefits Expense	16	300,561	2,051,802
Depreciation and Amortization Expense	17	470,336	304,331
Other Expenses	18	2,596,341	2,908,799
Total Expenses		3,367,238	5,264,932
III. Profit/(Loss) Before Tax		(1,314,587)	(3,167,932)
IV. Tax Expense:			
Current Tax	19	-	205,291
V. Profit/(Loss) After Tax		(1,314,587)	(3,373,223)
VI. Earnings Per Equity Share:			
(1) Basic		(0.10)	(0.25)
(2) Diluted		(0.10)	(0.25)
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 22nd May, 2014

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(1,314,587)	(3,167,932)
Adjusted for :		
Financial Expenses	1 ,291	1 ,077
Depreciation	314,530	148,525
Preliminary Expenses written off	155,806	155,806
	<u>471,627</u>	<u>305,408</u>
Operating profit before working capital changes	(842,960)	(2,862,524)
Adjustment for :		
Short Term Loans & Advances	(590,001)	(624,000)
Trade and Other Payables	(771,669)	(335,357)
	<u>(1,361,670)</u>	<u>(959,357)</u>
Cash generated from operations	(2,204,630)	(3,821,881)
Taxes Paid	-	(2,272,950)
Financial Expenses (net)	(1,291)	(1,077)
Cash flow before extra-ordinary items	(2,205,921)	(6,095,908)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(2,205,921)</u>	<u>(6,095,908)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	-	(1,629,329)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>-</u>	<u>(1,629,329)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	2,181,053	7,612,700
NET CASH USED IN FINANCING ACTIVITIES	<u>2,181,053</u>	<u>7,612,700</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(24,868)	(112,537)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	684,149	796,686
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	659,281	684,149

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 22nd May, 2014

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014**

1 SIGNIFICANT ACCOUNTING POLICIES

a) Background :

The company was promoted by M/s Bhartiya International Limited. The company is a developer of an integrated Leather & Leather Products Sector Specific Special Economic Zone at Tada , Nellore District, Andhra Pradesh.

b) Basis of preparation of Financial Statements :

The financial statements are prepared on accrual basis under the historical cost convention in compliance with the accounting standards referred to in Section 211(3C) and in accordance with the requirement of the Companies Act, 1956.

c) Fixed Assets :

Fixed Assets are stated at cost of acquisition inclusive of duties, taxes and incidental expenses related to acquisition. Interest on borrowings and other related costs during the period of construction/acquisition are added to the cost of Fixed Assets.

d) Depreciation :

Depreciation is calculated on fixed assets on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

e) Inventories :

Inventories of land is valued at cost which comprises cost of Land, Materials, Services and Overheads directly related to development of land.

f) Revenue Recognition

i) Income from Long Term Lease of Land , Infrastructure Agreement:

The upfront premium received/receivable on Long Term lease of land, Lease of Long Term Infrastructure development use agreement, is recognised as income of the company for the year.

ii) Service charges

Income from service charge is recognised on accrual basis

g) Foreign Currency Transactions

Earning and Expenditure in Foreign Currency are accounted for at the actual exchange rate prevailing on the date of transaction and monetary items denominated in foreign currency outstanding at the year end are translated at the year end rates. Gain/loss in conversion is charged to profit & loss account.

h) Taxation

Provision for Tax for the year comprises current Income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

i) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

j) Miscellaneous Expenses

Preliminary expenses are being written off in equal installment over a period of ten years.

NOTES (CONTD.)
k) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
2 Share Capital		
Authorised Share Capital		
a) 20,000,000(Previous year 20,000,000)Equity Shares of Rs 10/- Each	<u>200,000,000</u>	<u>200,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & Paid up :		
a) 13,569,230 (Previous year 13,569,230) Equity Shares of 10/- Each Fully Paid	<u>135,692,300</u>	<u>135,692,300</u>
	<u>135,692,300</u>	<u>135,692,300</u>

2.1 12,069,230 equity shares (previous year 12,069,230) are held by M/s Bhartiya International Ltd, the holding company

2.2 The details of Shareholders holding more than 5% shares .

Name of the share holders	As at	As at	As at	As at
	31 st March, 2014 % of Holding	31 st March, 2014 No. of Shares	31 st March, 2013 % of Holding	31 st March, 2013 No. of Shares
a) Equity Shares				
Bhartiya International Ltd.	88.95	12,069,230	88.95	12,069,230
Andhra Pradesh Industrial Infrastructure Corporation Ltd.	11.05	1,500,000	11.05	1,500,000

2.3 The Reconciliation of the number of share outstanding is set out below:

PARTICULARS	As at	As at
	31 st March, 2014 No. of Shares	31 st March, 2013 No. of Shares
Numbers of Shares at the beginning of the year	13,569,230	13,569,230
Add: Numbers of shares issued during the year	–	–
Equity Shares at the end of the year	<u>13,569,230</u>	<u>13,569,230</u>

2.4 15,00,000 Equity Shares allotted to Andhra Pradesh Industrial Infrastructure Corporation Ltd.(APIICL) as fully paid up, pursuant to contracts, without payments being received in cash. The above shares were issued in pursuant of the MOU with Govt of Andhra Pradesh, APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd.) for 250.49 acres land allotted at Tada, Nellore District, Andhra Pradesh for setting up of Leather & Leather Products Sector Specific Special Economic Zone during the year ending 31st March, 2009.

2.5 The Company has only one class of equity shares having a par value of Rs. 10/- per equity share. Each holder of equity shares is entitled to one vote per share. In the event of Liquidation of the Company , the holder of equity share will be entitled to receive assets of the Company in proportion to the number of equity shares held by the shareholders.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
3 RESERVES & SURPLUS		
(a) Surplus		
As Per last Balance Sheet	3,704,259	7,077,482
Add: Profit/(Loss) for the year	(1,314,587)	(3,373,223)
TOTAL	2,389,672	3,704,259
4 LONG TERM PROVISIONS		
(a) Provision for Employee Benefits	27,864	19,548
TOTAL	27,864	19,548
5 SHORT TERM BORROWINGS		
(a) Loans/Advances from Related Party (Refer note no 20.07)	12,527,024	10,345,971
TOTAL	12,527,024	10,345,971
6 TRADE PAYABLE		
(a) Trade Payable	219,812	108,882
TOTAL	219,812	108,882
7 OTHER CURRENT LIABILITIES		
(a) Salary & benefits	22,718	21,025
(b) Expenses Payable	15,000	902,777
(c) Statutory Dues Payable	3,766	11,585
TOTAL	41,484	935,387
8 SHORT TERM PROVISIONS		
(a) Provision for employee benefits	7,063	4,075
TOTAL	7,063	4,075

NOTES (CONTD.)
9 FIXED ASSETS
Amount in Rs.

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2013	Additions/ Adjustment during the Year	Deduction/ Retirement during the Year	As at 31 st March, 2014	As at 1 st April, 2013	For the year	Deduction/ Adjustments during the year	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2014
Tangible Assets :										
Own Assets :										
Computers	157,180	-	-	157,180	77,017	25,479	-	102,496	80,163	54,684
Furniture	69,200	-	-	69,200	16,640	4,380	-	21,020	52,560	48,180
Office Equipments	32,228	-	-	32,228	4,267	1,531	-	5,798	27,961	26,430
Road/Fencing & Other Infra.	17,370,533	-	-	17,370,533	117,135	283,140	-	400,275	17,253,398	16,970,258
Total (A)	17,629,141	-	-	17,629,141	215,059	314,530	-	529,589	17,414,082	17,099,552
Previous Year(a)	258,608	17,370,533	-	17,629,141	66,534	148,525	-	215,059	192,074	17,414,082
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-
Previous Year(b)	15,741,204	1,629,329	17,370,533	-	-	-	-	-	15,741,204	-
Total (A+B)	17,629,141	-	-	17,629,141	215,059	314,530	-	529,589	17,414,082	17,099,552
Previous Year(a+b)	15,999,812	18,999,862	17,370,533	17,629,141	66,534	148,525	-	215,059	15,933,278	17,414,082

Amount in Rs.

PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
10 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses	431,365	587,171
TOTAL	431,365	587,171
11 INVENTORIES		
(a) Land and Land Development Cost	131,135,514	131,135,514
TOTAL	131,135,514	131,135,514
12 CASH AND CASH EQUIVALENT		
(a) Balances with Banks In Current Accounts	506,182	544,519
(b) Cash on Hand	153,099	139,630
TOTAL	659,281	684,149
13 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good)		
a) Advance Tax/TDS	254,755	209,700
b) Loans/advances to Related Parties (Refer note no. 20.07)	624,000	624,000
c) Other Advances	544,946	-
TOTAL	1,423,701	833,700
14 OTHER CURRENT ASSETS		
a) Preliminary Expenditure (to be written off in next year)	155,806	155,806
TOTAL	155,806	155,806

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
15 REVENUE FROM OPERATION		
(a) Service Charges	2,052,651	2,097,000
TOTAL	2,052,651	2,097,000
16 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	283,920	2,024,314
(b) Contribution to Provident & Other Funds	10,731	–
(c) Staff Welfare Expenses	5,910	27,488
Total	300,561	2,051,802
17 DEPRECIATION AND AMORTISATION EXPENSES		
(a) Depreciation	314,530	148,525
(b) Preliminary Expenses Written Off	155,806	155,806
Total	470,336	304,331
18 OTHER EXPENSES		
(a) Consultancy Charges	41,865	167,922
(b) Rates Taxes & Duties	88,485	7,702
(c) Auditors Remuneration	15,000	15,000
(d) Bank Charges	1,291	1,077
(e) Business Promotion	129,523	51,578
(f) Conveyance Expenses	29,642	95,455
(g) Travelling	257,656	306,899
(h) Postage & Courier	765	1,973
(i) Security Expenses	1,404,152	644,851
(j) General Expenses	14,087	140,200
(k) Electricity Expenses	15,376	99,142
(l) Service Charges to Authorities	598,499	1,377,000
Total	2,596,341	2,908,799
19 Current Tax		
(a) Current Tax	–	–
(b) Tax for earlier Year	–	205,291
Total	–	205,291

NOTES (CONTD.)

Note No. : 20 NOTES TO ACCOUNTS

20.01 The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current period presentation

20.02 Estimated value of contract remaining to be executed on capital account and not provided for Rs. Nil (Previous year Nil)

20.03 Earning Per Share (EPS)

a) The Following table reconciles the numerators and denominators used to calculate Basic and diluted earnings per share for the year ended 31st March, 2014 and the year ended 31st March, 2013 :

PARTICULARS	Current Year Rs.	Previous Year Rs.
a) Net Profit/(Net Loss) after tax available for Equity Shareholders	(1,314,587)	(3,373,223)
b) Weighted Average no. of equity shares outstanding during the year	13,569,230	13,569,230
c) Basic/Diluted earnings per share (of Rs. 10/- each) Rs. (a/b)	(0.10)	(0.25)

20.04 Auditor's Remuneration

Audit Fees	15,000	15,000
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20.05 The Company has not received information from vendors regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.

20.06 In the opinion of the management of the company, profits of the company earned as a developer SEZ qualifies for the deduction under section 80IAB of the Income Tax Act, 1961, however the provisions of Section 115JB(MAT) of the Income Tax Act, 1961 applies on the Book Profits of the Company. During the year no Provision of Income Tax under Section 115JB(MAT) of the Income Tax Act, 1961 is required to be made in view of the loss during the year.

20.07 Related party disclosures

Related party disclosure as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :

i) **Holding Company**

Bhartiya International Limited

ii) **Associate Parties**

Itopia Management Services (India) Pvt. Ltd.

Tada Mega Leather Cluster Pvt. Ltd.

BHARTIYA INTERNATIONAL SEZ LTD.

	Holding Company	Associate Parties
(iii) Summary of transactions during the year :		
Service Charges Received	2,052,651	–
	(2,097,000)	–
Travel Service	–	116,741
	–	(170,488)
(iv) Balances Outstanding at the year end:		
Short Term Borrowings	12,527,024	–
	(10,345,971)	–
Sundry Creditors	–	–
	–	(9,334)
Loans/Advances given	–	624,000
	–	(624,000)

20.08 In the opinion of the Directors, the Current Assets, Long Term Loans and Advances have the value at which they are stated in the Balance sheet, if realised in the ordinary course of business. Provision for all known liabilities has been adequately made in the accounts.

20.09 Segment Reporting Disclosure as per Accounting Standard AS -17 are at present not applicable to the Company.

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 22nd May, 2014

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

DIRECTORS' REPORT

Dear Shareholders

The Directors present their 5th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2014

FINANCIAL RESULTS**(Amount in Rs.)**

PARTICULARS	2013-2014	2012-2013
INCOME	-	-
EXPENDITURE	31,216	31,316
PROFIT/(LOSS) FOR THE YEAR	(31,216)	(31,316)

REVIEW OF OPERATIONS

The Company has not carried out any business activity during the year under review.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2014.

DIRECTORS

Mr. A. K. Gadhok, Director retires by rotation at the ensuing Annual General Meeting & being eligible offers himself for re-appointment.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year under review.

AUDITORS

The Auditors of the Company, M/s. Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. They have furnished a certificate that their re-appointment/ratification if made shall be in accordance within the conditions as specified in Section 139 of the Companies Act, 2013, read with rules made thereunder.

