Bata

ANNUAL REPORT 2011

BATA INDIA LIMITED

Board of Directors

Uday Khanna	*Chairman*	*w.e.f. 28.06.2011*
R Gopalakrishnan	*Managing Director*	*w.e.f. 01.10.2011*
R Mathur	*Director – Finance*	*Appointed w.e.f. 29.02.2012*
J Carbajal		
J G N Clemons		
A Singh		
A Chudasama		
P M Sinha	*Chairman*	*Resigned w.e.f. 28.06.2011*
M Villagran	*Managing Director*	*Resigned w.e.f. 30.09.2011*
F M Hussein	*Director – Finance*	*Resigned w.e.f. 15.02.2012*
N Sankar		*Resigned w.e.f. 28.07.2011*

Audit Committee

A Singh *Chairman*
Uday Khanna *Member*
J Carbajal *Member*
J G N Clemons *Member*
A Chudasama *Member*

Nomination, Governance and Compensation Committee

Uday Khanna *Chairman*
J Carbajal *Member*
J G N Clemons *Member*
A Singh *Member*
A Chudasama *Member*

Shareholders / Investors Grievance Committee

Uday Khanna *Chairman*
R Gopalakrishnan *Member*
R Mathur *Member*

Vice-President & Company Secretary & Compliance Officer

A B Anand

Executive Committee

R Gopalakrishnan
R Mathur
E Tonolli
R S Gautam
R K Gupta
A Nandy
K Sambhav

CONTENTS

	Page No.
Notice	3-7
Financial Highlights	8-11
Directors' Report	12-26
Corporate Governance	27-38
Auditors' Report	39-47
Balance Sheet	48
Profit & Loss Account	49
Schedules to the Financial Statement	50-81
Statement regarding Subsidiary Companies	82-83
Cash Flow Statement	84-85
General Business Profile	86
Share Price Movement (1982-2011)	87
Auditors' Report on the Consolidated Financial Statements	89
Consolidated Financial Statements	90-124

Auditors

S R Batliboi & Co.
Chartered Accountants
Golf View Corporate Tower-B
Sector - 42, Sector Road
Gurgaon - 122 002

Cost Auditors

Mani & Co.
Cost Accountants
“Ashoka”, 111, Southern Avenue
Kolkata 700 029.

Bankers

State Bank of India
HDFC Bank Ltd.

Investor Relations Manager

J Banerjee

Share Department

27B, Camac Street, 1st Floor, Kolkata - 700 016
Telephone : (033) 2289 5796; (033) 3980 2021
E-mail : share.dept@bata.co.in

Registrar & Share Transfer Agent

R&D INFOTECH PVT. LIMITED
1st Floor, 7A, Beltala Road,
Kolkata - 700 026.
Telephone : (033) 2419 2641/2642
Fax : (033) 2419 2642
E-mail : rd.infotech@vsnl.net; bata@rdinfotech.in

Corporate Office

Bata House
418/02, M G Road, Sector - 17
Gurgaon 122 002
Telephone : (0124) 4120100/3990300
Fax : (0124) 4120116

Registered Office

6A, S.N. Banerjee Road
Kolkata 700 013.
Telephone : (033) 3982 9412/425/426
Fax : (033) 2289 5748 / 5859
E-mail : amarbir.anand@bata.co.in
Website : www.bata.in

BATA INDIA LIMITED

Registered Office: 6A, S.N. Banerjee Road, Kolkata - 700 013.

NOTICE CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy Ninth Annual General Meeting of the Members of Bata India Limited will be held on **Wednesday, May 30, 2012 at 10.30 a.m.** at 'KALAMANDIR,' 48, Shakespeare Sarani, Kolkata - 700 017, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on December 31, 2011, the Profit & Loss Account for the year ended on that date, Schedules and Notes on Accounts, Auditors' Report and Directors' Report thereon.

2. To declare dividend.

3. To elect Directors in place of those who retire by rotation. Mr. J. Carbajal and Mr. J. Clemons retire by rotation and being eligible, offer themselves for re-election.

4. To appoint Auditors and to fix their remuneration and to pass, with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

   "RESOLVED THAT Messrs. S. R. Batliboi & Co., Chartered Accountants (Regn. No.:301003E), be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorised to determine the remuneration payable to the Auditors."

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

5. (As an Ordinary Resolution)

   "RESOLVED THAT Mr. Ranjit Mathur be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."

6. (As an Ordinary Resolution)

   "RESOLVED THAT subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required and pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Schedule XIII to the Act as amended, the Company hereby accords its approval to the appointment and terms of remuneration of Mr. Ranjit Mathur (Mr. Mathur) as Director Finance of the Company (with such other designation or designations as the Board of Directors of the Company may determine and deem fit to give to Mr. Mathur from time to time) for a period of five years with effect from February 29, 2012 on such terms and conditions as set out in the Agreement executed between the Company and Mr. Mathur, which Agreement be and is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be mutually agreed upon from time to time within the overall limits approved by the Members by way of a Special Resolution passed at the Seventy-Sixth Annual General Meeting held on May 26, 2009."

7. (As a Special Resolution)

   "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 and Rules framed thereunder, the existing Articles of Association of the Company be amended as under :

   i) After Article 55 of the Articles of Association of the Company, the following new Article 55A shall be inserted:

      55A: The Board may provide video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General Meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.

ii) After Article 85 of the Articles of Association of the Company, the following new Article 85A shall be inserted:

85A: Directors may participate in Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the Directors at Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force."

"FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorized to carry out the abovementioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution."

By Order of the Board

Gurgaon, **A B ANAND**
Date: February 29, 2012 *Vice-President & Company Secretary*

NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, May 16, 2012 to Wednesday, May 30, 2012 (both days inclusive).
4. Members are requested to produce the Attendance Slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members, who hold shares in de-materialized form, are requested to bring their DP I.D. and Client I.D. No(s). for easier identification of attendance at the meeting.
6. A member desirous of receiving any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
8. In all correspondence with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialized form, they must quote their DP I.D. and Client I.D. No(s).
9. Members holding shares in physical form can avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form duly filled in, to the Company/RTA by quoting their respective Folio No(s).
10. Investors/Shareholders are requested to kindly note that if physical documents viz., Demat Request Forms (DRF) and Share Certificates etc. are not received from their DPs by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialization, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) so that no demat request remains pending beyond a period of 21 days. Upon rejection/cancellation of the DRN, a fresh DRF with new DRN has to be forwarded along with the Share Certificates by the DPs to the Registrar. This note is only to caution investors/shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the Registrar after generating the DRN.

11. Information u/s. 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below:

    (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31.12.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C. Bose Road, Kolkata - 700 020, by submitting an application in the prescribed Form.

    (ii) Consequent upon amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining un-paid or unclaimed for a period of seven years from the date they first become due for payment, shall be transferred to the Investor Education and Protection Fund set up by the Government of India. It may be noted that once the unclaimed dividend amount is transferred to the Fund, the same cannot be claimed by the Members therefrom.

    No dividend has been declared for the year ended 31.12.2002 to 31.12.2006.

    Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.12.2007 onwards, are requested to claim the amount forthwith from the Company.

    (iii) During the year ended December 31, 2011, the Company has deposited a sum of Rs. 3,16,389 (Rupees Three Lacs Sixteen Thousand Three Hundred Eighty Nine only) to the Investor Education and Protection Fund of the Central Government, on account of unclaimed deposits and unclaimed interest on deposits.

12. Dividend on Equity Shares as recommended by the Directors for the year ended December 31, 2011, when declared at the meeting, will be paid:

    i) to those members whose names shall appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company/RTA on or before May 15, 2012.

    ii) to those “Beneficial Owners” in respect of shares held in electronic form, whose names shall appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on May 15, 2012.

13. The Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use bank details furnished by the investors for distributing dividends or other cash benefits to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore, members holding shares in physical mode are requested to provide their bank details to the Company/RTA. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants concerned.

14. SEBI vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made Permanent Account Number (PAN) mandatory for all securities market transaction. Thereafter, vide circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTAs for registration of such transfer of shares.

    SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

    a) deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).

    b) transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.

    c) transposition of shares when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

15. The Ministry of Corporate Affairs, Government of India has introduced a 'Green initiative in the Corporate Governance' by allowing paperless compliances by the companies for service of documents to their members through electronic mode, which will be in compliance with Section 53 of the Companies Act, 1956.

    In terms of the above the Company has already dispatched two written communications to its members on July 15, 2011 and November 18, 2011 requesting them to register their designated email id with the Company/RTA. However, Members who are desirous of obtaining hard copy of the Notice, Postal Ballot, Annual Reports and other documents may forward their written request to the Company/RTA for the same.

ANNEXURE TO THE NOTICE

ITEM NO. 3

Details of Directors seeking re-election at the 79th Annual General Meeting
[Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges]

(A) Re-election of Mr. Jorge Carbajal (Resume)

Mr Jorge Carbajal (Mr. Carbajal), aged 57 years, is the President of Bata Emerging Markets (BEM) responsible for the overall business operations in Asia, Africa & Latin America regions. He started his career in 1976 with Ernst & Young as an Auditor. Mr Carbajal has been with the Bata Organisation since 1988, he has held various Senior Positions in different Bata Companies in Latin America starting from the Chief Finance Officer and Group Finance Officer (Mexico, Bolivia & Ecuador) & in Asia Pacific regions (Sri Lanka & Malaysia, as Managing Director). Subsequently, in 2005 he was made Group Managing Director of Bata Emerging Markets - West, responsible for Africa and Central Asian Regions. In 2009, he became the BEM President of Asia & Africa. Then in 2010, he was made President of all Bata Emerging Markets (BEM) Asia-Africa & Latin America. Mr. Carbajal has a Bachelor in Accounting degree and has also successfully completed the Advanced Management Programme by The Wharton School, University of Pennsylvania, USA in October 2008.

Mr. Carbajal does not hold any Equity Shares in the Company.

The Board recommends the re-election of Mr. Carbajal as a Director of the Company.

None of the Directors is concerned or interested in the re-election of Mr. Carbajal.

Mr. Carbajal may, however, be deemed to be concerned or interested in this Resolution, to the extent of his re-election to the office of a Director on the Board of this Company.

(B) Re-election of Mr. Jack G. N. Clemons (Resume)

Mr. Jack G. N. Clemons (Mr. Clemons), aged 45 years, is the Group Chief Financial Officer of the Bata Shoe Organization (BSO) and President of Bata Brands. Mr. Clemons has over 20 years of experience in developing and implementing strategic planning, financial and governance systems and controls in international business, in particular as a Partner at Deloitte, from 1995 to 2000 and then as Chief Financial Officer at Firstream Group from 2000 to 2004. Subsequently, Mr. Clemons led the restructuring of various activities at SwissLife, prior to joining BSO in 2006.

Mr. Clemons is also President of the Bata Childrens' Foundation which sets up and leads projects to educate and support disadvantaged children in communities throughout Latin America, Africa, India and Asia. Mr Clemons has lived and worked in Europe, Asia, North America and Australia, and currently teaches strategic finance and corporate governance at various European business schools including EPFL and HEC Geneva. He holds an MA from Cambridge University and an MBA from INSEAD and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Mr. Clemons does not hold any Equity Shares in the Company.

The Board recommends the re-election of Mr. Clemons as a Director of the Company.

None of the Directors is concerned or interested in the re-election of Mr. Clemons.

Mr. Clemons may, however, be deemed to be concerned or interested in this Resolution, to the extent of his re-election to the office of a Director on the Board of this Company.

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

ITEM NO. 5

At a Meeting of the Board of Directors of the Company held on February 29, 2012, Mr. Ranjit Mathur (Mr. Mathur), aged 43 years, was appointed as an Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr. Mathur is a finance professional with over 18 years of work experience. After graduating as Bachelor of Commerce from Mumbai University, Mr. Mathur qualified as a Chartered Accountant in 1993.

Mr. Mathur has mainly worked in large multinational companies and has rich international experience having worked in India, South Africa, the UK and the Middle East with exposure to key markets in Asia-Africa and Turkey region. Most of his experience has been with Unilever, where the last position he held was of Category Finance Director for Foods in Asia-Africa based out of South Africa.

Before joining the Board of your Company as Director Finance, Mr Mathur served as Head of Finance at Dow Corning in India.

Mr. Mathur's candidature for Directorship has been proposed by a shareholder pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/-. The Board considers that the Company will benefit from the association of Mr. Mathur and recommends the resolution for your approval.

Notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours up to the date of the Meeting, at the Registered Office of the Company and also at the Office of the Company at 27B, Camac Street (1st Floor), Kolkata - 700 016 and will also be available at this Annual General Meeting.

Mr. Mathur does not hold any share in the Company.

None of the Directors is concerned or interested in the Resolution.

Mr. Mathur, may however, be deemed to be concerned or interested in this Resolution and his appointment.

ITEM NO. 6

At a meeting of the Board of Directors of the Company held on February 29, 2012, Mr. Ranjit Mathur (Mr. Mathur) was appointed as the Director Finance of the Company for a period of five years with effect from February 29, 2012. At the Nomination, Governance & Compensation Committee Meeting held on February 29, 2012, recommendation was made to the Board of Directors on the remuneration package of Mr. Mathur, which the Board accepted unanimously.

While approving the remuneration of Mr. Mathur, the Board took into consideration the knowledge, experience and expertise of Mr. Mathur in the field of Corporate Finance and also his achievements during his tenure of services with reputed organizations including Unilever Ltd.

The remuneration of Mr. Mathur has been fixed within the overall limits specified in terms of Sections 198, 309, 310 and 311 and Schedule XIII to the Companies Act, 1956 and is within the limits approved by the shareholders of the Company by way of a Special Resolution passed at the Seventy-sixth Annual General Meeting of the Company held on May 26, 2009. In compliance with the requirements of Section 302 of the Companies Act, 1956, the Company shall circulate an abstract from the Agreement entered into between the Company and Mr. Mathur, providing complete details of the remuneration payable to Mr. Mathur, in due course.

The Agreement entered into between Mr. Mathur and the Company shall be available for inspection by the Members at the Registered Office of the Company and also at the Office of the Company at 27B, Camac Street (1st Floor), Kolkata - 700 016 on any working day except holidays observed by the Company during usual business hours up to the date of the Meeting and will also be available at this Annual General Meeting.

The Board recommends passing of this Resolution.

None of the other Directors is interested in this Resolution.

Mr. Mathur, may however, be deemed to be concerned or interested in this Resolution and his appointment and remuneration as Director Finance of the Company.

ITEM NO. 7

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 06, 2012 have permitted the companies to hold Board Meetings and Shareholders' Meetings through video conference facility, as part of the Green Initiatives under Corporate Governance. Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conference facility at the Shareholders' Meetings optional to the Company.

In order to provide video conference facility to its Directors and Shareholders, your Company has been advised to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company.

The Articles of Association with alterations proposed therein as referred to in the Notice shall be available for inspection by the Members at the Registered Office of the Company and also at the Office of the Company at 27B, Camac Street (1st Floor), Kolkata - 700 016 on any working day except holidays observed by the Company during usual business hours up to the date of the Meeting and will also be available at this Annual General Meeting.

Accordingly, your Board recommends passing of the Resolution No.7 as a Special Resolution.

None of the Directors is interested or concerned in this Resolution.

By Order of the Board

Gurgaon,
Date: February 29, 2012

A B ANAND
Vice-President & Company Secretary

FINANCIAL HIGHLIGHTS 2002-2011

(Rs. in '000s)	2002	2003	2004
PROFIT & APPROPRIATIONS			
Sales & Other Income	7,047,905	7,166,985	7,289,930
Profit before Depreciation, Tax & Prior Period Items	18,803	(82,079)	(510,517)
Depreciation	130,788	131,203	124,156
Profit before Tax & Prior Period Items	(111,985)	(213,282)	(634,673)
Taxation	(37,782)	47,219	(7,192)
Profit after Tax & Prior Period Items	(74,103)	(260,501)	(627,481)
Prior Period Items	—	—	—
Net Profit	(74,103)	(260,501)	(627,481)
Dividend & Dividend Distribution Tax	—	—	—
Retained Earnings	—	—	—
ASSETS EMPLOYED			
Fixed Assets — Gross	3,348,913	3,436,779	3,594,903
— Net	1,724,024	1,665,038	1,396,547
Investments	48,564	48,520	48,518
Net Current Assets	1,920,428	1,699,111	1,378,996
	3,693,016	**3,412,669**	**2,824,061**
FINANCED BY			
Equity Shares	514,221	514,221	514,221
Reserves	2,560,205	2,265,849	1,066,364
Shareholders' Funds	3,074,426	2,780,070	1,580,585
Loan Funds	618,590	632,599	1,243,476
	3,693,016	**3,412,669**	**2,824,061**

2005	2006	2007	2008	2009	2010	2011
7,525,386	8,219,786	9,038,049	10,235,319	11,210,110	12,923,417	16,959,911
255,929	627,996	711,607	908,410	1,281,868	1,755,076	3,605,037
120,018	136,174	160,107	190,009	279,234	325,104	411,008
135,911	491,822	551,500	718,401	1,002,634	1,429,972	3,194,029
11,000	90,310	40,624	111,033	330,362	476,452	935,636
124,911	401,512	510,876	607,368	672,272	953,520	2,258,393
—	—	36,436	—	—	—	—
124,911	401,512	474,440	607,368	672,272	953,520	2,258,393
—	—	150,371	187,963	225,556	299,004	447,141
—	401,512	324,069	419,405	446,716	654,516	1,811,252
3,639,102	3,076,871	3,251,913	3,506,479	3,754,871	4,178,774	5,084,396
1,319,238	802,474	1,042,332	1,178,798	1,309,174	1,534,394	2,270,655
49,768	172,433	172,483	172,483	172,483	172,483	48,513
2,061,994	1,750,393	1,805,052	1,930,059	2,096,404	2,413,232	3,617,931
3,431,000	**2,725,300**	**3,019,867**	**3,281,340**	**3,578,061**	**4,120,109**	**5,937,099**
642,638	642,638	642,638	642,638	642,638	642,638	642,638
1,972,069	1,477,345	1,859,224	2,192,397	2,684,934	3,339,728	5,100,415
2,614,707	2,119,983	2,501,862	2,835,035	3,327,572	3,982,366	5,743,053
816,293	605,317	518,005	446,305	250,489	137,743	194,046
3,431,000	**2,725,300**	**3,019,867**	**3,281,340**	**3,578,061**	**4,120,109**	**5,937,099**

SIGNIFICANT RATIOS 2002-2011

			2002	2003	2004
MEASURES OF INVESTMENTS					
Return on Equity	Profit after tax / Shareholders' Funds	(%)	(2.41)	(9.37)	(25.41)
Earnings per Share	Net Profit / No. of Shares	(Rs.)	(1.44)	(5.07)	(12.20)
Dividend Cover		(times)	—	—	—
Dividend		(%)	—	—	—
Book Value of an Equity Share	Shareholders' Funds / No. of Shares	(Rs.)	59.79	54.06	48.02
MEASURES OF PERFORMANCE					
Profitability	a) Profit before Tax / Sales	(%)	(1.61)	(3.00)	(8.76)
	b) Profit after Tax / Sales	(%)	(1.07)	(3.66)	(8.66)
Capital Turnover	Sales / Total Funds	(times)	1.88	2.08	1.95
Stock Turnover	Sales / Stocks	(times)	3.00	2.59	2.76
Working Capital Turnover	Sales / Net Current Assets	(times)	3.71	4.19	3.20
MEASURES OF FINANCIAL STATUS					
Debt Equity Ratio	Loan Funds / Shareholders' Funds	(times)	0.20:1	0.23:1	0.50:1
Current Ratio	Current Assets / Current Liabilities	(times)	2.01:1	1.72:1	1.91:1
Fixed Assets to Shareholders' Funds	Net Fixed Assets / Shareholders' Funds	(times)	0.56:1	0.60:1	0.56:1

* Without considering Prior Period Items
** Without considering Gains from Surplus Property Development

2005	2006	2007	2008	2009	2010	2011
4.01	18.94	20.42*	21.42	20.20	23.94	24.74**
2.07	6.25	7.38	9.45	10.46	14.84	22.11**
—	—	3.69	3.78	3.49	3.71	3.68**
—	—	20.00	25.00	30.00	40.00	60.00
48.51	32.99	38.93	44.12	51.78	61.97	89.37
1.85	6.19	6.19*	7.10	9.01	11.20	13.42**
1.70	5.05	5.74*	6.00	6.04	7.47	9.08**
1.87	2.92	2.95	3.09	3.11	3.10	2.64
2.63	2.88	2.93	3.46	4.01	4.27	4.00
2.87	4.54	4.93	5.25	5.31	5.29	4.32
0.26:1	0.29:1	0.21:1	0.16:1	0.08:1	0.03:1	0.03:1
1.94:1	1.93:1	1.77:1	1.71:1	1.72:1	1.53:1	1.84:1
0.42:1	0.38:1	0.42:1	0.42:1	0.39:1	0.39:1	0.40:1

Bata

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure to present the 79th Annual Report of your Company covering the operating and financial performance for the year ended December 31, 2011.

FINANCIAL REVIEW:

	2011 (in Rs '000)	2010 (in Rs '000)
Gross Turnover	**15,646,207**	12,770,888
Less: Excise Duty on Turnover	**225,426**	188,945
Net Turnover	**15,420,781**	12,581,943
Other Income	**1,313,704**	152,529
	16,734,485	12,734,472
Profit / (Loss) before Depreciation & Taxation	**3,605,037**	1,755,076
Less : Depreciation	**411,008**	325,104
Profit / (Loss) before Taxation	**3,194,029**	1,429,972
Provision for Taxation :		
– Current Tax	**966,785**	546,378
– Deferred Tax Charge/(Credit) (Net)	**(31,149)**	(69,926)
Net Profit	**2,258,393**	953,520
Profit available for Appropriation	**4,245,712**	2,381,675

OPERATIONS

During the year 2011 your Company achieved a total turnover of Rs. 15,646.2 million as compared to Rs.12,770.9 million in 2010, which reflects a growth of around 23%.

During the year 2011, your Company has been in the path of successful repositioning of its retail stores following aggressive expansion plans. Your Company has also improved its wholesale business with intensive focus in industrial and institutional sales. Introducing Total Quality Management, i.e., quality in merchandise, manufacturing, marketing, stores operations, new stores opening, grooming and building the best talented team, has been the most important driver of your Company's operations with increased emphasis on improving its productivity.

With continuous research and development, understanding the customer needs and preferences for design, quality and comfort remained another focus area. Improvement of overall product performance by implementing the planned strategies, bringing in new developments and product improvements based on consumer research have helped your Company achieve an unprecedented performance during the year under review. The use of modern technology and newer materials not only guarantee world class quality products at reasonable price but also cater to the fashion needs of the customers while meeting the ever changing market requirements.

Your Company has strengthened its BATA HOME - Delivery Service, a first of its kind service in footwear retail in India which is aimed at meeting the needs of our customers, who are unable to find the footwear of their choice at our stores, due to missing size or specific articles from your Company's wide shoe collections at a specific retail store. With this service, the entire stock of your Company is now available for sale by any retail store, which is offering this service. Using this service, customers can now place their orders for any footwear, which they are unable to find in a retail store and they get the same home delivered free of cost within seven working days.

During the year your Company's manufacturing facilities have also been upgraded with introduction of improved quality and better technology and materials for giving the products a more trendy looks and comfort to meet the ever changing market requirements. In order to meet its demand for footwear, your Company has tied up with various manufacturers to produce shoes as per its designs and quality standards.

Your Company has been consistently showing improved results in each quarter and will continue to grow its business by focusing on tier 2 and tier 3 cities where the potential for growth is enormous. In order to achieve volume growth your Company has introduced new retail concept - FOOTIN, with a new range of footwear focusing on affordable fashion and trendy styles. These FOOTIN stores are totally unique and different in terms of display and ambience from the other shoe retailers in India. This FOOTIN concept has a great potential to generate volume growth in view of the current market scenario of increasing organized retailing and with more and more malls coming up in mini metros and developing cities.