The Auditors observations in the Audit Report have been explained by the Company in details in Notes to the Financial Statements which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii. 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 the Company as on 31st March, 2014 and of the loss of the Company for the year ended on that date;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. They have prepared the annual accounts on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 forms part of this report.

ACKNOWLEDGEMENTS

Your directors acknowledge with gratitude the co-operation and assistance received from employees to the Company during the year under review.

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

New Delhi, 26th May, 2014

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy and Technology Absorption

The particulars as prescribed 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, are not applicable to the Company as the company does not undertake any manufacturing activity.

Foreign Exchange Earnings & Outgo

There is nil foreign exchange earnings and outgo during the year.

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

New Delhi, 26th May, 2014

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Bhartiya Fashion Retail Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya Fashion Retail Limited ('the company') which comprise the balance sheet as at 31st March, 2014, the statement of Profit and Loss and the cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) In case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e) On the basis of written representation received from the directors as on 31st March, 2014 and taken on record by the board of directors, none of the director is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **SUSHIL PODDAR & CO.**
Firm's Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014

ANNEXURES TO THE AUDITORS' REPORT

- 1. According to the information and explanations given to us, the company does not have any fixed assets. Accordingly the provisions of clause 4(i) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 2. According to the information and explanations given to us, the company does not have any Inventory. Accordingly the provisions of clause 4(ii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 3. As informed to us, the Company has not taken or granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 4. According to the information and explanations given to us, the company's operations during the period do not give rise to any purchase of inventory, fixed assets, sale of goods and services. Accordingly, the provisions of clause 4(iv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 5. Based on the examination of the books of account and related records and according to the information and explanations given to us, there were no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956 accordingly, the provision of clause 4(v) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 6. According to the information and explanations given to us, the company has not accepted any deposits from the public as defined under the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- 7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section 209 of the Companies Act, 1956 for any of the products of the company.
- 9. According to the information and explanations given to us and the records of the company examined by us:
 - a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31st March, 2014 for a period of more

than six months from the date they became payable. We are informed that the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1956 and The Employees State Insurance Act, 1948 are not applicable to the company and that the operations of the company during the period, did not give rise to any liability for Sales Tax, Excise Duty, Custom Duty, Service Tax, Wealth Tax and Investor Education and Protection Fund.

- b. According to the information and explanations given to us, there are no dues in respect of Sale Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty and Cess, which have not been deposited on account of any dispute.
10. The company is registered for less than five years. Accordingly provisions of clause 4(x) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
 11. According to the information and explanation given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly provisions of clause 4(xi) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
 12. According to the information and explanations given to us and based on documents and records examined by us, the company has not granted loans and advances on the basis of security by pledge of shares, debentures and other securities.
 13. In our opinion, the company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
 14. In our opinion and according to information and explanation given to us, the company is not dealing in or trading in shares, debentures, securities and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
 15. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
 16. According to the information and explanations given to us, the company has not obtained any term loan. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
 17. According to the information and explanations provided to us and on an overall examination of the Balance Sheet of the company, funds raised on short term basis have prima facie, not been used for long term investment.
 18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
 19. According to the information and explanations given to us, and the records of the company examined by us, the company has not issued any debentures.
 20. According to the information and explanations given to us, and the records of the company examined by us, the company has not raised any money by way of public issue.
 21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported.

for **SUSHIL PODDAR & CO.**
Firm's Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	Note No.	Amount in Rs.	
		As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves And Surplus	3	(138,415)	(107,199)
2 Current Liabilities			
(a) Other Current Liabilities	4	5,000	5,000
TOTAL		<u>366,585</u>	<u>397,801</u>
II. ASSETS			
1 Non-Current Assets			
(a) Other Non-Current Assets	5	50,920	63,650
2 Current Assets			
(a) Cash And Cash Equivalents	6	302,935	321,421
(b) Other Current Assets	7	12,730	12,730
TOTAL		<u>366,585</u>	<u>397,801</u>
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Firm Regn. No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
Income:			
Revenue From Operations		-	-
Other income		-	-
Total Revenue		<u>-</u>	<u>-</u>
Expenses:			
Other Expenses	8	31,216	31,316
Total Expenses		<u>31,216</u>	<u>31,316</u>
Profit/(Loss) before Tax		(31,216)	(31,316)
Tax expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit/(Loss) after tax		<u>(31,216)</u>	<u>(31,316)</u>
Earnings Per Equity Share:			
(1) Basic/Diluted		(0.62)	(0.63)
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Firm Regn. No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(31,216)	(31,316)
Adjusted for :		
Financial Expenses	112	212
Amortisation Expenses	12,730	12,730
	<u>12,842</u>	<u>12,942</u>
Operating profit before working capital changes	(18,374)	(18,374)
Adjustment for Change In Working Capital		
Cash generated from operations	(18,374)	(18,374)
Financial Expenses	(112)	(212)
Cash flow before Extra-Ordinary items	(18,486)	(18,586)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(18,486)</u>	<u>(18,586)</u>
	-	-
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	-	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(18,486)	(18,586)
Cash and Cash Equivalents-Opening Balance	321,421	340,007
Cash and Cash Equivalents-Closing Balance	302,935	321,421
	-	-

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Firm Regn. No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1 Significant Accounting Policies

a) System of Accounting

The financial statements are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3C) and in accordance with the requirements of the Companies Act, 1956.

b) Recognition of Income and Expenditure

Revenue/Incomes and Cost/expenditure are generally accounted on accrual , as they are earned or incurred.

c) Misc. Expenditure

Preliminary expenses are being written off in equal installments over a period of ten years.

d) Taxes on Income

Provision for tax for the year comprises current year income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
2 SHARE CAPITAL		
Authorised Share Capital		
a) 5,00,000 (Previous Year 500,000) Equity Shares of Rs.10/- each	5,000,000	5,000,000
	5,000,000	5,000,000
Issued, Subscribed & Paid up :		
a) 50,000 (Previous Year 50,000) Equity Shares of Rs.10/- each, Fully Paid Up	500,000	500,000
	500,000	500,000
2.1 The Company is a 100% subsidiary of M/s Bhartiya International Ltd. by virtue of Section 4 (1) (b) of the Companies Act, 1956.		
3 RESERVE AND SURPLUS		
(a) Surplus		
As Per last Balance Sheet	(107,199)	(75,883)
Add: Net Profit/(Net Loss) For the current year	(31,216)	(31,316)
TOTAL	(138,415)	(107,199)

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
4 OTHER CURRENT LIABILITIES		
(a) Expenses Payable	5,000	5,000
TOTAL	5,000	5,000
5 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	50,920	63,650
TOTAL	50,920	63,650
6 CASH AND CASH EQUIVALENT		
(a) Balances with banks In Current Accounts	299,687	318,173
(b) Cash on hand	3,248	3,248
TOTAL	302,935	321,421
7 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (To be written off in next year)	12,730	12,730
TOTAL	12,730	12,730
PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
8 OTHER EXPENSES		
(a) Audit Fees	5,000	5,000
(b) Bank Charges	112	212
(c) Preliminary Expenses	12,730	12,730
(d) Legal & Professional	11,736	11,736
(e) Rates & Taxes	1,638	1,020
(f) Miscellaneous Expenses	-	618
TOTAL	31,216	31,316

NOTES (CONTD...)

NOTE 9: NOTES TO ACCOUNTS

9.1 The Previous Period Figures have been regrouped/reclassified wherever necessary to conform to the current period presentation.

9.2 Contingent Liabilities :- Nil

9.3 In the opinion of the Directors, the Current Assets, Long Term Loans and Advances have the value at which they are stated in the Balance sheet, if realised in the ordinary course of business. Provision for all known liabilities has been adequately made in the accounts.

9.4 Earning per share computed in accordance with the mandatory requirements of Accounting Standards No 20 issued by the Institute of Chartered Accountants of India is as under:

	Amount in Rs.	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
a) Net Profit/(loss) after tax available for equity shareholders	(31,216)	(31,316)
b) Weighted average number of Equity Shares of Rs. 10/- each	50,000	50,000
c) Basic/Diluted Earning per share Rs.(a/b)	(0.62)	(0.63)

9.5 The deferred tax assets/liability for the current year have not been recognised keeping in view the consideration of prudence in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI. Company will reassess the unrecognised deferred tax asset in subsequent period having regard to the future developments.

9.6 Auditor's Remuneration

	Amount in Rs.	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Audit Fees	5,000	5,000

9.7 No Provision for Income Tax/MAT as per the provisions of Income Tax Act, 1961 is required to be made in view of loss during the year.

9.8 Debit and credit balances are subject to their confirmation.

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Firm Regn. No. 014969N
Chartered Accountants

S.K. Poddar
Partner
Mem. No. 094479
New Delhi, 26th May, 2014

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the year ended 31st December, 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were that of Exporters and Importers of toys, garment and other products.

FINANCIAL RESULTS

The result of the company's operations for the year ended 31st December, 2013 and the state of its affairs at that date are dealt with in the financial statements.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st Decemeber, 2013.

DIRECTORS

The following Directors held office during the year.

Mr. Snehdeep Aggarwal

Mr. Nikhil Aggarwal

In accordance with the company's Articles of Association, all the present directors shall remain in office for the ensuing year.

DIRECTORS' INTEREST

Except for the disclosure in Note 12, no contract of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

NON-CURRENT ASSETS

Movements in non-current assets are shown in Note 7 to the financial statements.

SHARE CAPITAL

There was no change of share capital for the year ended 31st December, 2013.

AUDITORS

Messrs, Philip C. C. Hau & Co., Certified Public Accountants, are the Company's retiring auditors who, being eligible, offer themselves for re-appointment.

For and on behalf of the Board

Hong Kong, 26th May, 2014

Chairman

AUDITORS' REPORT

To
The Shareholders of
World Fashion Trade Ltd
(incorporated in Republic of Maritius with limited liability)

We have audited the financial statements of World Fashion Trade Ltd., which comprise the balance sheet as at 31st December, 2013, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant policies and other explanatory **notes**.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's presentation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

FUNDAMENTAL UNCERTAINTY

We have considered the adequacy of disclosures made concerning the basis of preparation of the financial statements by the directors. At 31st December, 2013 the company has current liabilities of HK \$9,025,186 and a deficit on share holders' funds of HK \$8,437,640. All of the shareholders of the company have confirmed their intention to provide continuing financial support to the company so as to enable it to meet its liabilities as and when they fall due. Consequently, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments to the assets and liabilities that would result from a failure to obtain such financial support. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of the assets of their recoverable amount and to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2013 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Philip C. C. Hau & Co.
Certified Public Accountants
Hong Kong, 26th May, 2014

BALANCE SHEET AS AT 31ST DECEMBER, 2013

PARTICULARS	Notes	2013 HK\$	2012 HK\$
ASSETS			
Non-current Assets			
Furniture and Fixtures and Motor Vehicle	2(b),7	<u>23,717</u>	<u>57,213</u>
Current Assets			
Inventories	2(c)	933,221	–
Utility and Rental Deposits		29,476	12,870
Debtors and Prepayments		2,328,068	4,554,011
Bills Receivable		1,250,381	2,106,056
Cash at Banks and in Hand		5,336,373	2,712,615
		<u>9,877,519</u>	<u>9,385,552</u>
Current Liabilities			
Bank Overdraft (secured)	14	2,218,854	2,492,882
Creditors and Accrued Charges		6,806,332	6,950,524
		<u>9,025,186</u>	<u>9,443,406</u>
NET CURRENT ASSETS/(LIABILITIES)			
		<u>852,333</u>	<u>(57,854)</u>
		<u>876,050</u>	<u>(641)</u>
LONG TERM LIABILITIES			
Amount due to Holding Company	9	(5,733,119)	(5,708,230)
Amount due to Related Companies	10	(3,580,571)	(2,992,422)
		<u>(9,313,690)</u>	<u>(8,700,652)</u>
		<u>(8,437,640)</u>	<u>(8,701,293)</u>
CAPITAL AND RESERVES			
Share Capital	8	7,730	7,730
Accumulated Losses		(8,445,370)	(8,709,023)
		<u>(8,437,640)</u>	<u>(8,701,293)</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2013

PARTICULARS	Notes	2013 HK\$	2012 HK\$
Turnover	3	80,126,181	26,344,202
Other Revenue		475,005	910,623
Change in Inventories of Finished Goods		(70,007,428)	(22,868,980)
Staff Costs		(1,827,787)	(1,553,338)
Depreciation Expenses		(33,496)	(72,982)
Other Operating Costs		(7,523,773)	(2,278,085)
Profit from Operations	4	1,208,702	481,440
Finance Costs	5	(945,049)	(368,987)
Profit before Taxation		263,653	112,453
Income Tax Expenses	6	(–)	(–)
Profit after Taxation		263,653	112,453
Accumulated Losses brought forward		(8,709,023)	(8,821,476)
Accumulated Losses carried forward		<u>(8,445,370)</u>	<u>(8,709,023)</u>

There were no recognized gains or losses other than the profit after tax for the year.

Nikhil Aggarwal

Director

Snehdeep Aggarwal

Director.