The improved performance of your Company over the past few years is a testimony to the fact that the Company is moving in the right direction and has adopted the right model of doing its business. The Indian market offers great opportunities and challenges as well. As the Indian consumers become more and more demanding in their choices, preferences and tastes, your Company also has to gear up to seize these opportunities and face the challenges.

TRANSFER TO RESERVES

The Company has transferred a sum of Rs. 225.8 million to General Reserve against Rs. 95.4 million transferred last year.

DIVIDEND

The Board of Directors has recommended a dividend of Rs. 5/- per share and also a special dividend of Re.1/- per share due to gains in surplus property development. Therefore, a final dividend of Rs.6/- per share (i.e., 60% on an equity share of par value of Rs. 10/- each) has been recommended for the year ended December 31, 2011 as against Rs. 4/- (i.e., 40% on an equity share of par value of Rs. 10/- each) paid last year. The payment of aforesaid dividend is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

FIXED DEPOSIT

As on December 31, 2011 the Company has Rs 0.66 million unclaimed matured deposits. Necessary reminders have been sent to the deposit holders advising them to claim their deposits from the Company. Presently the Company is not accepting any fixed deposits.

CREDIT RATINGS

ICRA has reaffirmed the rating of [ICRA] A1+ (pronounced as 'ICRA A one plus') to your Company for its CP programme. This is the highest-credit quality rating assigned by ICRA to short term debt instruments. ICRA has also reaffirmed the rating of [ICRA] AA (pronounced as 'ICRA double A') to your Company for its Line of Credit (LOC) limits of fund based/non-fund based facilities sanctioned by the Banks. The outlook on the assigned rating is 'Positive.'

AWARDS AND RECOGNITION

Your Company has received the following Awards and Recognition, which has made us all proud:

i) Bata India Limited was awarded “Retailer of Year (Footwear/Non Apparel)” by the Asia Retail Congress at Mumbai on February 8, 2011.

ii) Bata India Limited received the “Most Admired Footwear Brand” of the year award by Images Fashion Forum in Mumbai on February 18, 2011.

iii) Amity University awarded Bata India Limited “Corporate Excellence Award for the Best Retail Chain” during the international business summit on February 23, 2011.

iv) Bata Industrials received Directorate General Mines Safety Certification for its PU Sole Safety Footwear range.

v) Bata India Limited was recognized as the Most Trusted Brand at 18th position by the Brand Trust Report. This ranking is post survey of 16,000 brands; only 300 top brands were felicitated by The Trust Advisory.

vi) Bata India Limited has been awarded the “SUPERBRANDS” status again for the year 2012.

vii) Bata India Limited has secured the 35th rank in Brand Equity's Most Trusted Brands 2011 while being the No.1 footwear brand in India. As the most preferred brand, Bata continues to grow and service its valued customers with confidence.

viii) Bata India Limited bagged the Award for “Customer & Brand Loyalty” in Footwear Sector, at the 5th Loyalty Awards in February 2012, presented by AIMIA and conceived and managed by Kamikaze B2B Media.

CORPORATE SOCIAL RESPONSIBILITY

The following CSR activities have been undertaken by your Company during the year 2011:

- Your Company has come forward to preserve the nature by joining World Wide Fund (WWF) to protect the natural environment and its wildlife and also actively participated in “Save the Ganga” project. We have state-of-the-art effluent treatment plants so that we do not pollute the river 'Ganga'.
- Your Company has been associated with Family India - a voluntary network of individuals who supports a collective mission to provide social, educational and humanitarian services and conduct enrichment programs to improve the quality of life.
- Your Company has donated an UPS equipment to the school for underprivileged “Deaf and Dumb” children at the school welfare center, Gurgaon for running the Computer facilities without affecting power failure.
- A library was set up at welfare center for underprivileged “Deaf and Dumb” children, a librarian is deputed to run the library during school hours, 250 school bags were gifted to the children on the day of inauguration of library.

- An amusement park named as “Bata Children Park” has been developed on an unutilized landfill area within school vicinity and made available to especially abled children of the “Deaf and Dumb” school. The amusement park was inaugurated by Mr. Thomas G. Bata during his visit to the school.
- Organized a Pulse Polio Program at Bataganj factory and nearby slum areas wherein 4800 children (0-5 years age group) were vaccinated with the help of 10 BCP volunteers and State Govt. medical team.
- Bata Sports Club felicitated the Bengal football team that won gold medal in the national games. Mr. P. K. Banerjee - renowned Olympian and ex Indian team captain and coach was also present on this occasion.
- A tree plantation drive was organized at Batanagar plant during the month of September 2011.
- Health checkup camps such as free Blood sugar testing, Obesity, Eye checkup camp were organized for employees of Batanagar and their families during the month of July and August, 2011.
- Bags, stationary and sweets were distributed to 56 orphans at Missionaries of charity, a NGO in Kolkata by Retail East office.
- The Company is providing free medical services to the people living near the factory in Bataganj (Patna) and also free drinking water facilities to the inhabitants residing around the factory.

RETAIL

During the year under review your Company continues with its strategy of retail expansion with the opening of more than 100 new Bata Stores and renovating existing stores. The growth of retail business with penetration into newer markets and expansion in existing markets shall be the focus for your Company going forward. Your Company has opened 146 new large format stores with an average floor size of not less than 3,000 sq.ft. and has remodeled 30 unviable stores to transform into large format stores. The large and international layout of these stores help in better exhibition and display of the several footwear concepts from Bata's new shoe collection. The unviable small stores, which cannot display the variety of our footwear collections, are being shut down in a phased manner.

Through over 1250 retail stores across the country, your Company sells over 50 million pairs of footwear every year, serving 1,50,000 customers every day. Your Company's collection continues to delight today's customers with its comfortable, high quality footwear, latest designs, large variety and great prices. Developed by the Company's in-house team of experienced and talented buyers and shoe designers, your Company's footwear collection is now more trendy and desirable than ever before.

Your Company's Hush Puppies range of footwear in the premium segment is on an aggressive growth path and has plans to reach new heights with more exclusive brand outlets in all major metros across India. These exclusive brand outlets offer the complete brand experience and offer the entire Hush Puppies product range to the customers. The brand has also expanded its presence in large departmental stores via Shop-In-Shop and is also available with most of the retail stores of your Company and its dealers, across the metros, making it one of the fastest growing casual footwear brands in India.

Your Company's leadership in the dress comfort segment continues. Comfit, Ambassador and Mocassino brands have grown very well. For the ladies segment, Bata's popularity continues to grow with the trendy Marie Claire range and its latest designs to enhance a woman's femininity, sensuality and individuality. The youth focused brand North Star and specialty outdoor brand Weinbrenner presents new trendy designs with an increased focus on casual styles.

Bubblegummers brand continues to allure children across the country with its trendy and lightweight all-weather footwear.

Your Company is planning to expand its presence in the online sphere through its virtual retail channel and is looking forward to an exponential growth in this format. Your Company has already entered into tie-ups with two e-commerce sites viz., e-bay.com and rediff.com for sale of footwear through internet and shall continue to explore tie-up opportunities with other e-commerce sites in future.

NON RETAIL

Your Company's wholesale division operates with a network of over 275 distributors and over 20,000 independent shoe dealers. Your Company caters their requirements through its 11 depots located across the country. These dealers are offered exciting new collections with trendy designs, giving a balanced mix of value and quality and focused on promoting the Company's brands.

Your Company's Industrial division caters to the safety footwear needs of various industries. Safety and durability are essential properties of these footwear, while special features, e.g., impact resistance, heat resistance, oil resistance, penetration resistance, etc. are also provided upon specific industry requirements. This division is delivering increased volumes year after year, with the appointment of several new distributors and fetching huge orders from more than 400 industrial and public sector undertakings in India. Your Company has received the coveted Director - General of Mines Safety (DGMS) certification on PU sole safety Footwear range, which would help the brand to address the issues of the mining industry. In order to firmly establish Bata Industrials as the most sought after and premium brand of safety footwear, your Company continues to invest in intense marketing and communication programs.

Your Company's Institutional business with its new business expansion plan is focusing on bulk institutional supplies. The division is aggressively targeting the corporate segment including modern key accounts. The division has also tied up with all central police canteen stores. This specialized division focuses on direct sales to various institutions, e.g., hospitals, airlines, hospitality, schools & colleges. Regular - wear occupational shoes are offered to management level people working in an industry or construction environment. Canvas shoes, Hunter shoes, Miner's shoes, etc. are offered to meet the special requirements of Armed forces, Police and Mining Industry.

EXPORT

Your Company's Export sales in 2011 were Rs. 169.3 million compared to Rs.117.7 million in 2010.

LOGISTICS

Bata has a well-organized logistics team at Gurgaon and control all transport and warehouse operation. The year 2011 was a year of modernization of our retail distribution centers in terms of modern Infrastructure and automation. Retail Distribution Centers (RDC) at Chennai and Farukhnagar have been modernized to align distribution setup as per the Company's growth plan.

This automation of warehouses will strengthen our distribution system by supplying right size of footwear/ Non footwear to our stores as per requirements and reduce the inventory at stores and overall stock cover.

Logistics team has taken various initiatives to reduce the transit time and freight by consolidation of loads and route optimization in both primary and secondary transport.

CAPITAL EXPENDITURE

The Capital Expenditure incurred during the year amounted to Rs. 1,245 million (including Batanagar housing of Rs. 433.8 million with no additional cost) as against Rs. 580.4 million in 2010. The increase in capital expenditure was predominantly due to opening a number of new stores and modernization of old stores. Capital expenditure has also been incurred for installation of machinery and moulds to modernize our factories and to produce footwear of the latest trendy designs.

INDUSTRIAL RELATIONS AND PERSONNEL

Your Company has continuously been working to improve human resources competencies and capabilities in the company to deliver results as per the plan. Major initiatives and interventions to this effect as taken up during the year 2011, are as under:

Building up the best team in all functional areas

During 2011 your Company has hired 52 Middle and Senior level Executives for its various functional areas and people moving out, retiring etc. had been replaced with professionals with better qualifications and experience.

Creating bench strength and building up capability for future growth

Executive Development plan

For the third consecutive year, your Company pursued its aim of nurturing and developing new talent for various responsibilities by successfully training its Executive Trainees. 6 Executive trainees have been hired from various retail management schools, who have gone through 9 months Executive Development Plan (EDP) which was initiated in the year 2009.

6 executive trainees, who successfully completed their training, have been placed as District Managers across retail operations chains.

Executives have been hired during 2011 for retail operation, merchandising, wholesale, legal, etc.

Training and Development

a) "Train the trainer" program for District Manager

Developing and Training of internal talents as trainer continued to be the focus area of your Company in 2011. 18 nominated District Managers across all chains attended 2 days "Train the trainer" program. These District Managers are imparting training to batches of newly joined sales promoters and store managers in their respective chains.

b) Training of store employees and Store Managers/K-Scheme Agents

Training of shop floor employees to improve their knowledge and skill levels with an objective to achieve excellent customer service levels in our store remains a key focus in 2011 also. Training was conducted for 1037 store employees and 540 K-Scheme Agents/Store Managers to enhance their performance and effectiveness.

c) Training on Water Based adhesives at Batanagar Factory

92 Employees from leather, rubber and Lab, alongwith Unit managers and other functional managers attended one day program in three successive batches during May-June 2011 at Batanagar factory.

d) **Training Program on “Barcode”**

A one day training program on “Barcode” was conducted by GM-IT at Batanagar unit. The same was attended by 16 Department In-charge from various departments.

e) **Training Program on “Preventive and Predictive Maintenance”**

Batanagar unit organized a 2 days in-house training program which provided training on preventive and predictive maintenance to the maintenance and production team.

f) **Training Program for Promising Employees**

BSO Development Program for promising employees was conducted in two batches during October 2011. 23 executives from retail operations, buying, distribution, Industrial safety department, etc. attended the program.