The notes of accounts form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2013

PARTICULARS	2013 HK\$	2012 HK\$
OPERATING ACITIVIES		
Profit from operations		
Adjustment for:	263,653	112,453
Bank Charges and Interest Paid	945,049	368,986
Depreciation	33496	72982
Operating cash flow before movements in Working Capital	1,242,198	554,421
(Increase) in Inventories	(933,221)	–
(Increase) in Utility and Rental Deposits	(16,606)	–
Decrease in Debtors and Prepayments	2,225,943	815,352
Decrease in Bills Receivable	855,676	1,076,344
Decrease in Bills on Collection	–	390,000
(Decrease)/Increase in Creditors and Accrued Charges	(144,192)	50,146
Cash generated from Operations	3,229,798	2,886,263
Profits Tax Paid	–	–
Net cash from Operating Activities	3,229,798	2,886,263
Financing Activities		
(Decrease)/Increase in Bank Overdraft	(274,028)	136,998
Increase in Amount due to Holding Company	24,890	25,810
Increase/(Decrease) in Amount due from Related Companies	588,149	(154,779)
Bank Charges and Interest Paid	(945,049)	(368,986)
Net cash (used in) Financing Activities	(606,039)	(360,957)
Net increase in Cash and Cash Equivalents	2,623,758	2,525,306
Cash and Cash Equivalents at 1st January	2,712,615	187,309
Cash and Cash Equivalents at 31st December	5,336,373	2,712,615

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2013**

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Republic of Mauritius with limited liability. The address of its registered office is Suite 605, China Insurance Group Building, 141 Des Voeus Road Central, Hong Kong. The principal activity is the exporters and importers of toys, garment and other products. The financial statements are presented in Hong Kong Dollars (HK\$), which is the same as the functional currency of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These financial statements have been prepared under historical cost convention, accrual basis of accounting and on the basis that the company is a going concern.

(a) Revenue

Revenue is recognized when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following basis:-

Sale of Goods and samples are recognized when the entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured; and

(b) Depreciation and Amortization

Depreciation is provided to charge the cost of depreciable assets to operations over their estimated useful lives on a straight line basis at the following annual rates:-

Furniture and Fixtures	20%
Motor Vehicles	30%

(c) Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realizable value. In arriving at net realizable value an allowance has been made for deterioration and obsolescence.

(d) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in HK\$, which is the Company's functional and presentation currency in Hong Kong.

(ii) Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(e) Taxation

Income tax expenses represents current tax expenses. The Income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not provided.

(f) Impairment of Assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have

been determined (net of amortization or depreciation) had no impairment losses been recognized for the asset in prior years.

(g) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Company, if

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venture;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(h) Employee Benefits

The company contributes on a monthly basis to a defined contribution retirement benefit plan as required by the Mandatory Provident Fund Schemes Ordinance, the assets of which are held in separate trustee-administered funds. The plan is funded by payments from employees and by the company. Contributions to the plan are expensed as incurred.

3. TURNOVER

Turnover represents the amounts received and receivable for goods sold to customers, less returns and allowances.

PARTICULARS	2013 HK\$	2012 HK\$
Sales of Goods		
– Unrelated Party	78,432,400	21,412,695
– Related Party	1,693,781	4,931,507
	80,126,181	26,344,202

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived after charging (crediting):-

Depreciation and Amortization	33,496	72,982
Auditors' Remuneration	38,000	32,000
	71,496	104,982

5. FINANCE COSTS

Bank Charges	757,483	175,817
Bank Interest Paid	187,566	193,170
	945,049	368,987

6. INCOME TAX EXPENSES

In the opinion of the directors, no provision for taxation has been made as the income neither arises in nor is derived from, Hong Kong or any of other jurisdictions in which it operates. Apart from this, all the contracts as regard to the purchases and sales of goods were concluded in overseas, therefore, there were no performance of services rendered in Hong Kong. No deferred tax has been provided in the financial statements as the effect of all timing differences is immaterial.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

PARTICULARS	Furniture & Fixtures \$	Motor Vehicles \$	Total \$
7. NON-CURRENT ASSETS			
AT COST			
At 1/1/2013	748,707	174,900	923,607
Additions			
At 31/12/2013	<u>748,707</u>	<u>174,900</u>	<u>923,607</u>
AGGREGATE DEPRECIATION/AMORTIZATION			
At 1/1/2013	708,984	157,410	866,394
Charge for the year	16,007	17,489	33,496
At 31/12/2013	<u>724,990</u>	<u>174,899</u>	<u>899,889</u>
NET BOOK VALUE			
At 31/12/2013	<u>23,716</u>	<u>1</u>	<u>23,717</u>
At 31/12/2012	<u>39,723</u>	<u>17,490</u>	<u>57,213</u>

PARTICULARS	2013 HK\$	2012 HK\$
8. SHARE CAPITAL		
Authorized, issued and fully paid:- 1,000 Ordinary shares of US\$1.00 each	<u>7,730</u>	<u>7,730</u>
9. AMOUNT DUE TO HOLDING COMPANY		
Bhartiy: a International Limited, India		
Balance at 1/1/2013	5,708,230	5,682,420
Advances	24,889	25,810
	<u>5,733,119</u>	<u>5,708,230</u>
Repayments	(-)	(-)
Balance at 31/12/2013	<u>5,733,119</u>	<u>5,708,230</u>
The amount is unsecured, interest-free and has no fixed term of repayment.		
10. AMOUNT DUE TO RELATED COMPANIES		
Detailed of amounts due to related companies disclosed areas follows:-		
Ultima SA, Switzerland		
Balance at 1/1/2013	72,000	-
Advances	-	72,000
	<u>72,000</u>	<u>72,000</u>
Repayments	72,000	(-)
Balance at 31/12/2013	<u>-</u>	<u>72,000</u>
Bhartiya Global Marketing Ltd., India		
Balance at 1/1/2013	1,029,111	1,029,111
Advances	332,319	-
	<u>1,361,430</u>	<u>1,029,111</u>
Repayments	(-)	(-)
Balance at 31/12/2013	<u>1,361,430</u>	<u>1,029,111</u>

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

PARTICULARS	2013 HK\$	2012 HK\$
Ultima Italia S.r.l., Italy		
Balance at 1/1/2013	1,891,311	2,118,090
Advances	3,648,870	679,966
	<u>5,540,181</u>	2,798,056
Repayments	(3,321,040)	(906,745)
Balance at 31/12/2013	<u>2,219,141</u>	<u>1,891,311</u>
	Balance at 31/12/2013 HK\$	Maximum amount outstanding during the year HK\$
Ultima SA, Switzerland	–	72,000
Bhartiya Global Marketing Ltd., India	1,361,430	1,361,430
Ultima Italia S.r.l., Italy	2,219,141	3,994,673
	<u>3,580,571</u>	<u>2,992,422</u>
		Balance at 31/12/2012 HK\$
		72,000
		1,029,111
		1,891,311
		<u>2,992,422</u>

The amounts are unsecured, interest-free and have no fixed terms of repayment. These companies are under common management and control.

11. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to section 161 of the Companies Ordinance is as follow:-

PARTICULARS	2013 HK\$	2012 HK\$
Fees	–	–
Other Emoluments	–	–
	<u>–</u>	<u>–</u>

12. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties:-

Related Party	Transaction	2013 HK\$	2012 HK\$
Bhartiya International Ltd., India	Purchases	56,818,399	14,041,199
	Agents' Commission	–	35,774
		<u>56,818,399</u>	<u>14,076,973</u>
	Sales	1,693,782	2,400,294
	Other Income	–	39,429
		<u>1,693,782</u>	<u>2,439,723</u>
Ultima Italia S.r.l., Italy	Marketing and Promotion Expenses	3,036,270	–
	Agents' Commission	–	527,416
	Consultancy Fee	612,600	152,550
		<u>3,648,870</u>	<u>679,966</u>
Ultima SA, Switzerland	Sales	–	2,531,213
	Service Charges Received	–	546,000
		–	<u>3,077,213</u>
	Purchases	–	–
	Agents' Commission	–	618,000
		<u>–</u>	<u>618,000</u>

In the opinion of the Directors, the above transactions were carried out at market prices.

13. OPERATING LEASE COMMITMENT

As the balance sheet date, the company had annual commitment payable in the following period under operating lease in respect of premises as follows:

PARTICULARS	2013 HK\$	2012 HK\$
Lease expiring		
– Within one year	368,229	11,070
– In the second to fifth year inclusive	129,337	–
– Over the fifth year	–	–
	497,566	11,070

14. PLEDGE OF ASSETS

At balance sheet date, the credit facilities was secured by stand by letter of credit from ING Vysya Bank, India for USD 350,000. The entire facility was also secured by a Corporate guarantee of Bhartiya International Ltd., the holding company of World Fashion Trade Ltd.

15. FINANCIAL RISK MANAGEMENT

The Company is exposed to various kinds of risks in its operation. The Company’s risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:–

(a) Foreign Exchange Risk

The Company is exposed to foreign currency risks mainly through sales and purchases from outside customers and supplies or related parties at commercial rates that are denominated in HK Dollars (HK\$) or US Dollars (US\$). As US Dollar is pegged to Hong Kong Dollar, the Company does not expect any significant movements in USD/HKD exchange rate.

(b) Credit Risk

The Company has no significant concentrations of credit risk. Financial Assets which potentially expose the Company to concentration of credit risk comprise principally bank accounts, bills on collection and debtors and prepayments. The Company’s bank accounts are placed with high quality financial institutions. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Company performs periodic credit evaluations of its customers.

(c) Liquidity Risk

The Company’s policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms. The Company’s directors and shareholders have confirmed their intention to provide funds for the company to meet its liabilities as and when they fall due.

(d) Cash Flow Interest Rate Risk

As the Company has no significant interest-bearing assets, it is not exposed to any significant interest rate risk. The Company’s income and operating cash flows are substantially independent of changes in market interest rates.

(e) Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments, unless the effect of discounting will be immaterial. At the balance sheet date, the fair values of Company’s financial assets and liabilities approximate their carrying amounts.

16. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used on these financial statements that the directors expect will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

INDEPENDENT AUDITOR'S REPORT

To

Board of Directors and Stockholders
 BIL GROUP LLC
 New York, NY

We have audited the accompanying balance sheets of BIL GROUP LLC as of December 31, 2013 and 2012, and the related statements of income, retained earnings, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above have been prepared with an assumption as represented by the management that the Company does have forecast of generating business from North America and will continue as a going concern. Note 1a to the financial statements presents management plans in regards to those matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Except for above, the financial statements represent fairly, in all material respects, the financial position of BIL GROUP LLC as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

S. Grover & Company, LLC
Certified Public Accountants

EDISON, New Jersey
 15th May, 2014

BALANCE SHEET AS OF DECEMBER 31, 2013 AND 2012

(See accompanying Independent Auditors' Report)

PARTICULARS	2013 US\$	2012 US\$
ASSETS		
Current Assets:		
Cash & cash equivalents	7,021	4,958
Total Current Assets	7,021	4,958
Fixed Assets:		
Property and Equipment (Net of accumulated depreciation)	-	-
Total Assets	7,021	4,958
Liabilities and Stockholder's Equity		
Current Liabilities:		
Accrued expenses	2,450	2,450
Total Current Liabilities	2,450	2,450
Owners Equity:		
Member's Equity	4,571	2,508
Total Liabilities	7,021	4,958

(The accompanying notes are an integral part of these financial statements)

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

(See accompanying Independent Auditors Report)

PARTICULARS	SCHEDULE	2013 US\$	2012 US\$
SALES, NET OF DISCOUNTS		-	-
COST OF GOODS SOLD		-	-
GROSS PROFIT		-	-
OPERATING EXPENSES:			
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		<u>(2,942)</u>	<u>(2,652)</u>
OTHER INCOME		5	-
NET INCOME BEFORE TAXES		<u>(2,937)</u>	<u>(2,652)</u>
CITY & STATE INCOME TAXES		-	(350)
NET INCOME		<u>(2,937)</u>	<u>(3,002)</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

(See accompanying Independent Auditors Report)

PARTICULARS	2013 US\$	2012 US\$
Opening Balance at January 1	2,508	2,535
Capital Contribution	5,000	5,000
Net Income (Net of withdrawals)	<u>(2,937)</u>	<u>(5,027)</u>
Closing Balance at December 31	<u>4,571</u>	<u>2,508</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

(See accompanying Independent Auditors Report)

PARTICULARS	2013 US\$	2012 US\$
Cash Flows from Operating Activities		
Net Income	(2,937)	(2,652)
Adjustment to reconcile net Income to net cash Provided by in operating activities		
Changes in Operating Assets and Liabilities		
Increase/(Decrease) in Accrued Expenses	-	-
Total Adjustments	(2,937)	(2,652)
Net Cash provided by operating activities	(2,937)	(2,652)
Cash Flows from Investing Activities:	-	-
Cash Flow from Financing Activities:		
Capital Contribution	5,000	5,000
Withdrawals	-	(2,025)
Net Cash provided by financing activities	5,000	2,975
Net Increase/ (Decrease) in Cash and Cash Equivalents	2,063	323
Cash and cash equivalents, at beginning of the year	4,958	4635
Cash and Cash equivalents, at End of the year	7,021	4,958
Supplemental Disclosure for Cash flow Information		
Cash paid during the year for Income taxes	350	350

(The accompanying notes are an integral part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2013 AND 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BIL GROUP LLC is organized on March 21, 2003 under the laws of the state of New York. The summary of significant accounting policies of BIL GROUP LLC is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. BIL Group LLC is a wholly owned subsidiary of Bhartiya International Ltd and is considered as a disregarded entity for tax filing purposes.

a) Business Activity

The Company intends to operate as a wholesale importer and distributor of leather & textile outdoorwear. Due to economic down turn and fluctuation in currency valuation, the company was not been able to materialize its projections during the past three years. The management is aggressively expecting positive outcome of the sales projections in 2014 and assures of obtaining business orders in the current year.

b) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash flows.

c) Revenue Recognition

For the purposes of financial reporting, revenue would be recognized at the time of shipment of goods. There has been no revenue earned in year 2013 and 2012.

d) Income Taxes

No provision for federal income taxes is made since the Company is treated as a limited liability company and the income or loss is passed through to the members. However the company is liable for the minimum state and city income taxes.

e) Inventory

Inventory is to be valued on the basis of lower of cost or market using the first-in, first-out method. There is no ending inventory at December 31, 2013 and 2012. Due to lack of sales management has decided not to maintain any inventory in US.

f) Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Accounts Receivable

Nil

The Company had no sales in years 2013 and 2012. The past accounts receivable had been realized. For 2014, refer note 1a.