The objective of the workshop was to equip them with the necessary knowledge, skills and know-how to progress from being a manager to a leader. The training was followed by powerful individual and group presentations with an aim to develop the required talent that inform, persuade and lead to actionable outcomes.

g) **Training Program on Business Development for District Managers**

72 District Managers across all chains attended 2 days in-house training program on “Business development”. This program was aimed at honing up skills of the District Managers on various facets related to business development and store operations.

h) **Training program on First Aid at Faridabad Unit**

25 workmen from across different sections were imparted training on First aid at Faridabad unit. The program was conducted by Indian Red Cross societies, New Delhi.

i) **Store Management Course and Winning Merchandise Course**

Nominated buyers, retail manager and district managers from retail operations attended winning merchandising course in Nairobi and Singapore. The program has helped them to broaden their horizon on different facets of merchandise and overall retail management and operations.

j) **Bata India Premiere League 2011**

A 2 days action learning oriented workshop named 'Bata India Premiere League' was organized in October-2011. The objective of the workshop was to create a simulated business environment and encourage out-of-box thinking and generate new and creative business ideas so as to achieve higher business growth in 2012. Total 28 executives from across various functions participated in the same.

Reward and Celebrations

Millennium Club 2011

For the fifth consecutive year, your Company recognized the achievement of the members of Millennium Club 2011. The Millennium Club is a recognition program for all Retail stores of the Company with an aim of acknowledging the superior performance and extra efforts put in by the store managers who have achieved a turnover of Rs. 20 million and above during the preceding year. A total of 59 stores qualified to be the Members of Millennium Club 2011.

As a token of appreciation, the members were presented with trophies, certificates and lapel pins for themselves and their team members. This appreciation reinforced their commitment and passion towards achieving the goals of the Company.

Wholesale division annual meet

Urban wholesale division organized 3 days annual meet at Gurgaon for depot managers. The objective of this meeting was to discuss the wholesale business dynamics, issues and priorities besides setting up stretched targets and priorities for action. The Action Plan for 2011 was finalized during the event.

Performance management: through Quarterly Performance Review

Your Company continued a quarterly performance review process for all the operational Retail Managers and District Managers. This process very clearly defines their objectives and achievements. This review takes place in retail chain office by the immediate supervisor before HR representative and feedback of the last quarter is given to the assesses and also their target for the next quarter is set.

The overall review has been extremely helpful in setting up a process of continuous performance measurement and performance enhancement.

FINANCE

The Earning per Share (EPS) (Basic and Diluted) of your Company has increased by 49% (from Rs.14.84 in 2010 to Rs. 22.11 in 2011) without considering the gains from Surplus Property Development. After considering gains from Surplus Property Development, the EPS during the year was Rs. 35.14.

Since April 2010, your Company is out of Bank Borrowings and the entire capital expenditure has been funded through internal sources.

Your Company's continued focus on cash generation resulted in a positive cash flow during the year.

Also, an elevated profitability by around 2% during the year over last year without taking into consideration the gains from Surplus Property Development depicts the improved performance of your company.

RESEARCH & DEVELOPMENT ACTIVITIES AND ENERGY CONSERVATION

Your Company continued its local Research & Development activities during the year in the key areas of product, process, material development, footwear moulds, leather and tannery technology with emphasis on creating a pollution-free work environment. Total expenditure incurred on Research & Development was Rs. 56.4 million during the year.

Your Company continues to actively pursue energy conservation measures.

SUPPORT FROM BATA GROUP

Your Company has seamless access to the benefits of technical research and innovative programmes of the Bata group from Global Footwear Services Pte. Ltd., Singapore, for which it paid a fee of Rs.140 million during the calendar year 2011.

The Company continues to receive guidance and managerial support in its various functions including store layout, marketing, shoe line, up gradation of factories, training of managers and guidance from senior most managers of the group.

STATUTORY AUDITORS

The Statutory Auditors of the Company - Messrs. S R Batliboi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment. Your Company has also received their Certificate pursuant to Section 224(1B) of the Companies Act, 1956.

DIRECTORS' RESPONSE TO THE COMMENTS MADE BY THE AUDITORS IN THEIR REPORT

Auditors' Report read together with Annexure referred to in Paragraph 3 of the Auditors' Report do not contain any qualification of significant nature. Comments under para xxi of the Annexure to the Auditors' Report are self explanatory and, therefore, require no further comments from the Board of Directors.

COST AUDITORS

In compliance with the Central Government's Order, your Board has appointed Messrs. Mani & Co., Cost Accountants to carry out the Cost Audit of the Company in respect of Footwear. This appointment has to be made in each financial year and based on the application of your Company the Central Government has approved the re-appointment of the Cost Auditor for the current financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. J. Carbajal and Mr. J. Clemons, Directors of the Company are due to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-election. The Board of Directors of your Company is of the opinion that their continued association with the Board will be beneficial to the Company and recommends their re-election.

In accordance with the recommendations made by the major shareholders Bata Shoe Organization (BSO) and in concurrence with your Board, Mr. Marcelo Villagran has been promoted to the position of overall In-charge as Group Managing Director to look after the business of BSO in the entire Latin American Region. He has, therefore, resigned as the Managing Director of the Company. Your Board vide a Resolution passed by Circulation on August 29, 2011 has accepted the resignation of Mr. Marcelo Villagran with effect from September 30, 2011. The Board Members placed on record their deep appreciation and gratitude to Mr. Marcelo Villagran who, through his exceptional leadership and outstanding direction over the past seven years, has been a major contributor to the turnaround of Bata India Limited and the creation of a dynamic, growing and profitable company that Bata India Limited is today. Your Board would miss his unique contribution and wished him every success in his new role as Group Managing Director within the Bata group.

Mr. Rajeev Gopalakrishnan, who was appointed as Managing Director-Bata Retail Stores with effect from February 23, 2011 for a period of five years, has been re-designated as the Managing Director of your Company by the Board with effect from October 01, 2011.

Mr. Gopalakrishnan has a long association with the Bata Group and he has been groomed for this position after a careful selection. He joined the Bata Shoe Organization (BSO) in 1990 and has since been associated with BSO in various positions in the organization. He was the Director-Wholesale Channels, Sales & Marketing with Bata International Canada and was the Vice President of Bata India Limited in Retail Operations including its Flagship & City Stores and Wholesale Divisions. Mr. Gopalakrishnan joined as Managing Director of Bata India Limited in October 2011 after being groomed for a period of 9 months by Mr. Marcelo Villagran. Prior to that, Mr. Gopalakrishnan was the Managing Director of Bata Bangladesh Limited for a period of one year and prior to that he was the Managing Director of Bata Thailand for a period of three years. Your Board is of the opinion that with a new and younger Managing Director, your Company will be able to focus its entire energies for the future growth of the Company by integrating the new ideas which Mr. Gopalakrishnan has imbibed in him by working in different countries in this region. Mr. Gopalakrishnan holds a Degree of Bachelor of Engineering (Mechanical) from the University of Kerala. With an analytical mind and taking into consideration his experience, background and knowledge of the entire business operations of the Company, he is the right candidate to drive the Company forward to the next level of business.

At the 78th Annual General Meeting held on June 28, 2011, the Shareholders approved by way of a Special Resolution the appointment of Mr. Rajeev Gopalakrishnan as Managing Director Bata Stores, Bata India Limited, whose period of office would be liable to determination by retirement of Directors by rotation, till the Board of Directors of the Company is reconstituted pursuant to the provisions of Section 255 of the Companies Act, 1956. With the resignation of Mr. Marcelo Villagran, the Board of Directors of your Company would have 2/3rd number of Directors whose period of office shall be liable to determination by retirement of Directors by rotation in terms of Sections 255 of the Companies Act, 1956. Accordingly, in terms of Article 96 of the Articles of Association of the Company, Mr. Rajeev Gopalakrishnan shall not be liable to retire by rotation during his tenure as the Managing Director of the Company.

As mentioned in the last Annual Report, Mr. P M Sinha decided not to seek re-election at the 78th Annual General Meeting held on June 28, 2011. Accordingly, Mr. P M Sinha ceased to be a Director and Chairman of the Company from the conclusion of the 78th Annual General Meeting of the Company. Your Board at its meeting held on June 27, 2011 appointed Mr. Uday Khanna, an Independent Director on the Board, as the Chairman of the Board of Directors of the Company with effect from the conclusion of the 78th Annual General Meeting of the Company held on June 28, 2011.

As you are aware, Mr. Uday Khanna joined the Board of the Company on March 30, 2006 as a Non-Executive Independent Director. Mr. Khanna is currently the Non-Executive Chairman of Lafarge India and is also on the Board of Castrol India Limited. Mr. Khanna was the Managing Director & CEO of Lafarge India from July 2005 to July 2011. Mr. Khanna joined the Lafarge Group in Paris on June 1, 2003 as Senior Vice President for Group Strategy after a long experience of almost 30 years with Hindustan Lever/ Unilever where he had a variety of financial, commercial and general management roles both nationally and internationally. Mr. Khanna has worked as the Senior Vice President - Finance in Unilever Asia and he was based in Singapore. He was also on the Board of Hindustan Unilever as Director-Exports. He has also worked as the Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA. He has also occupied coveted positions of Financial Controller & Treasurer of Hindustan Lever. Mr. Uday Khanna is a Chartered Accountant by profession. He was the President of the Indo-French Chamber of Commerce & Industry and is currently the Vice President of The Bombay Chamber of Commerce & Industry and on the Managing Committee of the Associated Chamber of Commerce & Industry. Your Board is indeed privileged to have a personality like Mr. Khanna on its Board and as the Chairman of the Board of Directors of the Company. While your Board will definitely miss the invaluable contributions of Mr. P M Sinha, the Board is equally confident that Mr. Khanna will play a distinguished role in guiding the Board and the Management in the future growth of the Company.

Mr. N Sankar, Director of your Company resigned from the Board with effect from July 28, 2011.

Mr. Fadzilah Mohd. Hussein, Director Finance of your Company resigned from the Board with effect from February 15, 2012 and the Board accepted his resignation with regret effective from the same date.

The Board of Directors of your Company wish to place on record their sincere appreciation for the valuable contributions made by Mr. P M Sinha, Mr. N Sankar and Mr. Fadzilah Mohd. Hussein during their individual tenure as Director of the Company.

In view of Mr. Uday Khanna being appointed as the Chairman of the Board, Mr. Atul Singh, Independent Director has been appointed as the Chairman of the Audit Committee of your Board with effect from July 28, 2011.

In view of the resignation of Mr. Fadzilah Mohd. Hussein, Director Finance, the Nomination, Governance & Compensation Committee recommended to the Board and which was agreed by the Board that Mr. Ranjit Mathur be appointed as an

Additional Director on the Board of your Company with effect from February 29, 2012. Your Company has received a notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Ranjit Mathur as a Director. Your Board, at the said Meeting has also appointed Mr. Ranjit Mathur as Director Finance for a period of 5 (five) years with effect from February 29, 2012, subject to the approval of the shareholders at the forthcoming Annual General Meeting and also fixed his remuneration within the overall limits specified under the Companies Act, 1956 and as approved by the Shareholders at the 76th Annual General Meeting held on May 26, 2009. The aforesaid appointments of Mr. Ranjit Mathur are being proposed by separate Resolutions which form a part of the notice convening the 79th Annual General Meeting.

Mr. Ranjit Mathur is a finance professional and he has over 18 years of experience. He qualified as a Chartered Accountant in 1993. Mr. Mathur has wide experience in working with large Multinational Companies and he has also gathered rich international experience of working in India, South Africa, the UK and the Middle East, with exposure to key markets in Asia, Africa and Turkey. The major part of the experience of Mr. Mathur has been with Unilever and he held the position of Finance Director for Foods in Asia and Africa based out of South Africa. Before joining your Company, Mr. Mathur was the Head of Finance at Dow Corning in India. Your Board is of the opinion that with his wide experience and knowledge, Mr. Mathur will be the appropriate replacement for Mr. Fadzilah Mohd. Hussein, the erstwhile Director Finance, who has now joined as the Head of Finance Operations in Bata Indonesia.

BATANAGAR PROJECT

In order to focus on its core business, your Company had restructured and entered into New Development Agreements with the Joint Venture Partners on April 28, 2010. The company has received an aggregate amount of Rs.1,000.0 million in cash for future transfer of shares in the Joint Venture Company - Riverbank Developers Private Limited (RDPL) and variation of the development rights for the project. Bata Rehabilitation Housing Complex at Batanagar has become fully functional and the employees of your company are enjoying the state-of-the art facilities in their housing complex. As part of the aforesaid restructured Agreements, your Company shall also receive around 3,24,550 sq ft. of constructed space at no additional cost from the developers.

Your Company has nearly fulfilled its investments/obligations made to the Government of West Bengal. Notwithstanding the aforesaid restructuring of Agreements, your Company continues to remain fully committed to the Government of West Bengal to fulfill the terms and conditions of the approval given by it. Your Company will open many new large format stores in the State of West Bengal and invest in modernization of the factory at Batanagar.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Your Directors hereby confirm:-

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) that 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 at the end of the financial year, and of the profit of the Company for that period;

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the Directors have prepared the Annual Accounts on a going concern basis.

SUBSIDIARY COMPANIES

Bata Properties Limited and Coastal Commercial & Exim Limited continue to be wholly owned subsidiaries of your Company. In terms of the Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been granted from the compliance of Section 212 of the Companies Act, 1956, requiring holding companies to attach with their balance sheet, a copy of the balance sheet, profit and loss account and other documents of each of its subsidiaries, provided that the Board of Directors of such companies have given consent, by way of a resolution, for not attaching the Accounts & Reports of the subsidiary companies concerned with the balance sheet of the Company and that the conditions prescribed in the said Circular are complied with. Your Board at their meeting held on February 29, 2012 have given their consent for not attaching, *inter alia*, the balance sheet, profit and loss account and other relevant reports and statements of its subsidiary companies to the balance sheet of your Company as on December 31, 2011 and have also agreed to comply with the conditions prescribed in the said Circular.

In view of the above Circular, the balance sheet, profit and loss account and other documents and statements of the aforesaid two subsidiaries have not been attached to the Balance Sheet as on December 31, 2011 of your Company. The Annual Reports-2011 of the aforesaid subsidiaries will be made available to the shareholders of the Company and its subsidiaries upon receipt of written requests from them. The Annual Reports-2011 of the aforesaid subsidiary companies will also be kept for inspection by the shareholders of the Company at the Registered Offices of the Company and its subsidiaries and also at the Company's Office at 27B, Camac Street (1st Floor), Kolkata - 700 016 between 09.30 a.m. and 12.30 p.m. on any working day.

In compliance with the requirements of the aforesaid Circular, a Statement showing relevant details for the year ended December 31, 2011 of Bata Properties Limited and Coastal Commercial & Exim Limited, the wholly owned subsidiaries of the Company have been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is a way of life rather than something to be carried out under legal compulsion. Your Company is committed to the application of the best management practices, compliance with law, adherence to ethical standards and discharge of social responsibilities. Your Company has in all spheres of its activities adequate checks and balances to ensure protection of interest of all stakeholders. Your Company also endeavours to share with its stakeholders openly and transparently information on matters which have a bearing on their economic and reputational interest. This calls for a great degree of judgment and discretion so as not to put business and commercial interest of the Company at risk.

Corporate Governance Report as well as Corporate Governance Compliance Certificate received from the Statutory Auditors is provided as separate Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Indian leather industry is the core strength of the Indian footwear industry. It is the engine of growth for the Indian Economy. The Indian Leather Industry occupies a place of great prominence in the Indian economy in view of its substantial export earnings, employment generation and growth potential. The leather industry is an employment intensive sector, providing jobs to about 2.5 million people, mostly from the weaker sections of our society.

The footwear segment is the pride of India's leather industry and ranks second in the world, next only to China. The global trade in leather footwear is US$ 30 billion and in non-leather footwear is US$ 18 billion. However India's share in global leather footwear imports is around 1.4%. Major Competitors in the export market for leather footwear are China (14%), Spain (6%) and Italy (21%).

In the last five years, the leather footwear and footwear component production increased by 60 percent, the consumption of footwear in rural India is 75 percent of the total consumption. An interesting aspect of India's footwear industry is that India produces more of gents' footwear while the world's major production is in ladies footwear. There are nearly 4000 units engaged in manufacturing footwear in India. The industry is dominated by small scale units with the total production of 55 per cent. Men's footwear accounts for almost half of the total market, with women's shoes constituting 40 per cent and kids footwear making up for the remainder. The domestic market is substantially price driven, with branded footwear constituting less than 42 per cent of the total market size. Nearly 37.8 per cent of the footwear retail business is in the organized segment, which qualifies it as the second most organized retail category in India, next only to watches. The average Indian urban consumer spends Rs. 240/- per annum, consumers in rural areas spend just Rs.100/- per annum. The domestic consumption of footwear is approximately 1.1 billion pairs per annum and top 20 cities constitute about 450 million pairs per annum.

Presently the Indian organised footwear market is dominated by men's footwear segment that contributes for nearly 60 per cent of the market where the casual footwear has two thirds of the share in the men's segment. The unorganised players have the lions share in the ladies and kids segment with 80 per cent share. The organised footwear brands have less penetration in the ladies footwear segment mainly due to the complex buying behaviour of Indian women. The ladies and kids segment is one of the fastest growing segments in the branded footwear market and many foreign brands have siezed the opportunity and have set their footprints in this segment which has been untapped by major traditional Indian footwear brands. Considering this many of the Indian footwear brands have seen the growing opportunities in this segment to widen their product portfolio, enhance their risk appetite and increase their market share in the footwear segment by contributing to newer growing consumer segment which will boost the bottom lines of the retail players. The business models of the footwear retail players have been different with a wide popularity of stores in high streets, malls and new formats such as store in store which has been catching up even with the international brands who have adopted this model as the most cost effective model in terms of testing the domestic markets.

The Indian footwear market scores over the other footwear markets as it gives benefits like low cost of production, abundant raw material, and has huge internal demand. The footwear component industry also has enormous opportunity for growth to cater to increasing production of footwear of various types, both for export and domestic market. Potential opportunity for value added products in the domestic leather market is high; opportunity to cater to the domestic market with a blend of traditional and western fashion can bring in huge market in the footwear segment in India.

With more and more Indian woman joining the workforce the ladies footwear market in all the categories/segments will grow rapidly throwing up huge opportunities in an area yet to be fully tapped by your Company.

The retail footwear segment in India is extremely price sensitive and has been steadily growing over the years. Major part of the demand is met by the unorganized sector and still there is a shortfall of 300 million pairs. The branded shoes market only accounts for 20 per cent of the entire market and this is the challenge your Company will face to bring more and more consumers to make a choice for branded products manufactured by your Company.

While International Brands mainly dominate the higher end of the consumers, the lower and middle end is dominated by home grown players like your Company as well as unorganized players. The focus of your Company will be to shift the consumers who buy footwear from the unorganized sector to buy from the Company's branded footwear range at price points which will be affordable and competitive with the unorganized sector.

OPPORTUNITIES AND THREATS

A solid foundation for modern retail has been laid out in India over the last decade or so with big brands now existing in all formats such as department stores, hypermarkets and even home stores. Specialty retail has seen a boom and is growing. Also, India is at the early stage of a great retail revolution. Consumers are willing to experiment with new products and services, even if they are priced more. According to the figures, the retail space has grown to 12 million square feet by 2011 from 4 million square feet compared to last year. The domestic footwear market is estimated to be more than Rs.15,000 crores and is expected to reach Rs.20,000 crores by 2015. The average growth in the industry has been estimated at 12 per cent and is estimated to touch Rs 47,000 crore by 2025.

The growth in India is a reality, driven by rising incomes, growing economy and the demographic dividend. The next decade for Indian retail is going to be most defining. The product offerings are going to be different than what they are now. Footwear industry is going to see a huge change in merchandising on the shelf for retailers. There are huge investments in supply chain and technology currently happening in the retail outlets in the country. India is standing on the threshold of a retail revolution and witnessing fast changing retail scenario, with footwear market set to experience phenomenal growth in coming years. The changes in consumer behavior and attitudes reflected in the increasing demand for newer styles and different types of footwear. The market currently offers many brands that cater to every target segment. The Indian footwear market is moving at a brisk pace at present to cater basically to the domestic demand.

The success mantras for footwear market in India lies in the advantages offered by the country, such as low labour cost, skilled working professionals, etc. Footwear industry in the country ranked second across the globe after China in terms of production. Additionally, it is the main growth driver of the overall leather exports from the country, with majority of the share acquired by footwear components and leather & non-leather footwear.

Your Company being the largest footwear retailers in India has adopted a continuous and ongoing process of restructuring in all the areas of its operations. There has been an improvement in manufacturing, changes in sourcing, credit management, retail restructuring, labour union & management relationship, retail expansion programs, internal controls, working capital management and corporate governance to restructure the operation process of Bata.

The performance of global competitors in leather and leather products indicates that there are at least 5 countries viz, China, Indonesia, Thailand, Vietnam and Brazil, which are more competitive than India. Import of cheap footwear from China by competitors, which controls 17 per cent of international leather trade compared with India's 3 per cent, remains a challenge for your Company. However, experience has shown that quality of footwear manufactured in India are far superior to those imported footwear from China. There will be significant challenges which the Company will have to face with meeting manpower requirement under the state of affairs of rapid industrialization and strong requirement to increase quality as well as quantity. Your company will meet these challenges by increased emphasis on research and development, understanding consumer needs for design, quality and comfort.

Your Company is also poised to take the benefit of its recently launched BATA HOME delivery services, which is the first of its kind of services in footwear retail in India. With an aim to focus on consumers' shopping comfort through internet, a 24 hour customer care toll free number has been introduced. Your Company shall meet the ever increasing challenges in the business through its wide network, scientific product display in stores, path breaking visual merchandising, extensive training of store staff and resorting to customer centric business.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Your Company operates in two segments - Footwear & Accessories and Surplus Property Development. Your Company has chosen Footwear & Accessories as its primary segment.

OUTLOOK

Despite the recession in the western world and the slow down which has affected the Indian Economy, your Company has shown great resilience to face these challenges and continues to grow. This goes to show that the Indian consumers have a special preference for your Company's products which are rightly priced and they continue to make our products a preference of their choice.

In view of growing fashion consciousness globally, your Company's motto has always been to provide large footwear selection with good quality at reasonable price to realize better customer service and satisfaction. Your Company aims for more investments to upgrade its production facility and drive volumes of footwear in 2012 and 2013. The present corporate strategy involves investments in increasing volumes and improvement in quality coupled with outsourcing. In a significant shift in strategy, your company has decided to switch to large format stores measuring above 3,000 square feet. The unviable small format stores shall be relocated in a phased manner and shall be operated in a large format store in the same market. The move towards store standardization will improve the business viability and give a wider selection and choice of footwear to the customers.

The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in single-brand retailing in India and has plans to allow upto 51 per cent FDI in multi-brand retailing in the near future. This will definitely increase competition amongst the retail players in India. Corporate restructuring through merger, takeover and joint ventures shall become inevitable in the retail industry. There will be opportunities as well as challenges in the Footwear industry as well. Your Company has been continuously reviewing its business plans to seize the opportunity and face the challenges. Your Company's aggressive retail expansion plan coupled with achieving volume growth shall continue in the future years to combat this challenge.

RISKS AND CONCERNS

Contingent Liability

Contingent Liability of Rs. 645.8 million at the end of December 31, 2011 remained at the same level as on December 31, 2010.

This has been explained in Note No.12 of Schedule 21 to the Statement of Accounts. On the basis of current status of these cases and legal advice obtained, your Company is confident that no provision is required in respect of these cases at this point in time.

Litigation

The Company is defending several legal cases in connection with or incidental to its business operations. These include civil cases, excise and custom cases, labour cases, etc. Your Company is pursuing/ defending these cases with due diligence based on professional legal advice and believes that the outcome of these cases is unlikely to cause a materially adverse effect on the Company's profits or performance.