Note 3 Property and Equipment

Prior to year 2013, the business had property and equipments worth \$ 9,244 that was fully depreciated in 2011. During the year 2012, the fixed assets were abandoned/retired, since they were obsolete.

Note 4 Related Party Transactions and Economic Dependency

The Company used to purchase a substantial portion of its merchandise from Bhartiya International Ltd. ("Bhartiya") and its affiliates which is the sole member of this LLC. However, there were no purchases during the years 2013 and 2012 and all payables were paid off in the previous years.

Presently, the company is not engaged in any business activity and is solely dependent on the sole member to finance its expenses. Bhartiya International Ltd has nil contribution during 2013 & a sum of \$ 5,000 for the year 2012.

This sole member has agreed to support the operations and expenses of this company in future also.

Note 5 Concentration of Risk

The company has no sales hence there is no concentration of risk.

**SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

(See accompanying Independent Auditors Report)

PARTICULARS	2013 Amount	2012 Amount
Bank & Credit card charges	442	202
Professional fees	2,100	2,100
Misc Taxes	350	350
Office Expenses	50	-
Total	2,942	2,652

The accompanying notes are an integral part of these financial statements.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the period ended 31st March, 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were that of design & product development, marketing and distribution of garments.

FINANCIAL RESULT

The result of the company's operations for the period ended 31st March, 2014 and the state of its affairs at that date are dealt with in the financial statements. The Directors do not recommend the payment of a dividend for the period ended 31st March, 2014.

DIRECTORS

Mr. Walter Willy Zwahlen held the office of directorship during the year.

Director
20th May, 2014

AUDITORS' REPORT

Report of the Statutory Auditors
on the limited statutory examination to the general meeting of
Ultima SA, Neuchatel

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Ultima SA for the period from 1st April, 2013 to 31st March, 2014.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Revifidu SA

F. Ruaro Christian Erard
(Auditor in charge)

Neuchâtel, 20th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	31.03.2014 CHF	31.03.2013 CHF
ASSETS		
Short Term Assets		
Bank Accounts	2,853,004.32	538,918.95
Debtors Ultima Italia S.r.l.	469,704.90	1,221,186.00
Other debtors	152,489.26	868,876.12
Stock of goods	61,611.00	244,572.00
Transitional and other debtors	1,708.84	1,569.44
Total Short Term Assets	3,538,518.32	2,875,122.51
Fixed Assets		
Tangibles Assets		
Furniture and Computer	5,410.10	–
Financial Assets		
Rent Guarantee	10,950.75	–
Loan Ultima Italia S.r.l.	150,991.95	150,991.95
Investment Ultima Italia S.r.l.	2,438,000.00	2,438,000.00
Total Fixed Assets	2,599,942.70	2,588,991.95
Total Fixed Assets	2,605,352.80	2,588,991.95
TOTAL ASSETS	6,143,871.12	5,464,114.46
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Creditors	258,181.75	139,777.65
Bank Accounts	2,652,600.00	697,895.36
C/A Bhartiya International Ltd.	147,366.87	807,506.96
Transitional and other Liabilities	33,815.00	26,680.46
TOTAL CURRENT LIABILITIES	3,091,963.62	1,671,860.43
TOTAL LIABILITIES	3,091,963.62	1,671,860.43
Equity		
Share Capital	1,000,000.00	1,000,000.00
General Reserve	170,000.00	160,000.00
Retained Earnings	1,622,254.03	2,439,548.39
Net Income of the Year	259,653.47	192,705.64
Total Equity	3,051,907.50	3,792,254.03
TOTAL LIABILITIES AND EQUITY	6,143,871.12	5,464,114.46

INCOME STATEMENT

PARTICULARS	2013-2014 CHF	2012-2013 CHF
Revenues		
Sales to Foreign Customers	11,690,494.10	8,610,276.47
Total Revenues	11,690,494.10	8,610,276.47
Merchandises Costs		
Costs of goods	10,901,086.92	7,640,166.98
Variation of stock	182,961.00	356,355.00
Total Merchandises Costs	11,084,047.92	7,996,521.98
Other Expenses		
Design and Consultancy	79,267.77	32,871.12
Administration Rent and Directors	95,222.31	71,886.99
Audit and Lawyers	14,678.00	7,452.00
Marketing, Representation, Travel Expenses	150,237.85	110,251.28
Various Administration Overheads	1,603.45	1,047.51
Total Other Expenses	341,009.38	223,508.90
Result Before Interests and Taxes and Provisions	265,436.80	390,245.59
Financial Incomes and Charges		
Interests and bank fees (net)	186,814.04	113,752.61
Exchange rate difference	(183,185.75)	91,260.38
Total Financial Incomes and Charges	3,628.29	205,012.99
Provisions		
Dissolution of provisions (charges previous financial year)	(21,680.46)	(27,320.60)
Result before Taxes	283,488.97	212,552.60
Taxes		
Federal Tax	22,100.00	17,214.20
Canton and Commune Tax	1,735.50	2,632.76
Total Taxes	23,835.50	19,846.96
Net Income of the year	259,653.47	192,705.64

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

PARTICULARS	31.03.2014 CHF	31.03.2013 CHF
Profit available to the Annual General Meeting		
Retained earnings at the beginning of the year	2,622,254.03	2,439,548.39
Interim dividends distribution	(1,000,000.00)	–
	1,622,254.03	2,439,548.39
Net Income of the year	259,653.47	192,705.64
	1,881,907.50	2,632,254.03
Proposal of Board of Directors		
Attribution to general reserve	108,000.00	10,000.00
Carried forward	1,773,907.50	2,622,254.03
	1,881,907.50	2,632,254.03

NOTES TO THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2014

PARTICULARS	31.03.2014	31.03.2013
	CHF	CHF
Information 1:		
Essential Investments		
Ultima Italia S.r.l.	2,438,000.00	2,438,000.00
(Share Capital EUR 2,000,000) Interest of	100.00%	100.00%
No other mention required by art. 663b CO		

AUDITOR'S REPORT

We have prepared the financial statements, which have been prepared as per the norms and accountability principles established in Italy.

The statement of accounts complies the information provided by you and also includes the adjustments and classifications as indicated by you, in accordance with Italian accountability standards and generally accepted accountability principles.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as on 31st March, 2014 and of the results of its operation for the period ended on that date.

Dr. Enrico Cantoni

23rd May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

(Expressed in Euro)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
ASSETS		
Fixed Assets, net of depreciation	199,163	267,287
CURRENT ASSETS		
Inventories	426,783	414,671
Accounts receivables	2,480,632	3,071,511
Deposits	4,316	310
Cash at bank	65,510	34,783
TOTAL ASSETS	3,176,404	3,788,562
LIABILITIES		
Share Capital	2,000,000	2,000,000
Loan from holding.co	125,377	125,375
Profit/ (-Loss) for the previous years	109,016	92,063
Profit/ (-Loss) for the period	18,881	16,953
Bank overdraft/Limit		
CURRENT LIABILITIES		
Accounts payable and accrued exp.	723,078	1,384,601
Other creditors	200,052	169,570
TOTAL LIABILITIES	3,176,404	3,788,562

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

(Expressed in Euro)

INCOME	2013-2014	2012-2013
Sales	2,161,064	2,178,720
Extra-Ordinary Income	-	19,757
TOTAL INCOME	2,161,064	2,198,477
COSTS AND EXPENSES		
Costs of goods sold	709,967	865,719
Selling, general and administrative	1,284,611	1,216,568
Depreciation	74,588	49,239
Financial charges	20,239	29,428
TOTAL COSTS	2,089,405	2,160,954
Profit/ (-Loss) before taxes	71,659	37,523
Taxes	41,074	20,570
Taxes previous years	11,704	-
Profit/ (-Loss) for the period	18,881	16,953

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2014

PRELIMINARY REMARKS

Dear Members,

The financial statement as of 31st March, 2014 has recorded a profit of € 18,881, after having deducted taxes amounting to € 41,074 for the financial year.

BUSINESS ACTIVITY

The Company's objectives are: design, plan, production, distribution, represent and market all products related to the clothing and apparels industry in any part of the world. In Italy, it is presently marketing furs and leather garments.

METHOD FOR PREPARATION OF FINANCIAL STATEMENT

The present financial statement has been prepared in conformity with the provisions of articles 2423 of the Civil Code as well as the present notes, prepared as per article 2427 of the Civil Code, which constitutes an integral part of the balance sheet.

The financial statement has been prepared as a summary as per the requirement of article 2435 bis, first paragraph of the Civil Code.

As per the provisions of article 2435 bis, last paragraph of the Civil Code, the company is exempted from preparing a Management Report, the relevant operational data as well as the information sheet pertaining to article 2428, second paragraph, item 3 and 4 of the Civil Code have been included in the present notes.

As a result of rounding off the amounts indicated in Euros, in some tables containing detailed data the sum of the details may differ from the amount shown as "Total".

ACCOUNTING POLICIES (VALUATION CRITERIA)

The valuation criteria applied here are in compliance with the provisions of article 2426 of the Civil Code and are not different from those used for preparing the balance sheet for the previous year.

The valuation of the balance sheet items has been done on the basis of the generally accepted principle of prudence and accrual, with a view to establish a going- concern value.

With respect to the principle of prudence, data comprised in individual entries or in the credit or debit items have been assessed individually in order to avoid off-setting losses, which have to be taken into consideration, and profits that are not to be taken into consideration if not made.

In compliance with the principle of accrual accounting, the financial effect of the transactions and other events is recorded in the period in which these transactions or events occur rather than being recorded in the period in which the cash is received or paid (receipts and payments).

Continuous application of the accounting and valuation criteria over a period of time is a necessary element for comprising the company's balance sheets across different financial years.

In particular, the valuation criteria adopted for the preparation of the balance sheet are as follows:

INTANGIBLE ASSETS

Intangible assets are recorded at their historic acquisition and are shown as net value of periodic amortisation, charged directly to the individual balance sheet items.

TANGIBLE ASSETS

Tangible assets are recorded in the balance sheet at the historic cost of acquisition including the direct overheads and the cost is adjusted to the respective accumulated depreciation.

At the closing date of the financial year there is nothing to suggest that the value is considerably lower than the cost entered, therefore it is not deemed necessary to rectify it by an appropriate depreciation entity.

No revaluations were made during the financial year.

The depreciation attributed to the income statement is calculated in a systematic and consistent manner on the basis of the aliquotes considered to be representative of the estimated utility of an asset, however, taking into consideration the residual useful life of the assets.

The assets having a unitary value below € 51,646 were completely amortised in the accounting period of acquisition.

STOCKS

Raw materials, auxiliary materials, and finished products are evaluated at the acquisition/manufacturing cost or the net realizable (whichever is lower), the latter being derived from the market rate by applying the L.I.F.O method.

CREDITS

Credits are shown at their presumed net realisable value. Appropriate write down provision has been made to accommodate doubtful debts.

DEBITS

Debits are shown at their nominal value, modified in case of returns or adjustments in invoices. The company does not show debit items for a residual term of more than five years.

LIQUIDITY POSITION

The banks are posted in terms of actual reserves available upon completing the reconciliation operations.

COSTS & REVENUES

Costs & Revenues are recorded in the balance sheet consistent with the principle of prudence and competence listing the respective accruals and deferrals.

The revenues and proceeds, the costs and expenditures are posted as net of discounts, rebates and premiums as well as direct taxes connected with the services.

METHODS OF CURRENCY CONVERSION

The fixed assets originally expressed in foreign currency continue to be recorded at the exchange rate applicable at the time of their acquisition.

On the other hand, the values of assets and liabilities, which are not a part of the fixed assets originally expressed in foreign currency and recorded at the exchange rates prevailing at the date on which they were incurred, are aligned with the exchange rate prevailing at the financial year end in accordance with article 2426 of the Civil Code, point 8 bis. The economic effects of changes in exchange rates are expressed in item 17 bis.

INCOME TAX

The taxes are set aside following the principle of accrual accounting; these are reserves for taxes to be paid for the period as per the aliquotes and the norms in force.

In addition to current taxes, the balance sheet and income statement also include deferred and estimated taxes, calculated and charged in the financial statement considering the temporary differences between earnings as per civil law and taxable income.

ASSETS,

VARIATIONS INTERFERING WITH OR AFFECTING THE CONSISTENCY OF OTHER ENTRIES OF BOTH ASSET AND LIABILITY SIDES (n. 4 art. 2427 c.c.)

During the course of the accounting period corresponding to the present Balance Sheet, some variations were noted in the entries for assets and liabilities: the important among these are discussed below.