Trade Unions

The Company has several recognized Trade Unions. The Company enjoys harmonious relationship with all employees - unionized and non-unionized.

Globally competitive business environment

The Company operates in a globally competitive business environment. With the opening of the Indian economy and ever increasing competition, maintaining and growing your Company's market share is a major challenge.

Risk related to changes in Laws and Regulations

Any change in the laws and regulations governing the leather and footwear industry may affect the business and financial condition of your Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system of internal controls in place to ensure that all its assets are safeguarded and protected and that all transactions are authorized, recorded and reported correctly.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company has maintained its profitable growth for the seventh consecutive year and the Management believes that this is sustainable, barring unforeseen circumstances.

Since April 2010, Bank borrowing of your Company is Nil and the entire capital expenditure is being funded through internal accruals.

Your Company is deploying its internal accruals for its aggressive expansion program.

The Board of Directors has recommended a dividend @ Rs.6/- per share (i.e., 60%) on equity shares for the year ended December 31, 2011, subject to approval of the shareholders at the ensuing Annual General Meeting.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

People Employed

The total numbers of permanent employees were 5424 as on December 31, 2011.

Human Resources

- The Company continued with Executive Development Programme to create a ready talent pool of District Managers in retail operations in 2011 also.
- The Company continued to enforce Performance Linked Salary at all level of employees, this has lead to a culture of accountability as clear goals / objectives have been set for all executives.

Industrial Relations

Manufacturing

The overall Industrial Relations in all the manufacturing units were cordial in 2011. Some highlights are as under:

- Productivity linked, long term agreement was settled with Bataganj Mazdoor union at Bataganj for a period of three years from 2011 to 2014.
- Productivity linked, long term agreement was settled in Southcan unit with Bata Karmikara Sangh for three years from 2011 to 2014.
- Completed Bata Nagar housing project, employees have been shifted from Bata estate to new housing complex. Currently 270 families and 434 employees are putting up in bachelor's accommodation in new housing complex.
- Bata Mazdoor union, Batanagar submitted their charter of demand to the management for long term settlement.

CAUTIONARY STATEMENT

Statements in the Management's discussion and analysis report describing the Company's estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government regulations, tax regimes, economic developments within the country and outside the country and other factors such as litigation and labour negotiations.

CONCLUSION

Your Board place on record their sincere appreciation for the cooperation and support received from investors, dear shareholders, customers, business associates, bankers, vendors as well as regulatory and government authorities.

Your Board appreciate the invaluable contribution of the management team under whose determined efforts the Company has been able to achieve all its major targets in 2011.

Your Board would also like to thank the erstwhile and present Managing Director and the erstwhile and present Director Finance. Your Board would also like to thank the nominated Directors on the Board and the Major Shareholders for their complete support in smooth operations of the Company. Your Board is very grateful to the independent Directors who despite their busy schedules have given their contributions and shared their valuable experience and knowledge with the management to take the Company forward. Your Board would also like to thank all the employees and staff of the Company and wish the management all the best for achieving even greater heights in the future.

For and on behalf of the Board of Directors

UDAY KHANNA

Gurgaon, February 29, 2012. ***Chairman***

Bata

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE 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 DECEMBER 2011.

I. CONSERVATION OF ENERGY

A. Energy Savings Evaluation for the year 2011

SI	Criteria	Value
1	Annual savings in 2011	2.17 Mil
2	Energy savings / pair	0.24
3	Energy savings against total cost of energy	2.12%

B. Energy Conservation Measures Obtained (2011)

1. Detailed Energy Audit done by accredited auditor.
2. Installed new energy efficient high pressure pump with VFD in Rubber section.
3. Discard unused steam line.
4. Installed one new 100KVAR capacitor bank.
5. Installed energy efficient luminaries.
6. Minimization of air losses in compressed air lines.

C. Energy Conservation Measures Proposed (2012)

1. Installation of energy efficient luminaries (LED).
2. Replace old inefficient capacitor bank to improve power factor.
3. Reduction /elimination of energy wastage.
4. Re-scheduling of production in low production area
5. Installation of auto drains system in air receivers.
6. Reduction of running hours of high load centers.

Units	Year 2010(Rs.)	Year 2011(Rs.)
Cost of CESC	5.48	6.40
Cost of self generated	15.32	14.85

II. FOREIGN EXCHANGE EARNING AND OUTGO

A. Activities relating to exports; **See Directors Report (Page No. 15).**

B. Total Foreign exchange used : Rs. 1,521.6 million

C. Total Foreign exchange earned : Rs. 169.3 million

III. PARTICULARS AS PER FORM B

A. Research & Development (R & D)

1) Specific area in which R & D is carried out by the company

1.1 Material Development
1.2 Process Development
1.3 Product Development
1.4 Foot Wear Moulds
1.5 Solid Waste Utilization
1.6 Energy Savings
1.7 Safer Environment
1.8 Cater to export specification requirement
1.9 Computerization and Data processing

2) Benefits as a result of R & D

1. Developed new type Leather Safety Boot with Double density sole (Nitrile Rubber Out sole & PU Mid sole).
2. Developed Leather Safety Boot with Heat resistant sole at 500°C for 1 minute.
3. Introduced / substituted various type of new chemicals or alternative chemicals for improvement of product quality with cost effectiveness.
4. Introduced physical peptiser in rubber mastication instead of commonly used chemical peptiser for obtaining better physical properties.

5. Developed Leather safety Boot with Electrical resistance at 15KV/20KV.
6. Developed Leather Safety boot - PU sole with Metatarsal guard for protection of Metatarsal Bones.
7. Introduced new Process Promoter in air blown PVC compound for DIP injection in order to obtain more productivity with light weight DIP sandals, uniform cells structure as well as better physical properties.
8. Developed Canvas - shoe with Oil resistance Sole as per Indian Air- Force standard IAFS 09106:2010.
9. Introduced double density (Soft Insole, hard Sole) Hawai for comfortness.
10. Developed & Introduced Electrical water heating Kettle for re-cycling of DIP PVC soles.
11. Introduced eco-friendly Jute Insole for cemented Closed Shoe for more flexibility & more comfortness.
12. Developed and introduced new formulation of honey colour solid rubber sole for article OREY with polymer combination PLC-2 and Syn 1502 by replacing polymer combination PLC-2, Syn 1502 and Cis- rubber. It improves the mixing process of rubber chemicals in kneder.
13. Developed and introduced new formulation for dark brown cold moulded insoles with synthetic red oxide and yellow oxide for article Jubilee.
14. Developed and introduced new articles for ladies category- Nimmi Flower, Nimmi Toe Ring, Nimmi Sandal, Comfortina and for gents category Bata, Octane, Marcus, Coco, Anand (74,75), Featherlite (81,82),Pluto II,Vibes, Bekham, Dr Jubilee (48), New Ickon, Ocean and Booster.
15. Developed and introduced brown coloured leather insole for article OCTANE.

3) Future plan of action

3.1 Introduction of Polyolefin Elastomer for making new range of Hawai with better physical properties.
3.2 Introduction / substitution of new chemicals or alternative chemicals for improvement of product quality with cost effectiveness.
3.3 Development of fire, solvents, acids, alkali resistance Safety Boot.
3.4 Development of Heat Insulated Safety Boot (Resistance to harsh environment) as per IS: 15298 (Part 2): 2002 standard - designation “HT”
3.5 Utilization of PU waste materials for Healthy environment.
3.6 Development of Anti-fungal & Anti-bacterial Lining & Socks material in leather Industrial Boot.
3.7 Introduction of water based mould release agent in place of solvent-based release agent for EHS point of view.
3.8 Development & Introduction of water base lacquer for Leather shoe /sandal polish in order to get pollution free environment.
3.9 Development of water penetration & water absorption resistance Leather Safety Boot.
3.10 Development of Snow Boot as per Army Specified Standard.
3.11 Development of different coloured EVA sheets for EVA based articles.
3.12 Development of new heating & chilling system on production process to improve product quality.
3.13 Development of new material & Chemical to improve quality with cost effective.
3.14 Development of new article for Children, Ladies and Gents.
3.15 Introduction of integrated sole with wedge heel and top lift sole to replace lengthy process of wedge and heel attachment.

4) Expenditure on R & D

Capital	:	Rs. 6.3 million
Recurring	:	Rs. 50.1 million
Total	:	Rs. 56.4 million
Percentage of turnover	:	0.36%

5) Technology absorption, adaptation & innovation

1) Efforts :

a) Continuous and strengthened technical efforts for development and Production of wide range of hi-tech shoes.
b) Development of products and components of international quality and to import of technology through B.S.O. assistance.

2) Benefits :

a) International standard quality of products
b) Greater participation in exports
c) New techniques and technology of production.

For and on behalf of the Board of Directors

UDAY KHANNA
Chairman

Gurgaon, February 29, 2012.

B A T A I N D I A L I M I T E D

STATEMENT OF EMPLYEES FOR THE YEAR ENDED 31.12.2011 FORMING PART OF THE DIRECTORS' REPORT, PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED TILL DATE

Employed throughout the Financial Year under review and were in receipt of remuneration aggregating not less than Rs. 60,00,000 per annum.

Sl. No.	Name	Designation	Nature of Employment whether contractual or otherwise	Nature of duties of the employee	Qualification	Age	Date of Joining / resignation Bata India Limited	Experience No. of years including previous employment	Remuneration (Rs. '000s)	Last Employment-Designation
1	Gopalakrishnan Rajeev	Managing Director	Contractual	Head of Company Operation	B.E (Mechanical)	47	01.01.2011 *	21	16,849	Bata Bangladesh Ltd-Managing Director
2	Ferraris F	Vice President	Contractual	Product Development	Diploma	63	18.03.2002	30	15,508	Eliesse, Italy-Vice President Product Development
3	Tonolli E	Sr Vice President	Contractual	Incharge of Merchandising-Flagship	Commercial School	64	01.06.2003	42	18,320	Bata Europe, Paris -Shoeline Builder
4	Gautam Rakesh Singh	Sr Vice President	Contractual	Human Resource	MBA,LLB	48	15.05.2006	23	6,996	Whirlpool India Ltd Director-Human Resources
5	Hussein Fadzilah Bin Mohd.	Director Finance	Contractual	Finance & Accounts	DIA,B.Sc,MBA-Finance (USA)	53	01.10.2010	33	16,145	PT Sepatu Bata Tbk, Indonesia Director Finance

* Mr. Rajeev Gopalakrishnan joined the Company on 01.01.2011. He was appointed as Managing Director - Bata Stores w.e.f. 23.02.2011 and subsequently re-designated as Managing Director w.e.f. 01.10.2011.

Employed for part of the financial year under review and were in receipt of remuneration not less than Rs. 5,00,000 per month.

1	Villagran Marcelo	Managing Director	Contractual	Head of Company Operation	Commercial Engineer	69	30.09.2011	40	55,206	Bata Chile Company Manager

Notes :

1. Remuneartion as shown above includes,inter alia,Company's contribution to provident funds,pension funds,house rent allowance,leave travel facility,medical insurance premium and taxable value of perquisites.
2. None of the employee mentioned above is a relative of any of the Director of the Company.

For and on behalf of the Board of Directors

Gurgaon
29 February, 2012.

Uday Khanna
Chairman

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement with the Stock Exchanges)

1. Company's Philosophy

The Company recognizes that good corporate governance is a continuous exercise and always acts as a good corporate citizen which is inherent in the culture of the Organization. The Company believes in setting the highest standards in good and ethical Corporate Governance practices and follows the same by adopting fairness, transparency and accountability in all its operations on an on-going basis. The Company firmly believes that these aspects as well as compliances of applicable legislations and timely disclosures enhance the image of the Company and the long term value of all Shareholders and Stakeholders. The Company's Board of Directors has framed a Code of Conduct for its Senior Managers including the Board Members. The Code of Conduct is available on the Company's website: www.bata.in.

2. Board of Directors

The present Board of Directors ('the Board') of the Company comprises of the Chairman, who is an Independent Director, one Managing Director, one Director Finance and four Non-Executive Directors, of which two are Independent Directors.