C) CURRENT ASSETS

I. Stocks

Closing balance	426,783		
Opening balance	414,671		
Variation	12,112		
Closing stock	Value year N.0	Value N.+1	Variation
Raw material	45,455	31,176	-14,279
Goods	369,216	395,607	26,391
Total	414,671	426,783	12,112

The valuation criteria adopted has been clarified in the first part of the present notes.

II. Credits

Closing balance	2,467,744		
Opening balance	3,058,043		
Variation	-590,299		
Credits payable within 12 months	Value Year N.0	Value N.+1	Variation
Accounts receivables within 12 months	3,003,603	2,418,025	-585,578
Credits for prepaid taxes within 12 months	26,303	21,379	-4,924
Other Credits within 12 months	-	203	203
Total Credits within 12 months	3,029,906	2,439,607	-590,299
Credits payable after 12 months			
Credits for prepaid taxes after 12 months	28,137	28,137	-
Total Credits after 12 months	28,137	28,137	-
Total Credits	3,058,043	2,467,744	-590,299

III. Classification of credits (clients) based on the geographical areas

The countries mentioned indicate the clients' registered office for invoice purposes and not the real destination of the goods sold.

Country - Balance	As on 31/03/13	As on 31/03/14
Italian Clients	654,746	493,657
EU Clients	23,305	73,910
NON-EU Client	2,325,552	1,850,458
Total	3,003,603	2,418,025

IV. Liquidity Status

Closing balance	65,510		
Opening balance	34,783		
Variation	30,727		
	Value Year N. 0	Value N.+1	Variation
Bank	22,993	49,278	26,285
Cash	11,790	16,232	4,442
Total within	34,783	65,510	30,727

LIABILITIES

A) Net Equity

ENTRIES OF NET EQUITY AND RELATIVE MOVEMENTS, ESTIMATED USEFUL LIFE AND POSSIBILITY OF DISTRIBUTION (n. 7 -bis art. 2427 c.c.)

Closing balance	2,253,274		
Opening balance	2,234,391		
Variation	18,883		
Net Equity	Value year N. 0	Value N.+1	Variation
Capital	2,000,000	2,000,000	–
Legal reserve	3,795	4,643	848
Rounding off in Euro	-2	–	2
Other reserves(members/shareholders)	125,377	125,377	–
Retained earnings/accumulated losses	88,268	104,373	16,105
profit/loss for financial year	16,953	18,881	1,928
Total	<u>2,234,391</u>	<u>2,253,274</u>	<u>18,883</u>

It may be appropriate to show in the following the source, the estimated useful life and the possibility of distribution of the net equity entries.

Nature	Amount	Estimated useful life	Share available
Capital Reserves			
– Share Capital	2,000,000	B	
– Subscribed Capital Account	125,377	AB	
Profit Reserves			
– Legal	4,643	AB	
– Rounding off in Euro	–		
Retained earnings /accumulated losses	104,373	ABC	104,373
Profit/loss in financial year	18,881	ABC	17,937
Total	<u>2,253,274</u>		<u>122,310</u>

Estimated useful life of reserves

A= Increase in Capital

B=Loss Coverage

C= Liquidation

B) Provisions for risks and Charges

Provisions for risks and charges			
Closing balance	22,961		
Opening balance	21,369		
Variation	1,592		
	Balance for F.Y n. 0	Balance for F.Y N+1	Variation
Fund for contractual risks	–	–	–
Fund for client benefit	21,369	22,961	1,592
Total	21,369	22,961	1,592

C) Employee's severance indemnity fund (TFR)

Closing balance	171,915		
Opening balance	143,239		
Variation	28,676		
TFR opening balance		143,239	
Increased share in FY		28,926	
Decrease in utilization		- 250	
TFR final		171,915	

D) Debits

Closing balance	723,078		
Opening balance	1,384,601		
Variation	-661,523		
Debit payable within 12months	Value Year N.0	Value N.+1	Variation
To/banks	–	273	273
To/suppliers	1,258,022	562,446	-695,576
To/revenue dept. (taxes)	9,622	31,742	22,120
To/social security	13,328	13,601	273
To/others	103,629	115,016	11,387
Total debits within 12months	1,384,601	723,078	-661,523
Debit payable beyond 12months			
Total debit beyond 12months	–	–	–
Total debits	1,384,601	723,078	-661,523

Classification of Clients (suppliers) According to Geographical area.

The countries mentioned indicate the supplier's registered office.

Country	Balance as on 31/03/13	Balance as on 31/03/14
Suppliers in Italy	221,412	154,064
NON-EU Suppliers	1,035,592	407,512
EU Suppliers	1,018	870
Total	1,258,022	562,446

STATEMENT OF ACCOUNT

A) Value of Production

Year N. + 1	2,161,064		
Year N. 0	2,178,720		
Variation	-17,656		
Value of Production	Year N. 0	Year N. + 1	Variation
Revenue from sales & services	2,127,008	2,154,994	27,986
Growth in internal work immobilization.	37,925	-	-37,925
Other revenues and proceeds	13,787	6,070	-7,717
Total	<u>2,178,720</u>	<u>2,161,064</u>	<u>-17,656</u>

B) Cost of Production

Year N.+ 1	2,069,164		
Year N. 0	2,131,526		
Variation	-62,362		
Cost of Production	Year N.0	Year N. + 1	Variation
Raw material and goods	777,119	722,079	-55,040
Cost of service purchase	516,086	535,465	19,379
Cost for use of 3 rd party equip.	41,417	59,793	18,376
Personnel cost	620,859	676,494	55,635
Amortisation and depreciation	49,239	74,588	25,349
Variation in stock	88,600	-12,112	-100,712
Risk cover	-	-	-
Misc. operating costs	38,206	12,857	-25,349
Total	<u>2,131,526</u>	<u>2,069,164</u>	<u>-62,362</u>

Personnel cost

This entry refers to the entire expenditure for the personnel including performance bonus, promotion age related compensations , leave encashment, and laws covering collective rules and contracts.

Depreciation of Tangible Assets

As regards depreciation, it may be stated that these costs have been calculated on the bases of useful duration of assets and its use in the operative phase.

Other Operating Costs			
Year N. + 1	12,857		
Year N. 0	38,206		
Variation	-25,349		
	Year N. 0	Year N. +1	Variation
Taxes/duties other than income tax	6,320	6,378	58
Capital loss	-	-	-
Non-operating loss	2,119	2,264	145
Loss on credits	14,045	-	-14,045
Fines and penalties	447	275	-172
Other costs	15,275	3,940	-11,335
Total	38,206	12,857	-25,349

(C) Financial Revenues & Charges

Year n. + 1	-20,239		
Year n. 0	-29,428		
Variation	9,189		
Revenues & charges	Year N. 0	Year N. + 1	Variation
Financial income	3,590	2,986	-604
Interests & charges	-33,068	-23,374	9,694
Profit/loss on forex	50	149	99
Total	-29,428	-20,239	9,189
Financial Revenues & Charges			
Financial Income	Year N. 0	Year N. + 1	Variation
Bank interest	36	285	249
Other bank interest	3,554	2,701	-853
Total financial income	3,590	2,986	-604
Interests & other charges			
Interest paid on current account	-32,567	-23,354	9,213
Commercial interest paid	-72	-20	52
Interest paid on loans	-429	-	429
Total interests & charges	-33,068	-23,374	9,694
Profit/loss on forex			
Profit on forex	87	181	94
Loss on forex	-37	-32	5
Total profit/loss on forex	50	149	99
Total finance revenues & charges	-29,428	-20,239	9,189

Tax Expense for the fiscal year

	Year N. 0	Year N. + 1	Variation
Current Taxes			
IRES	–	17,487	17,487
IRAP	20,570	23,587	3,017
Total	20,570	41,074	20,504

SUPPLEMENTARY INFORMATION

EXTENT AND REASONS FOR DEPRECIATION OF INTANGIBLE ASSETS AND MATERIALS (n.3bis art.2427 c.c.)

During the course of the financial year there was no depreciation of the above – mentioned fixed assets.

LIST OF INVESTMENTS EITHER DIRECT OR VIA TRUST COMPANY OR THROUGH AN INTERMEDIARY IN PARENT OR ASSOCIATE ENTERPRISES (n.5 art.2427 c.c.)

Do not exist.

CREDIT AND DEBIT FIGURES OF A RESIDUAL TERM OF MORE THAN FIVE YEARS AND DEBTS SECURED BY ACTUAL GUARANTEE ON THE CORPORATE ASSETS, INDICATING SPECIFIC DETAILS OF THE GUARANTEES (n.6 art.2427 c.c.)

The company does not show debits/credits entries of a residual more than five years, nor any debts secured by a real guarantee.

POSSIBLE SIGNIFICANT EFFECTS OF VARIATIONS IN FOREIGN EXCHANGE FLUCTUATION SUBSEQUENTLY VERIFIED AT THE YEAR END CLOSING. (n. 6 bis art. 2427 c.c.)

There are no significant effects of variations in foreign exchange rate verified subsequently at the closing of the financial year.

CREDIT AND DEBIT FIGURES PERTAINING TO OPERATIONS ENVISAGING OBLIGATION OF FIXED TERM RETROCESSION ON THE PART OF THE HOLDER OR PURCHASE AGENT (n.6 ter art. 2427 c.c.)

No such debts or credits exist.

FIGURES OF FINANCE CHARGES APPLIED IN THE FINANCIAL YEAR TO VALUES ENTERED IN THE ASSETS SEPRATELY FOR EACH ITEM (n. 8 art.2427 c.c.)

Finance charges have not been applied to values entered under assets.

INCOME EMANATING FROM INVESTMENTS OTHER THAN DIVIDENDS (n. 11 art. 2427 c.c.).

Revenue of this category have not been collected.

NUMBER AND CHARACTERISTICS OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY INDICATING OWNERSHIP AND PARTICIPATIVE RIGHTS (n. 19 art. 2427 c.c.)

The company has not issued any financial instrument in this accounting year.

FINANCING PROVIDED BY THE MEMBERS TO THE COMPANY, ALLOCATED FOR REASONS OF EXPIRY AND MARKED SPECIFICALLY IN CASE OF A DEFERMENT CLAUSE VIS-À-VIS OTHER CREDITORS (n. 19 bis art. 2427)

The company does not have debts towards members.

OPERATIONS OF FINANCE LEASE THAT TRANSFER TO THE LESSEE THE MAJOR PART OF THE RISKS AND THE BENIFITES PERTAINING TO THE ASSETS (n. 22 art. 2427 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

TRANSACTION WITH RELATED PARTIES (n.22 bis' art.2427 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

AGREEMENTS OUTSIDE OF BALANCE SHEET (n. 22 ter art. 2427 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

OTHER INFORMATION

AMOUNT OF COMPENSATION PAID TO THE DIRECTORS AND AUDITOR, CUMULATIVELY FOR EACH CATEGORY (n. 16 art. 2427 c.c.)

In the current year total remuneration paid to the management was € 48,180 and € 3,120 paid to the sole auditor.

OWN SHARES AND SHARES OR SHAREHOLDING OF THE PARENT COMPANY HELD BOTH BY THE TRUST COMPANY OR BY A THIRD PERSON (n.3art.2428 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

OWN SHARES AND SHARES OR SHAREHOLDING OF THE PARENT COMPANY ACQUIRED OR ALIENATED DURING THE FINANCIAL YEAR BOTH BY THE TRUST COMPANY OR BY A THIRD PERSON (n.4 art.2428 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

The present financial statement, comprising of the Balance Sheet, Accounts and Notes, represent in a true and correct manner the Balance sheet and financial situation as also the outcome of the financial results for the year and corresponds to the values of the accounting entries.

Nikhil Aggarwal
Director

CONSOLIDATED AUDITORS' REPORT

To
The Board of Directors of
Bhartiya International Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BHARTIYA INTERNATIONAL LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated balance sheet as at 31st March, 2014 the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014
- (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of four overseas subsidiaries and one local subsidiary, whose financial statements reflect total assets (net) of Rs 811,345,943/- as at 31st March, 2014/31st December, 2013, total revenues (net) of Rs 1,710,651,536/- and net cash flows amounting to Rs 186,028,774/- for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of both the associates wherein the group's share of profit aggregate Rs.77,696/-. These unaudited financial statements as approved by the respective Boards of Directors of these companies have been furnished to us by the management and our report insofar as it relates to the amounts included in respect of the associates is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of other matters.

for **Sushil Poddar & Co.**

Firm Regn. No. 014969N
Chartered Accountants

S.K. Poddar

Partner
Mem. No. 094479
New Delhi, 27th May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Note No.	As at	
		31st March, 2014	31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	110,638,480	110,638,480
(b) Reserves and Surplus	3	1,451,826,701	1,311,364,937
2 Minority Interest		15,188,041	15,333,361
3 Share Application Money/Share Warrants Pending Allotment	4	2,175,000	2,175,000
4 Non-Current Liabilities			
(a) Long-Term Borrowings	5	313,606,621	272,175,275
(b) Deferred Tax Liabilities	6	32,601,355	22,697,326
(c) Other Long-Term Liabilities	7	14,526,000	14,526,000
(d) Long-Term Provisions	8	11,625,642	8,372,810
5 Current Liabilities			
(a) Short-Term Borrowings	9	1,354,692,050	730,353,828
(b) Trade Payable	10	295,154,529	285,444,532
(c) Other Current Liabilities	11	127,078,812	81,324,296
(d) Short-Term Provisions	12	68,748,636	48,412,794
TOTAL		3,797,861,867	2,902,818,639
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets	13		
(i) Tangible Assets		648,042,304	647,136,764
(ii) Intangible Assets		5,252,877	6,654,424
(iii) Capital Work In Progress		31,995,649	1,982,844
(iv) Intangible Assets under development		3,528,300	-
(b) Non Current Investments	14	378,361,703	394,284,007
(c) Long Term Loans and Advances	15	25,388,877	18,807,082
(d) Other Non-Current Assets	16	809,485	1,031,221
(e) Goodwill on Consolidation		2,525,000	2,525,000
2 Current Assets			
(a) Current Investments	17	8,388,432	12,108,472
(b) Inventories	18	1,662,679,231	1,081,132,540
(c) Trade Receivables	19	288,050,149	375,886,349
(d) Cash & Cash Equivalents	20	424,902,581	154,103,445
(e) Short Term Loans and advances	21	317,715,543	206,944,755
(f) Other Current assets	22	221,736	221,736
TOTAL		3,797,861,867	2,902,818,639
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem.No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31ST MARCH, 2014**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2014	Year Ended 31st March, 2013
Income:			
Revenue From Operations	23	4,144,095,188	3,030,602,911
Other income	24	35,149,064	31,573,414
Total Revenue		4,179,244,252	3,062,176,326
Expenses:			
Cost of Raw Material Consumed	25	1,102,348,920	1,081,661,219
Purchases of Stock In Trade		1,484,076,245	786,649,566
Changes in Inventories of Finished Goods	26	(40,376,863)	5,425,481
Employee Benefits Expenses	27	250,862,856	191,128,515
Finance Cost	28	156,732,250	118,538,250
Depreciation and Amortization Expenses	29	39,546,248	32,362,939
Other Expenses	30	976,398,517	702,185,190
Total Expenses		3,969,588,173	2,917,951,159
Profit Before Tax		209,656,079	144,225,165
Tax Expense:	31		
Current Tax		54,792,057	37,734,116
Deferred Tax		9,904,029	5,605,745
Profit/(Loss) Before Minority Interest and share in Profit/(Loss) of Associates		144,959,993	100,885,304
Less : Minority Interest		(145,320)	(372,890)
Add : Share of Profit of Associate		77,696	128,888
Profit/(Loss) for the period		145,183,009	101,387,082
Earnings Per Equity Share:			
(1) Basic		13.12	9.35
(2) Diluted		13.06	9.31
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem.No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items	209,656,079	144,225,165
Adjusted for :		
Depreciation and Amortisation	39,546,248	32,362,940
Financial Costs	149,951,284	104,716,176
Loss/(Profit) on sale of fixed assets (net)	(1,083,046)	1,399,112
Loss/(Profit) on sale of Investments (net)	(1,032,525)	(714,881)
Dividend Income	(401,145)	(678,498)
Rental Income	(21,256,475)	(21,534,739)
Provision for Employee Stock Option benefits	170,363	-
Effect of Exchange rate change	6,780,967	13,822,074
Written Back of Provision for Diminution in the value of investments	(6,497,441)	-
	<u>166,178,230</u>	<u>129,372,184</u>
Operating profit before working capital change	375,834,309	273,597,349
Movements in working Capital :		
Inventories	(581,546,691)	(132,499,887)
Trade & Other Receivables	87,836,200	(126,431,062)
Loans and Advances	(105,738,251)	(22,000,517)
Trade & Other Payables	56,162,791	15,721,271
	<u>(543,285,951)</u>	<u>(265,210,195)</u>
Cash generated from operations	<u>(167,451,642)</u>	<u>8,387,154</u>
Income Tax Paid(net of refund)	(46,385,239)	(43,376,922)
Effect of Exchange rate Change	(6,780,967)	(13,822,074)
Currency Fluctuation reserve on Consolidation	8,052,540	(7,107,060)
Cash flow before extra-ordinary items	<u>(212,565,308)</u>	<u>(55,918,902)</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(212,565,308)	(55,918,902)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/(Purchases) of Investment (Net)	27,250,006	8,260,152
Dividend received	401,145	678,498
Rent Received	21,256,475	21,534,739
Proceeds from Sale of Fixed Assets	2,468,304	439,836
Purchase of fixed assets/Capital W.I.P.	(73,754,867)	(116,788,962)
NET CASH USED IN INVESTMENT ACTIVITIES	(22,378,937)	(85,875,737)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	41,431,346	183,421,182
Short Term Borrowings	627,373,402	87,206,113
Share Capital Issue Proceeds (Including Share Premium)	-	36,000,000
Advance Subscription Adjusted (Net)	-	(6,825,000)
Dividend paid (including dividend tax)	(13,110,083)	(12,990,957)
Finance Cost Paid	(149,951,284)	(104,716,176)
NET CASH USED IN FINANCING ACTIVITIES	505,743,381	182,095,162
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	270,799,136	40,300,523
Cash and Cash Equivalents-Opening Balance	154,103,445	113,802,922
Cash and Cash Equivalents- Closing Balance	424,902,581	154,103,445

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem.No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

CONSOLIDATED NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE NO 1.1 GROUP STRUCTURE

The consolidated financial statements present the consolidated accounts of Bhartiya International Ltd with its following subsidiary Companies and Associates :

Name of Subsidiary	Country of Incorporation	Proportion of Ownership	Year Ending
Indian Subsidiaries			
Bhartiya Global Marketing Ltd	India	100%	31.03.2014
J&J Leather Enterprises Ltd	India	100%	31.03.2014
Bhartiya International Sez Ltd	India	89%	31.03.2014
Bhartiya Fashion Retail Ltd	India	100%	31.03.2014
Foreign Subsidiaries			
World Fashion Trade Ltd.	Mauritius	100%	31.12.2013
BIL Group LLC	USA	100%	31.12.2013
Ultima SA	Switzerland	100%	31.03.2014
Ultima Italia SRL	Italy	100%	31.03.2014
Associates Company			
Bhartiya Urban Infrastructure & Land Development Co. Pvt.Ltd	India	29.60%	31.03.2014
TADA Mega Leather Cluster Pvt Ltd.	India	50%	31.03.2014

- 1.2** i) Significant Accounting Policies and notes to these Consolidated Financial statements are intended to serve as a means of informative disclosure and guide for better understanding of the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures.
- ii) The financial statement of Associates Companies used in the consolidation are unaudited Financial Statements provided by the Associates Companies. The reporting period of two Foreign Subsidiary Company is different than that of the company where as the reporting period of the other subsidiary companies are same as that of the Company.
- iii) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the Accounting standards issued by the Institute of Chartered Accountants of India.
- iv) The Financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after elimination of intra-groups transactions and unrealised profits subject to non-elimination of transaction due to timing differences of overseas subsidiaries referred to in note no 32.3

1.3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The Financial statements have been prepared under historical cost convention on an accrual basis using accounting policies of the parent company unless otherwise stated.

b) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties , non refundable taxes, incidental expenses related to acquisition and reduced by subsidy/Grant. In respect of projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Interest on borrowing and other cost during the period of construction/acquisition, is added to the cost of Fixed Assets. Goodwill acquired in an acquisition of business are valued at the acquisition cost and amortised over their useful life.

c) Depreciation

Depreciation on fixed assets is calculated on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets at the overseas subsidiaries are as per the rates applicale based on estimated useful life of the asset. Depreciation on Fixed Assest of subsidiary Company J&J Leather Enterprises Ltd has been calculated on WDV method as per the rates specified in Schedule XIV of the Companies Act, 1956.

d) Investment

All long term investments are stated at cost. Provision is made for any diminution in value considered permanent. Current Investment are carried at lower of cost or market price.

NOTES (CONTD.)**e) Inventories**

- Raw materials and consumables have been valued at cost after providing for obsolescence. Cost comprise of Cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- Finished goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.
- Inventories of land is valued at cost which comprises cost of land, Materials, Services and Overheads directly related to development of land.

f) Foreign Exchange Transactions**Individual Companies**

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Current Assets and Current Liabilities at the year end, outstanding in foreign currency, are converted at the year end rates.
- c) In respect of transactions at the overseas offices, i) revenue expenditure and income during the year are converted into- Indian Rupees at the average rate prevailing during the year. ii) Fixed assets acquired are accounted for at the actual exchange rate prevailing at the time of acquisition. iii) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year. iv) Balances of the Head Office account appearing in foreign currency in branch books are translated at corresponding rupee balance appearing in the Head Office books.
- d) All gains/losses on conversion are charged to profit and loss account.

For Consolidation

For the purpose of consolidation , the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries are translated into Indian Rupees at the following rates of exchange :

- a) Average rates for income and expenditure.
- b) Year end rates for assets and liabilities.

The foreign exchange gain/loss on account of income and expenditure consolidation is included in the profit and loss account and foreign exchange fluctuation gain/loss on account of consolidation of assets and liabilities of subsidiaries is transferred to "Currency Fluctuation Reserve Account ".

g) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. The gratuity liability is provided for on all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Taxation

Provision for tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

i) Government Grants

Grants received from the Government which are in the nature of promoters contribution, and are with reference to the total investment without any liability for repayment, are treated as capital reserve. Grant received against specific fixed assets are adjusted to the cost of assets. Revenue Grants are recognised in the profit and loss account in accordance with the relevant scheme.

j) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

k) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

NOTES (CONTD.)

l) Employee Share based payments

The Company has formulated Employee Stock Option Plans (ESOP Schemes) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provides for grant of option to employee of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. Employee Stock Option granted by the Company are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on 'Employee Share Based Payment' issued by the Institute of Chartered Accountants of India.

m) Derivative Financial Instruments and Hedge Accounting

The Company has adopted principles of hedge accounting as set out in Accounting Standard (AS)30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduce the risk or cost to the Company. The Company does not use these contracts for trading or speculation purpose.

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
2. SHARE CAPITAL		
Authorised Share Capital		
a) 20,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
b) 500,000 (Previous Year 500,000) Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid up :		
a) 1,10,63,848 (Previous Year 1,10,63,848) equity shares of Rs.10/- each fully paid Up.	110,638,480	110,638,480
	110,638,480	110,638,480

2.1 The details of Shareholders holding more than 5% shares

Name of the share holders	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
(a) Snehdeep Aggarwal	1,143,362	10.33	1,143,362	10.33
(b) Bhartiya Infotech Pvt Ltd	1,000,000	9.04	1,000,000	9.04
(c) Bhartiya Global Holdings Pvt Ltd	1,350,000	12.20	1,350,000	12.20
(d) Spirit Impex Pvt Ltd	1,200,000	10.85	1,200,000	10.85
(e) Bhartiya Finstock Pvt Ltd	615,536	5.56	550,000	4.97

2.2 Reconciliation of the number of shares outstanding is set out below:

PARTICULARS	As at 31st March, 2014 No. of Shares	As at 31st March, 2013 No. of Shares
Shares outstanding at the beginning of the year	11,063,848	10,463,848
Shares Issued during the year	-	600,000
Shares outstanding at the end of the year	11,063,848	11,063,848

2.3 The Company has only one class of equity shares having a par values of Rs. 10/- per share. The Board of Directors, in their meeting on 27th May, 2014 declared a dividend of Rs.1/- per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company in proportion of the number of equity share held by the shareholders.

2.4 50000 options issued on 28/01/2014 under Employee Stock Option Scheme 2013 exercisable over a period upto 31st March, 2015 after vesting on 1st February, 2015 (25,000 options) and 1st March, 2015 (Balance 25,000 options) at an exercise price of Rs.156/- (including premium of Rs.146/-) per option are outstanding as at year end. Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs.10/- each.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
3 RESERVES & SURPLUS		
i) Capital Reserves		
As Per last Balance Sheet	4,621,283	4,621,283
Add: Transferred from Profit and Loss A/c	–	–
	<u>4,621,283</u>	<u>4,621,283</u>
ii) Share Premium A/c		
As Per last Balance Sheet	376,165,000	346,165,000
Add: Additions during the year on fresh issue of shares	–	30,000,000
	<u>376,165,000</u>	<u>376,165,000</u>
iii) Currency Fluctuation Reserve		
As Per last Balance Sheet	25,654,007	32,761,067
Add: Addition during the year	8,052,540	(7,107,060)
	<u>33,706,547</u>	<u>25,654,007</u>
iv) Preferential Share Warrant Forfeited	8,500,000	8,500,000
v) General Reserves		
As Per last Balance Sheet	202,487,580	181,917,830
Add: Transferred from Profit and Loss A/c	20,677,450	20,569,750
	<u>223,165,030</u>	<u>202,487,580</u>
vi) Surplus in Statement of Profit & loss		
As Per last Balance Sheet	693,937,067	626,761,219
Add: Profit for the Year	145,183,009	101,387,082
	<u>839,120,077</u>	<u>728,148,301</u>
Less : Appropriations		
– General Reserve	20,677,450	20,569,750
– Proposed Dividend	11,063,848	11,063,848
– Tax on Dividend	1,880,301	1,880,301
	<u>805,498,478</u>	<u>694,634,402</u>
Less : Dividend Paid on Fresh issue of Shares	–	600,000
Less : Dividend Tax on Fresh issue of Shares	–	97,335
	<u>805,498,478</u>	<u>693,937,067</u>
vii) Stock Option Outstanding	170,363	–
TOTAL	<u>1,451,826,701</u>	<u>1,311,364,937</u>