During the year, five Board Meetings were held on February 23, 2011; April 28, 2011; June 27, 2011; July 28, 2011 and October 31, 2011.

None of the Directors on the Board is a member of more than ten committees and does not act as Chairman of more than five committees across all companies in which they are Directors.

a. Composition

The composition of the Board and the attendance at the Board Meetings during the year ended December 31, 2011 and at the last Annual General Meeting as also the number of their other directorships and committee memberships are given below:

(As on December 31, 2011)

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Director-ships	No. of Committee Member-ships
1.	Mr. Uday Khanna (Appointed as Chairman w. e. f. 28.06.2011)	Chairman & Independent Director	5	Yes	1	2 (Chairman of 1)
2.	Mr. R. Gopalakrishnan*	Managing Director (Executive Director)	5	Yes	2	1
3.	Mr. Fadzilah Mohd. Hussein**	Director Finance (Executive Director)	5	Yes	3	1
4.	Mr. J Carbajal	Non-Executive Director	4	Yes	1	1
5.	Mr. Jack G. N. Clemons	Non-Executive Director	5	Yes	1	1
6.	Mr. A. Singh (Appointed as Additional Director w. e. f. 28.04.2011)	Independent Director	4	Yes	1	1 (Chairman of 1)
7.	Mr. A. Chudasama (Appointed as Additional Director w. e. f. 28.04.2011)	Independent Director	3	Yes	5	2
8.	Mr. P M Sinha (Resigned w.e.f. 28.06.2011)	Chairman & Independent Director	3	Yes	N.A.	N.A.
9.	Mr. Marcelo Villagran (Resigned w. e. f. 30.09.2011)	Managing Director (Executive Director)	4	Yes	N.A.	N.A.
10.	Mr. N Sankar (Resigned w. e. f. 28.07.2011)	Independent Director	NIL	No	N.A.	N.A.

* Mr. Rajeev Gopalakrishnan was appointed as Managing Director - Bata Stores, Bata India Limited w. e. f. February 23, 2011 for a period of five years and subsequently in terms of a Resolution passed in circulation by the Board of Directors of the Company on August 29, 2011 he has been re-designated as Managing Director w. e. f. October 01, 2011.

** Mr. Fadzilah Mohd. Hussein resigned from the Board of Directors w. e. f. February 15, 2012 and Mr. Ranjit Mathur has been appointed as Director Finance w. e. f. February 29, 2012 subject to the approval of the Shareholders at the ensuing Annual General Meeting.

NOTE: In the above statement the Directorship and Committee Membership of Directors have been computed with reference to Section 275 of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with Stock Exchanges. The number of Committee Membership / Chairmanship includes that of the Company.

b. **Code of conduct**

i. A Code of Business Conduct and Ethics for all Board Members and Senior Management of the Company has been adopted by the Board. Details of the said Code of Business Conduct and Ethics of the Company are available on the Company's website www.bata.in.

ii. **Annual Declaration by CEO pursuant to Clause 49(I)(D)(ii) of the Listing Agreement with Stock Exchanges:**

As the Managing Director (Chief Executive Officer) of Bata India Limited and as required by Clause 49(I)(D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year ended December 31, 2011.

Sd/-

Rajeev Gopalakrishnan

Gurgaon, February 29, 2012.

Managing Director (CEO)

3. **Audit Committee**

The Board has constituted an Audit Committee in terms of Section 292A of the Companies Act, 1956 and Clause 49 II (A) of the Listing Agreement with the Stock Exchanges. The Audit Committee of the Company meets before the finalisation of accounts each year and also meets every quarter to review the financial results of the previous quarter before the same is approved at Board Meeting, as required under Clause 41 of the Listing Agreement. The Audit Committee may also meet from time to time if called by the Chairman.

The Audit Committee has been vested with the following powers:

a) to investigate any activity within its terms of reference;

b) to seek information from any employee;

c) to obtain outside legal or other professional advice;

d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

I. **Terms of reference**

The Audit Committee reviews the Reports of the Internal Auditor with the Statutory Auditors periodically and discusses their findings. The role of the Audit Committee is as follows:

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, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

d) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- 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 management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.

e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

g) 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.

h) Discussion with internal auditors any significant findings and follow up there on.

i) 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.

j) 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.

k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.

m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following:-

- 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 the Chief internal auditor shall be subject to review by the Audit Committee.

II. Composition

The Audit Committee comprises of three Non-Executive Independent Directors and two Non-Executive Non-Independent Directors. The Chairman of the Audit Committee is a Non-Executive Independent Director. The Audit Committee met four times in 2011, i.e., on February 23, 2011; April 28, 2011; July 28, 2011 and October 31, 2011 and attendance of the members at these meetings were as follows:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. A. Singh (Appointed w.e.f. 28.06.2011)	Chairman & Independent Director	2
2.	Mr. Uday Khanna (Ceased to be Chairman of the Audit Committee w. e. f. 28.06.2011 and continues as Member)	Independent Director	4
3.	Mr J Carbajal	Non-Executive Director	3
4.	Mr. Jack G. N. Clemons (Appointed w.e.f. 28.06.2011)	Non-Executive Director	2
5.	Mr. A. Chudasama (Appointed w.e.f. 28.06.2011)	Independent Director	1
6.	Mr. P M Sinha (Resigned w.e.f. 28.06.2011)	Independent Director	2
7.	Mr. N Sankar (Resigned w.e.f. 28.07.2011)	Independent Director	NIL

The Statutory Auditor, the Internal Auditor, the Senior Vice-President - Finance and the Executive Directors are invitees to the Audit Committee Meetings. The Company Secretary is in attendance at these Meetings. In terms of the Master Circular No. 2/2011 dated November 11, 2011 issued by the Ministry of Corporate Affairs, Government of India, henceforth the Cost Auditor shall also be an invitee to the Audit Committee Meetings, as and when required.

4. Nomination, Governance and Compensation Committee

The Board of Directors of the Company has established a Remuneration Committee of Directors to review the Remuneration Policy for the Directors and the Employees of the Company. The Board has re-named the Remuneration Committee as Nomination, Governance and Compensation Committee w. e. f. April 26, 2005.

(i) Composition

The Committee consists of Mr. Uday Khanna, Mr. J Carbajal, Mr. Jack G N Clemons, Mr. A. Singh and Mr. A. Chudasama. During the year, three meetings of the Nomination, Governance and Compensation Committee were held on February 23, 2011, April 28, 2011 and October 31, 2011 and the attendance of the Members of the Committee at these meetings were as follows:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. Uday Khanna (appointed as Chairman w.e.f. 28.06.2011)	Chairman & Independent Director	3
2.	Mr. J Carbajal	Non-Executive Director	3
3.	Mr. Jack G. N. Clemons	Non-Executive Director	3
4.	Mr. A. Singh (Appointed w.e.f. 28.04.2011)	Independent Director	2
5.	Mr. A. Chudasama (Appointed w.e.f. 28.04.2011)	Independent Director	2
6.	Mr. P M Sinha (Resigned w.e.f. 28.06.2011)	Chairman & Independent Director	2
7.	Mr. N Sankar (Resigned w.e.f. 28.07.2011)	Independent Director	NIL

(ii) Remuneration Policy

Remuneration of employees consists of fixed and variable components and performance related incentives.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognise their contribution, retain talent in the organisation and record merit.

(iii) Details of remunerations paid to the Directors during the year ended December 31, 2011

(I) Executive Directors

The details of remuneration and perquisites paid to the Executive Directors during the year ended December 31, 2011, are as under:

(Rs. '000s)

Name	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr. Rajeev Gopalakrishnan Managing Director (w.e.f. 23.02.2011)*	11,000	—	3,861	1,988
Mr. Marcelo Villagran Managing Director (upto 30.09.2011)	12,090	36,969**	2,135	4,012
Mr. Fadzilah Mohd. Hussein Director Finance	11,678	1,460	1,924	1,083

* Appointed as Managing Director Bata Stores w. e. f. February 23, 2011 and subsequently re-designated as Managing Director w. e. f. October 01, 2011.

** Includes pro-rata commission of Rs. 22.274 million for the year 2011.

Remuneration and perquisites of Executive Directors also include items, which do not form part of their remuneration and perquisites under Schedule XIII of the Companies Act, 1956.

The Agreement(s) with the Executive Director(s) are contractual in nature. The Agreement(s) may be terminated at any time by either party giving six months' notice in writing without any cause. In the event the notice is delivered by the Executive Director(s), the Company shall have the option of determining the services of the Executive Director(s) forthwith without any further liabilities whatsoever. In the event such notice is delivered by the Company, the Executive Director(s) shall be entitled to be paid his/ their full salary as per the Agreement(s) for a period of six months as well as commission which he/they would have earned during the same period.

In accordance with the terms of appointment and pursuant to the authority vested on the Board of Directors by the shareholders at the 76th Annual General Meeting held on May 26, 2009, Mr. Marcelo Villagran has been paid a commission of Rs.14.695 million and Mr. Fadzilah Mohd. Hussein has been paid a commission of Rs.1.460 million for the financial year ended December 31, 2010 based on the PBT (Profit Before Tax) performance of the Company.

The Managing Director and Director Finance will also be entitled to a commission on pro-rata basis in accordance with their respective tenure in office for the financial year ended December 31, 2011 based on the PBT (Profit Before Tax) performance of the Company and their entitlement will be decided by the Nomination, Governance and Compensation Committee at an appropriate time.

As recommended by the Nomination, Governance and Compensation Committee and approved by the Board of Directors at their Meeting held on October 31, 2011, Mr. Marcelo Villagran, the erstwhile Managing Director has been paid a commission of Rs.22.274 Million based on the estimated profits of the Company for the financial year ended December 31, 2011, which will be within the overall limits specified in Sections 198, 309, 310 and 311 of the Companies Act, 1956 and as approved by the shareholders by a Special Resolution passed at the 76th Annual General Meeting of the Company, held on May 26, 2009. The Company has circulated relevant disclosure to the Shareholders under Section 302 of the Companies Act, 1956 in this regard.

The Executive Director(s) will also be entitled to the perquisites as per the Agreement(s) for the same period or, at the option of the Company, the cash value thereof for the length of such period, to the extent applicable.

There are no Stock options available / issued to any Directors of the Company and does not form a part of their respective contracts with the Company.

(II) Non-Executive Directors

The Board of Directors decides the remuneration of the Non-Executive Directors in accordance with the Articles of Association of the Company and the approval of the shareholders.

Remuneration by way of sitting fees for attending Board Meetings and Committee Meetings are paid to the Non-Executive Indian Directors. The Non-Executive Indian Directors are also entitled to a commission (to be distributed among them in such proportion as the Board may determine from time to time) not exceeding 1% of the net profits computed in the manner referred to in Section 309(5) of the Companies Act, 1956.

The details of sitting fees and commission of the Non-Executive Indian Directors for the financial year ended December 31, 2011, are as under:

Name of Directors	Sitting Fees Paid (Rs. '000s)	Commission Payable (Rs. '000s)	No. of Shares Held
Mr. Uday Khanna	260	1,510	5,000
Mr. A. Singh	140	679	—
Mr. A. Chudasama	80	679	—
Mr. P M Sinha (Resigned w.e.f. 28.07.2011)	140	981	—
Mr. N Sankar (Resigned w.e.f. 28.07.2011)	Nil	573	—

The Company did not have any other pecuniary relationship or transactions with the Non-Executive Directors during the year under review.

5. Shareholders Committee

(i) Share Transfer Committee

In accordance with Clause 49 para IV(G)(iv) of the Listing Agreement with the Stock Exchanges, the Board has unanimously delegated the powers of share operations to Mr. A B Anand, Vice-President & Company Secretary, who is also the Compliance Officer, and Mr. J. Banerjee, Investors' Relations Manager, in order to expedite the process of share transfers, issue of duplicate certificates and certificates after splits / consolidation / renewal and re-materialisation. Transfers of shares involving 50,000 shares or more in the Company are reviewed by the Board on quarterly basis.