3.1 Foreign currency transactions are translated as per the accounting policy referred to in note no. 1.3(f). Foreign exchange gain/loss on account of income and expenditure in consolidation is included in the profit and loss, and foreign exchange fluctuation credit of Rs. 8,052,540/- (Previous year debit of Rs. 7,107,060/-) on account of consolidation of assets and liabilities of subsidiaries have been transferred to Currency Fluctuation Reserve account.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
4 MONEY RECEIVED AGAINST SHARE WARRANTS		
Preferential Share Warrant :		
100,000 Preferential Share Warrant paid up Rs. 21.75/- each. (Previous Year 600,000 Warrants of Paid up Rs. 15/- each.)	2,175,000	9,000,000
Add : Preferential Warrants issued (Previous Year 100,000 Preferential Warrant issued paid up Rs. 21.75/-each)	<u>–</u>	<u>2,175,000</u>
	2,175,000	11,175,000
Less : Preferential warrants Converted into equity (Previous Year 600,000 Preferential Warrant Converted into Equity Shares paid up Rs. 15 each).	<u>–</u>	<u>9,000,000</u>
	2,175,000	2,175,000
4.1 The Company has allotted 100,000 warrants to non-promoter on 7th December, 2012 on preferential basis, convertible into equity shares of Rs.10/-each fully paid up. The holders of warrants have a right to apply one equity share of Rs10/- each at a premium of Rs77/- within a period of 18 months from the date of allotment. Against this the company has received Rs 21.75/- per warrant.		
5 LONG TERM BORROWINGS		
Secured		
– Term Loans from Banks	309,671,412	269,519,899
– Vehicle Loans from Banks	3,935,209	2,655,376
TOTAL	313,606,621	272,175,275
5.1 Term Loan from Allahabad Bank is secured by exclusive charge on specific land , building and machinery of the project created out of the Term loan and personal guarantee of one of the Director. The loan is repayable in fifteen equal quarterly installments starting from April, 2013 quarter.		
5.2 Term Loans of Rs. 20 crores & Rs. 7.5 crores from IDBI Bank is secured by First Charge on the commercial property situated at Institutional Plot No 38, Sector 44, Gurgaon and personal guarantee of one of the Director. The Loan is repayable in 180 monthly Installment starting from February, 2013 and Term Loan of Rs. 7.5 crores is repayable in 161 monthly installment starting form June, 2014.		
5.3 Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.		
6 DEFERRED TAX LIABILITY (NET)		
a) Deferred tax Liabilities		
Related to Fixed Assets	40,808,599	34,285,087
b) Deferred tax Assets		
Related to Capital Losses	(2,981,938)	(4,287,838)
Related Carried Forward losses	(4,893,020)	(6,967,637)
Related Provision for Gratuity /bonus	(332,286)	(332,286)
TOTAL	32,601,355	22,697,326

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
7 OTHER LONG TERM LIABILITIES		
(a) Security Deposit from related parties (refer note no 32.4)	14,526,000	14,526,000
TOTAL	14,526,000	14,526,000
8 LONG TERM PROVISIONS		
(a) Provision for employees benefit Provision for Gratuity	11,625,642	8,372,810
TOTAL	11,625,642	8,372,810
9 SHORT TERM BORROWINGS		
Secured		
– Working Capital Loans From Banks	1,354,692,050	730,353,828
TOTAL	1,354,692,050	730,353,828
9.1 Working Capital facilities are secured against hypothecation of stocks of raw-materials, stock in process, finished goods, Other Current assets, specified immovable property, movable fixed assets, lien on fixed deposits, exports bills and personal guarantees of Directors.		
9.2 Foreign documentary bills discounted with Banks have been shown as a contingent liability. The same are secured against the export bills and the personal guarantees of Directors.		
10 TRADE PAYABLE		
(a) Payable	266,593,202	255,299,871
(b) Acceptance	28,561,327	30,144,661
TOTAL	295,154,529	285,444,532
11 OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Borrowings	38,383,116	35,347,936
(b) Unclaimed Dividend	1,071,138	1,237,072
(c) Statutory Dues Payable	5,278,963	4,901,506
(d) Other Current Liabilities	82,345,595	39,837,782
TOTAL	127,078,812	81,324,296
12 SHORT TERM PROVISIONS		
(a) Provision for Employees benefits	3,311,514	2,996,822
(b) Provision for Income Tax	52,492,973	32,471,823
(c) Proposed Dividend	11,063,848	11,063,848
(d) Tax on Proposed Dividend	1,880,301	1,880,301
TOTAL	68,748,636	48,412,794

NOTES (CONTD.)

13 FIXED ASSETS

Amount in Rs.

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1st April, 2013	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2014	For the year	Deduction/ adjustments during the year	As at 31st March, 2013	As at 31st March, 2014
Tangible Assets :								
Own Assets :								
Land	23,412,401	2,225,260	67,200	25,570,461	-	-	23,412,401	25,570,461
Lease Hold Land	30,000,000	-	-	30,000,000	627,178	-	29,529,617	28,902,439
Building	432,467,669	-	-	432,467,669	12,396,635	-	369,987,750	357,591,115
Machinery	225,166,024	21,849,946	-	247,015,970	11,751,421	-	149,724,338	159,822,863
Vehicles	40,146,605	6,384,583	1,089,554	45,441,634	3,160,266	626,544	16,966,113	19,727,420
Furniture	66,027,461	3,253,856	87,930	69,193,387	6,505,943	69,032	29,819,952	26,548,967
Office Equipments	29,945,779	3,212,972	1,193,505	31,965,246	1,474,244	633,974	22,031,471	23,210,668
Computers	11,341,135	2,933,566	2,968,324	11,306,377	1,653,698	2,691,705	5,665,122	6,668,371
Total (A)	858,507,074	39,860,183	5,406,513	892,960,744	37,569,385	4,021,255	647,136,764	648,042,304
Previous Year	671,494,189	202,149,242	15,136,357	858,507,074	30,879,177	13,473,214	477,529,842	647,136,764
Intangible Assets :								
Computer Software	4,663,702	353,580	-	5,017,282	840,256	-	4,005,208	3,518,532
Goodwill	25,640,943	-	-	25,640,943	914,871	-	2,649,216	1,734,345
Total (B)	30,304,645	353,580	-	30,658,225	1,755,127	-	6,654,424	5,252,877
Previous Year	30,098,515	3,742,794	3,536,664	25,749,055	1,262,026	3,360,860	4,349,460	6,654,424
Capital work in Progress								
Capital work in Progress	1,982,844	31,995,649	1,982,844	31,995,649	-	-	1,982,844	31,995,649
Total (C)	1,982,844	31,995,649	1,982,844	31,995,649	-	-	1,982,844	31,995,649
Previous Year	91,085,917	72,884,116	161,987,189	1,982,844	-	-	91,085,917	1,982,844
Intangible work in Progress								
Intangible Capital work in Progress (D)	-	3,528,300	-	3,528,300	-	-	-	3,528,300
Total (D)	-	3,528,300	-	3,528,300	-	-	-	3,528,300
Total (A+B+C+D)	890,794,563	75,737,712	7,389,357	959,142,918	39,324,512	4,021,255	655,774,032	688,819,130
Previous Year	792,678,621	278,776,152	180,660,210	890,794,563	32,141,203	16,834,074	572,965,219	655,774,032

NOTES (CONTD.)

PARTICULARS	No. of Shares/Units	As at 31 st March, 2014	No. of Shares/Units	As at 31 st March, 2013
14. NON CURRENT INVESTMENTS				
Trade Investments (Unquoted at cost)				
(a) Capital in Firm " Bhartiya Prakash Leathers"		50,000		50,000
b) Investment in associate company				
Equity Shares #	11,205,000	244,840,837	11,205,000	244,763,141
Preference Shares	4,796,865	119,960,000	4,796,865	119,960,000
		<u>364,850,837</u>		<u>364,773,141</u>
Non Trade Investments				
A) Investments in Mutual Funds (Quoted)				
1 DSPML INDIA T.I.G.E.R FUND -GROWTH	118,509	5,000,000	118,509	5,000,000
2 DSPBR SMALL & MIDCAP FUND	-	-	244,499	2,500,000
3 DSPBR TOP 100 EQUITY FUND-G	43,518	4,000,000	43,518	4,000,000
4 DSPBR WORLD ENERGY FUND-D	-	-	250,000	2,500,000
5 HDFC TOP 200 FUND-GROWTH	-	-	19,395	3,500,000
6 KOTAK 50 EQUITY SCHEME-GROWTH	21,795	2,004,366	21,795	2,004,366
7 RELIANCE RSF-EQUITY PLAN-GROWTH	-	-	176,805	5,000,000
8 RELIGARE PSU EQUITY FUND-GROWTH	-	-	250,000	2,500,000
		<u>11,004,366</u>		<u>27,004,366</u>
B) Investments in Debenture (Unquoted)				
1 Redeemable Ncd Of Citicorp Finance India	-	2,500,000	-	2,500,000
		<u>2,500,000</u>		<u>2,500,000</u>
C) Other Investments				
1 Indra Vikas Patra	-	6,500	-	6,500
	-	<u>6,500</u>	-	<u>6,500</u>
Gross Total		<u>378,361,703</u>		<u>394,284,007</u>
#Particulars of Investment in Associate Company				
Name of Associate Company				
A) Bhartiya Urban Infrastructure & Land Development Co Pvt Ltd		29.60%		29.60%
Cost of acquisition		280,000,000		280,000,000
Share of post acquisition reserves & surplus		(35,185,956)		(35,286,859)
Carrying Value		<u>244,814,044</u>		<u>244,713,141</u>
B) TADA Mega Leather Cluster Pvt. Ltd.		50%		50%
Cost of acquisition		50,000		50,000
Share of post acquisition reserves & surplus		(23,207)		-
Carrying Value		<u>26,793</u>		<u>50,000</u>

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
15 LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Security and Other Deposits	6,856,657	8,264,916
(b) Other Advances	18,532,220	10,542,166
TOTAL	25,388,877	18,807,082
16 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	788,485	1,010,221
(b) Other Advances	21,000	21,000
TOTAL	809,485	1,031,221

PARTICULARS	NO OF SHARES/UNITS	Current Year Rs.	NO OF SHARES/UNITS	Previous Year Rs.
17 CURRENT INVESTMENTS				
i) In Equity Shares Quoted, fully paid up				
1 ADANI PORT & SEZ LIMITED	–	–	5,000	671,576
2 AXIS BANK LIMITED	–	–	400	493,968
3 CAIRN INDIA LIMITED	–	–	2,000	651,080
4 CESC LIMITED	–	–	2,500	700,734
5 CITY UNION BANK LIMITED	–	–	15,164	255,001
6 DLF LIMITED	–	–	1,730	761,576
7 EXIDE INDUSTRIES LIMITED	–	–	5,000	687,216
8 GSFC LIMITED	–	–	5,000	397,979\
9 GUJARAT GAS CO LIMITED	–	–	1,000	307,512
10 HDFC LIMITED	–	–	500	382,505
11 HINDALCO INDUSTRIES LIMITED	5,000	617,993	5,000	617,993
12 HINDUSTAN COPPER LIMITED	9,000	987,082	5,000	719,821
13 HINDUSTAN ZINC LIMITED	5,000	605,148	4,000	503,299
14 ICICI BANK LIMITED	–	–	375	406,421
15 INDIAN OVERSEAS BANK	–	–	5,000	417,952
16 INFOSYS TECHNOLOGIES LIMITED	–	–	500	1,471,355
17 ING VYSYA BANK LIMITED	–	–	500	258,524

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	Current Year Rs.	NO OF SHARES/UNITS	Previous Year Rs.
18 IL&FS TRANSPORT NETWORK LIMITED	5,000	572,920	–	–
19 JAIPRAKASH ASSOCIATES LIMITED	10,000	535,727	–	–
20 JINDAL STEEL & POWER LIMITED	–	–	2,000	1,039,409
21 LARSAN & TOUBRO LIMITED	750	708,645	200	331,768
22 LUPIN LIMITED	1,000	603,378	1,000	603,378
23 MAX INDIA LIMITED	2,500	597,680	2,500	597,680
24 NMDC LIMITED	–	–	5,000	799,829
25 L&T FINANCE HOLDINGS LIMITED	5,000	357,402	–	–
26 ONGC LIMITED	–	–	2,500	712,548
27 PUNJAB NATIONAL BANK	–	–	1,000	821,947
28 RELIANCE CAPITAL LIMITED	1,000	811,186	1,000	811,186
29 RELIANCE INDUSTRIES LIMITED	800	767,038	475	499,159
30 RELIANCE INFRASTRUCTURE LIMITED	350	350,903	350	350,903
31 STATE BANK OF INDIA	–	–	500	1,378,233
32 TATA CONSULTANCY SERVICES LIMITED	–	–	300	396,649
33 TATA STEEL LIMITED	4,100	2,114,372	3,100	1,799,754
Total		9,629,474		19,846,955
ii) In Equity Shares Unquoted, fully paid up				
1 Sai Rayalaseem Paper Mills Ltd	31,792	386,273	31,792	386,273
Total		386,273		386,273
Grand Total		10,015,747		20,233,228
Less:- Provision for diminution in the value of Investments		1,627,315		8,124,756
TOTAL CURRENT INVESTMENTS		8,388,432		12,108,472
Aggregate amount of quoted Investments		8,002,159		11,722,199
Market value of quoted Investments		8,733,248		16,633,194
Aggregate amount of unquoted Investments		386,273		386,273

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2014	As at 31st March, 2013
18 INVENTORIES		
As Valued and Certified by the management		
(a) Raw Materials	1,383,034,023	849,082,661
(b) Finished Goods	141,291,228	100,914,365
(c) Work In Progress	138,353,980	131,135,514
TOTAL	<u>1,662,679,231</u>	<u>1,081,132,540</u>
19 TRADE RECEIVABLES		
(a) Unsecured, considered good	288,050,149	375,886,349
TOTAL	<u>288,050,149</u>	<u>375,886,349</u>
19.1 The Company has filed legal Suit for recovery of Rs. 6,162,337/-against Customers. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.		
20 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
– In Current Accounts	298,992,102	114,968,285
– In Fixed Deposits	119,767,452	33,819,853
(b) Cash on Hand	6,143,027	5,315,307
TOTAL	<u>424,902,581</u>	<u>154,103,445</u>
20.1 Balances with banks includes Unclaimed Dividend of Rs. 1,071,138/- (Previous year Rs. 1,237,072/-)		
20.2 Fixed deposits of Rs. 118,422,933/- (previous year Rs 31,838,071/-) are pledged with the banks for various limits and facilities granted.		
21 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Advance Tax/TDS	34,823,785	23,209,453
(b) Vat Receivable	43,362,021	31,118,072
(c) Prepaid Expenses	9,355,366	6,552,849
(d) Export Incentive Receivable	105,533,570	34,020,571
(e) Other Advances	124,640,801	112,043,810
TOTAL	<u>317,715,543</u>	<u>206,944,755</u>
21.1 The company has filed a written Petition before the Hon'ble Madras High Court for the recovery of Duty Drawback amounting to Rs. 3,363,721/-against the Chief Commissioner of Customs, Chennai. The management is confident for the recovery of the said amount and hence has not made any provision for bad & doubtful debts against this.		

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2014	As at 31 st March, 2013
22 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	221,736	221,736
TOTAL	221,736	221,736
PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
23 REVENUE FROM OPERATION		
(a) Sales	3,921,062,716	2,824,784,161
(b) Export Incentive	223,032,472	205,818,750
TOTAL	4,144,095,188	3,030,602,911
24 OTHER INCOME		
(a) Dividend Income	401,145	678,498
(b) Profit on sale of Investments	1,032,525	714,881
(c) Rental Income	21,256,475	21,534,739
(d) Other Income	5,961,478	8,645,296
(e) Written back of Provision for dimunition	6,497,441	–
TOTAL	35,149,064	31,573,414
25 RAW MATERIAL CONSUMPTION		
Opening Stock	848,892,661	711,001,258
Add : Purchases	1,636,490,282	1,219,552,622
	2,485,382,943	1,930,553,880
Less : Closing Stock	1,383,034,023	848,892,661
TOTAL	1,102,348,920	1,081,661,219
26 CHANGE IN INVENTORIES OF FINISHED GOODS		
(a) Opening Stock	100,914,365	106,339,846
(b) Closing Stock	141,291,228	100,914,365
Decrease/(Increase)	(40,376,863)	5,425,481

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
27 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	227,835,614	177,996,780
(b) Contribution to Provident & Other fund	10,385,805	3,219,193
(c) Staff Welfare Expenses	12,641,437	9,912,542
TOTAL	250,862,856	191,128,515
28 FINANCE COST		
(a) Interest & Other financial charges	149,951,283	104,716,176
(b) Loss on foreign currency transactions	6,780,967	13,822,074
TOTAL	156,732,250	118,538,250
29 DEPRECIATION AND AMORTISATION		
(a) Depreciation	39,324,512	32,141,203
(b) Preliminary Expenses W/off	221,736	221,736
TOTAL	39,546,248	32,362,939
30 OTHER EXPENSES		
(I) Manufacturing Expenses		
(a) Job work/Fabrication charges	575,919,300	415,169,510
(b) Wages	1,233,971	1,542,179
(c) Freight & Cartage	19,349,021	14,996,957
(d) Other Manufacturing Expenses	17,273,155	10,831,106
(II) Selling & Administrative Expenses		
(a) Rent	13,421,199	11,324,797
(b) Travelling & Conveyance	72,706,140	46,906,310
(c) Power & Fuel	21,582,702	19,041,028
(d) Insurance	5,046,692	3,312,918
(e) Freight Outward	36,200,440	37,760,152
(f) Commission, Brokerage & Discount	13,315,563	20,853,989
(g) Repair & Maintenances	20,281,565	15,242,003
(h) Miscellaneous Expenses	37,215,463	29,910,441
(i) Communication Cost	8,315,277	8,066,119
(j) Consultancy Charges	103,283,168	45,276,604
(k) Rates, Taxes & Duties	15,590,223	3,822,492
(l) Auditors Remuneration	1,940,381	1,300,418
(m) Loss on Sale/Assets written Off	(1,083,046)	1,399,112
(n) Directors Meeting Fees	88,963	121,043
(o) Packing Expenses	14,718,340	15,308,012
TOTAL	976,398,517	702,185,190

NOTES (CONTD.)
Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
31 TAX EXPENSE		
I) Current Tax		
(a) Current Year Tax	54,889,756	34,398,969
(b) Tax For earlier Year	(97,699)	3,335,147
	<u>54,792,057</u>	<u>37,734,116</u>
II) Deferred Tax		
(a) Related To Fixed Assets	6,523,512	4,403,976
(b) Related To Capital losses	1,305,900	1,201,769
(c) Related to Brought forward losses	2,074,617	-
TOTAL	<u>9,904,029</u>	<u>5,605,745</u>

Note no. 32.

32.1 Previous Year figures has been regrouped/reclassified wherever necessary to conform to the Present Period Presentation.

32.2 CONTINGENT LIABILITIES AND COMMITMENTS
Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
1 – Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9,879,947	24,784,958
2 Contingent liabilities not provided for		
a) Letter of Credit outstanding -	172,523,135	228,251,468
b) Standby Letter of credit (SBLC) issued by company's banker in favour of the bankers of its subsidiaries		
– Ultima Italia SRL	-	41,982,000
– Ultima S A	247,260,000	83,964,000
– World Fashion Trade Ltd. Hong Kong	29,085,000	19,096,000
c) Bills discounted with banks	23,219,179	37,533,923
d) Other Guarantee given by Banks	4,545,000	3,105,000
e) Corporate Guarantee given by the company to banks against facilities granted by that bank to its wholly owned subsidiaries		
– Ultima Italia SRL	53,300,000	69,970,000
f) Corporate Guarantee given by subsidiaries companies to banks against facilities given by banks to its holding company	690,000,000	690,000,000
g) Income tax matters under dispute DVAT demand Under dispute	12,225,782 -	12,225,782 284,507
h) Forward contracts outstanding		
In GBP	0.50 million (53 Million INR)	-
In USD	1.75 million (112.49 Million INR)	-

NOTES (CONTD.)

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
32.3 As a result of timing difference of the financial statements of the overseas subsidiaries, the following inter -group balances/transactions could not be eliminated and hence appear in the consolidated figures:		
i) Sales	4,671,621	43,253,410
ii) Other Expenses	18,770,213	250,768
iii) Advances	1,659,268	7,893,774
iv) Debtors	19,646,533	14,612,761
v) Creditors	–	1,800,261

32.4 Transactions with related parties during the financial year and outstanding balances as on 31.03.2014

Names of related parties and description of relationship

1	Associated Parties	Bhartiya Prakash Leather Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd. Itopia Management Services (India) Pvt. Ltd. Bhartiya City Developers Pvt Ltd Tada Mega Leather Cluster Pvt. Ltd.
2	Key Management Personnel	Snehdeep Aggarwal Jaspal Sethi Ramesh Bhatia C. L. Handa Shashank A. Sahasranaman Nikhil Aggarwal Manoj Khattar A. K. Gadhok Sandeep Seth A.P.S. Narag Walter W Zwahlen V.K.Chopra
3	Relatives of Key Management Personnel	Kanwal Aggarwal Arjun Aggarwal

Transactions with related parties during the financial year and outstanding Balance as on 31.03.2014

PARTICULARS	Associates	Key Management Personnel	Relatives of Key Management Personnel	Amount in Rs. Total
Lease Rent / Rent	–	–	480,000	480,000
	–	–	(480,000)	(480,000)
Ticketing	12,862,334	–	–	12,862,334
	(9,960,248)	–	–	(9,960,248)
Sitting Fees	–	88,963	–	88,963
	–	(121,043)	–	(121,043)
Salaries	–	13,018,749	360,000	13,378,749
	–	(10,909,230)	(360,000)	(11,269,230)
Lease Rent Received	20,175,000	–	–	20,175,000
	(19,368,000)	–	–	(19,368,000)

NOTES (CONTD.)

PARTICULARS	Associates	Key Management Personnel	Relatives of Key Management Personnel	Amount in Rs. Total
Outstanding Balance				
In capital a/c partnership	50,000 (50,000)	– –	– –	50,000 (50,000)
In current a/c -partnership	619,029 (621,529)	– –	– –	619,029 (621,529)
Trade Payables	818,462 (1,181,062)	68,258 (68,258)	36,000 (36,000)	922,720 (1,285,320)
Advances Paid	5,497,915 (5,431,785)	– –	– –	5,497,915 (5,431,785)
Security Deposit Received	14,526,000 (14,526,000)	– –	– –	14,526,000 (14,526,000)

32.5 As per the incorporation documents of BIL Group LLC, Bhartiya international Ltd is the sole member having 100% membership interest and the entire investment has been represented as members contribution. An LLC for income tax purposes in USA under the IRS can elect to be taxed as either a partnership or as a separate corporate entity. In the selection of being taxed as a partnership, the LLC is a pass through entity and the members get taxed on their share of the profit/loss. BIL Group LLC has, adopted to be taxed as a partnership and hence Bhartiya International Ltd being the sole member, shall be taxed for the full profit or loss in USA. The financial year closure of this LLC is 31st December and it has reported a loss of USD 2937/- (Rs.175,251/-) in its financial year ended 31st December 2013. Accordingly the company has provided the loss in books of accounts.

32.6 In the opinion of the Directors, the Current Assets, Long Term Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

32.7 Details of Managerial Remuneration to Managing Director & Whole Time Directors

		Amount in Rs.	
PARTICUALRS		Year Ended 31st March, 2014	Year Ended 31st March, 2013
a)	Salary & Allowances	12,774,701	10,669,842
b)	Contribution to Provident Fund	9,360	9,360
c)	Other emoluments	234,688	230,028
		13,018,749	10,909,230

32.8 Earning Per Share (EPS)

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for the year ended 31st March, 2014 and the year ended 31st March, 2013:

NOTES (CONTD.)

PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Income available to Equity Shareholders	145,183,009	101,387,082
No of Shares at the beginning of the Year (A)	11,063,848	10,463,848
Equity allotted during the year	–	600,000
Weighted Average Shares (B)	–	384,657
Weighted Average Shares Outstanding (nos) (A+B)	11,063,848	10,848,505
Add: Adjustment for warrants/ESOP convertible into Equity Shares	52,532	45,283
Weighted Average number of equity shares for Diluted EPS	11,116,380	10,893,788
Nominal Value per share	10	10
Earnings per share (Basic)	13.12	9.35
Earnings per share(Diluted)	13.06	9.31

32.9 SEGMENT INFORMATION

a) Business Segments

Based on similarity of activities/products , risk and reward structure, organisation structure and internal reporting systems , the Company has structured its operations into more than one segment during the year.

b) Geographic Segments

Operation of the Company do not qualify , for reporting as geographic segments , as per the criteria set out under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India

Particulars	Leather Products	Textile Apparels	Others	Unallocable	Total
a. Segment Revenue	33,686.35 (26,383.13)	7,754.60 (3,922.90)	– –	– (315.37)	41,440.95 (30,621.40)
b. Segment Results	3,800.46 (2,793.46)	400.55 (284.65)	(28.96) (-49.60)	351.49 (315.73)	4,523.54 (3,344.24)
c. Less: Unallocable expenses net of Income					626.51 (854.83)
d. Operating Profit					3,897.03 (2,489.41)
e. Less:- Interest					1,809.42 (1,047.16)
f. Profit before Taxes					2,087.61 (1,442.25)
g. Provision for taxation (Current Tax & Deferred Tax)					638.01 (433.40)
h. Profit after Taxes					1,449.60 (1,008.85)
i. Capital Employed	8,132.57 (6,489.05)	536.29 (371.29)	1,206.92 (1,393.96)	5,770.62 (5,987.48)	15,646.40 (14,241.78)

32.10 Debit and Credit balances of parties are subject to their confirmation

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Partner
Mem.No. 094479

Shilpa Budhia
Company Secretary

Manoj Khattar
Chief Financial Officer

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 27th May, 2014

Bhartiya Brand Values

bold.

simple.

fun.

intelligent.

accessible.

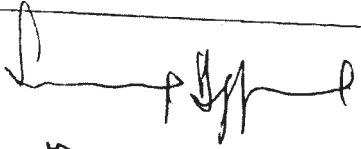


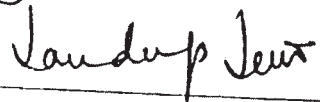
BHARTIYA

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FORM A
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Bhartiya International Limited
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	   

CERTIFIED TRUE COPY

For BHARTIYA INTERNATIONAL LIMITED

Rajya Dhillon
COMPANY SECRETARY