(ii) Shareholders/Investors Grievance Committee

The Board has constituted a Shareholders / Investors Grievance Committee under the Chairmanship of a Non-Executive Director.

The details of the Committee Members and their attendance at the Meeting held on July 28, 2011, September 29, 2011 and October 31, 2011 are as under:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. Uday Khanna (Appointed w.e.f. 28.06.2011)	Chairman	1
2.	Mr. R. Gopalakrishnan (Appointed w.e.f. 28.06.2011)	Managing Director	3
3.	Mr. F M Hussein	Director Finance	3
4.	Mr. P M Sinha (Resigned w.e.f. 28.06.2011)	Chairman	N.A.

Mr. A B Anand, Vice President & Company Secretary is the Compliance Officer of the Company.

All investor complaints which cannot be settled at the level of Vice-President & Company Secretary & Compliance Officer and/or Investors' Relations Manager, are forwarded to the Shareholders/Investors Grievance Committee for final settlement. The Company confirms that 1 shareholder's complaint lying pending as on December 31, 2011 has since been resolved.

In view of the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained a user id and password for processing the investor complaints in a centralized web based SEBI Complaints Redress System 'SCORES'. This enables the investors' online viewing of the actions taken by the Company on the complaints and its current status by logging on to the SEBI's website i.e. www.sebi.gov.in. The Company affirms that no shareholder's complaint was lying pending as on December 31, 2011 under SCORES.

The Company confirms that there were no share transfers lying pending and affirms that all the requests for share transfers/transmissions, issue of new certificates, etc., received upto December 31, 2011 have since been processed. All the requests for dematerialisation and rematerialisation of shares as on that date have been confirmed/rejected through the NSDL/CDSL system.

(iii) Nature of Shareholder complaints received during the year

Sl. No.	Subject matter of Complaints	Complaints as on January 01, 2011	Complaints Received during the year 2011	Total Complaints received	Total Complaints Redressed upto Dec 31, 2011	Complaints pending as on Dec 31, 2011
1.	Non-receipt of Dividend	0	0	0	0	0
2.	Transfer of Shares, etc.	0	2	2	2	0
3.	De-materialization Matters	0	1	1	0	1
4.	Rights Issue related matters	0	0	0	0	0
5.	Others	1	4	5	5	0
	TOTAL	**1**	**7**	**8**	**7**	**1**

6. General Body Meetings

i. The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
December 31, 2010	June 28, 2011	10.30 a.m.	Kalamandir, Kolkata
December 31, 2009	May 27, 2010	10.30 a.m.	Kalamandir, Kolkata
December 31, 2008	May 26, 2009	10.30 a.m.	Kalamandir, Kolkata

ii. Details of Special Resolutions passed in the previous three Annual General Meetings

Date of AGM	Details of the Special Resolutions passed
May 26, 2009	A Special Resolution was passed at the 76th Annual General Meeting of the Company stipulating the maximum limits of remuneration comprising of salary, commission on profits and perquisites as determined by the Board of Directors from time to time, for the Managing / Wholetime Director(s) of the Company subject to the overall limits specified under Sections 198, 309, 310 & 311 of the Companies Act, 1956.
May 27, 2010	A Special Resolution was passed at the 77th Annual General Meeting of the Company for payment of commission to the Directors of the Company [other than the Director(s) in wholetime employment of the Company or the Managing Director(s)] for a period of five years effective from January 01, 2011 not exceeding 1% of the net profits of the Company, computed in such manner referred to in Section 309 (5) of the Companies Act, 1956 in any financial year.
June 28, 2011	A Special Resolution was passed at the 78th Annual General Meeting of the Company for appointment and remuneration of Mr. Rajeev Gopalakrishnan as Managing Director Bata Stores, Bata India Limited subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required and pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the Act, be fixed by the Board and thereafter revised from time to time within the limits approved by the members by way of a Special Resolution passed at the Seventy-Sixth Annual General Meeting held on May 26, 2009.

iii. Resolutions passed during the financial year 2011 through Postal Ballot under Section 192A of the Companies Act,1956

No resolutions were passed through Postal Ballot during the financial year 2011.

7. Subsidiary Companies

The Company has two wholly owned subsidiaries but neither of them are material - non-listed subsidiaries within the meaning of the explanation given in Explanation 1 of Clause 49(III) of the Listing Agreement with the Stock Exchanges.

8. Disclosures

a. The transactions of material nature with related parties and material individual transactions with related parties were placed before the Audit Committee from time to time.

b. The Board has obtained certificates / disclosures from key management personnel confirming that they do not have any material, financial and commercial interest in transactions with the Company that may have a potential conflict with the interest of the Company at large. This disclosure has also been made for all relations of the first degree by the management to the Board.

c. There were no instances of non-compliance on any matter related to the capital market, during the last three years.

d. Disclosure regarding Related Party Transactions has been made by a separate annexure in the Annual Report.

e. The financial statements have been made in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) so as to represent a true and fair view of the state of the affairs of the Company.

f. The Company carries a risk management process and the weaknesses found are communicated to the Audit Committee from time to time. Periodic reviews are made on extent of risk minimization measure adopted to minimize the potential risks.

g. Management Responsibility Statement

The Management confirms that the Financial statements are in conformity with requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The Management accepts responsibility for the integrity and objectivity of these financial statements as well as for estimates and judgments relating to matters not concluded by the year-end. The Management believes that the financial statements of operation reflect fairly the form and substance of transactions and reasonably present the Company's financial condition and the results of operations. The Company has a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Auditors have conducted periodic audits to provide reasonable assurance that the Company's established policy and procedures have been followed.

The financial statements have been audited by M/s. S R Batliboi & Co., Chartered Accountants, the Statutory Auditors of the Company and have been discussed with the Audit Committee.

9. Means of Communication

I. Quarterly results are published in one of the prominent business dailies and a local language newspaper. The Annual Results are posted to every shareholder of the Company in the prescribed manner. The results are also displayed on the website of the Company, viz., www.bata.in.

II. Management's Discussions & Analysis forms part of the Directors' Report.

III. Official news releases are informed directly to the Stock Exchanges and then to the Press.

IV. The Company is complying with the requirements of the Corporate Filing and Dissemination System (CFDS) as directed by SEBI. The shareholders / investors can view the details of corporate filings by the Company by logging on the website www.corpfiling.co.in.

The Company has an exclusive email ID for shareholders/investors and they may write to the Company at share.dept@bata.co.in.

10. General Shareholder Information

I. Annual General Meeting will be held on Wednesday, the 30th day of May 2012 at 10.30 a.m. at 'KALAMANDIR', 48, Shakespeare Sarani, Kolkata-700 017.

II. Financial Calendar (tentative dates)

Annual Results of previous year (audited)	By end February, 2012
First Quarter Results (31st March)	By end April, 2012
Annual General Meeting	By end May, 2012
Second Quarter results (30th June)	By end July, 2012
Third Quarter results (30th September)	By end October, 2012
Fourth Quarter results (31st December)	By end February, 2013 (audited)

III. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, May 16, 2012 to Wednesday May 30, 2012 (both days inclusive) for the purpose of the 79th Annual General Meeting.

IV. Dividend Payment Date

Dividend for the year 2011, if declared at the 79th Annual General Meeting shall be paid on June 14, 2012.

V. Listing of Equity Shares on the Stock Exchanges, etc.

The Company's Equity Shares are listed on Calcutta Stock Exchange Limited (Scrip Code- 10000003), Bombay Stock Exchange Limited (Scrip Code- 500043) and the National Stock Exchange of India Limited (Scrip Code- BATAINDIA). The annual listing fees for the year 2011 - 2012 have been paid to all these Stock Exchanges and the same for the year 2012-13 shall be paid in due course. The ISIN code of the Company is INE176A01010.

VI. Stock Market price data for the year :

Bata share price on BSE and NSE

Month	B S E		SENSEX		N S E		NIFTY	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan 2011	415.80	305.10	20664.80	18038.48	419.60	304.60	6181.05	5416.65
Feb 2011	360.35	295.00	18690.97	17295.62	360.90	296.85	5599.25	5177.70
March 2011	399.65	332.55	19575.16	17792.17	399.80	316.25	5872.00	5348.20
April 2011	515.00	388.30	19811.14	18976.19	441.50	389.55	5944.45	5693.25
May 2011	488.40	374.70	19253.87	17786.13	489.50	410.35	5775.25	5328.70
June 2011	619.20	480.05	18873.39	17314.38	619.00	480.50	5657.90	5195.90
July 2011	661.40	593.15	19131.70	18131.86	662.50	593.30	5740.40	5453.95
Aug 2011	740.70	620.15	18440.07	15765.53	741.00	562.10	5551.90	4720.00
Sept 2011	720.15	620.70	17211.80	15801.01	719.75	620.15	5169.25	4758.85
Oct 2011	727.00	611.55	17908.13	15745.43	730.00	612.00	5399.70	4728.30
Nov 2011	733.00	593.05	17702.26	15478.69	733.20	594.35	5326.45	4639.10
Dec 2011	664.00	492.00	17003.71	15135.86	645.90	492.00	5099.25	4531.15

VII. Share Transfer Agent

The Company has engaged the services of R&D Infotech Private Limited, 1st Floor, 7A, Beltala Road, Kolkata - 700 026 w.e.f. January 01, 2007, a SEBI registered Registrar for processing the transfers, sub-division, consolidation, splitting of securities, etc.

Since the Company's shares can be traded only in dematerialised form, the shareholders are advised to hold their shares in dematerialized mode. Requests for dematerialisation of shares should be sent directly by the Depository Participants (DPs) concerned to the Share Transfer Agents at R&D Infotech Private Limited, 1st Floor, 7A, Beltala Road, Kolkata 700 026. Any delay on the part of the DPs to send the Demat Request Forms (DRF) and relevant Share Certificates beyond 15 days from the date of generation of the Demat Request Number (DRN) by the DPs will be rejected/ cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond a period of 21 days. Shareholders/ Investors should, therefore, ensure that their DPs do not delay in sending the DRF and relevant Share Certificates to the Share Transfer Agent immediately after generating the DRN.

Shareholders have the option to open their Demat accounts with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

VIII. Share Transfer System

The Board has delegated the powers of share operations to a Committee comprising of Mr. A B Anand, Vice President & Company Secretary and Mr. J Banerjee, Investor Relations Manager. The Committee meets once in a week to approve the requests for transfer, transmission, consolidation, sub-division of shares and issue of share certificates on rematerialisation of shares. Documents and Share Certificates lodged by the shareholders/investors are verified and entered in the relevant Registers by the Registrar & Share Transfer Agents in consultation with the Company.

IX. Distribution of Shareholding as on December 31, 2011:

No. of shares	No. of shareholders	No. of shares
1 – 500	75754	5068116
501 – 1000	1952	1420533
1001 – 5000	848	1592110
5001 – 10000	65	457633
10001 and above	115	55725378
TOTAL	**78734**	**64263770**

X. Pattern of Shareholding as on December 31, 2011 :

Sl. No.	Category	No. of Holders	No. of Shares	%
1.	Resident Individual	76875	8778779	14.778
2.	Domestic Companies	1203	1786012	3.008
3.	N.R.I.	476	148373	0.247
4.	Foreign Companies	1	33424100	52.011
5.	Mutual Fund	57	7355399	10.107
6.	Financial Institutions	17	2482271	4.699
7.	Banks	26	3922	0.115
8.	F.I.I.	78	10279914	14.996
9.	Directors	1	5000	0.039
	TOTAL	**78734**	**64263770**	**100.00**

XI. Dematerialisation of Shares :

As on December 31, 2011, 97.80% of the Company's total paid-up capital representing 62,848,578 equity shares are held in de-materialised form and the balance 2.20% representing 1,415,192 equity shares are held in physical form and these shareholders are requested to dematerialise their shares in their own interests.

XII. Factory Locations

The Company's factories are located at the following places:

I. Batanagar, 24 Parganas (S), West Bengal.
II. Bataganj, Patna, Bihar.
III. Faridabad New Industrial Town, Faridabad, Haryana.
IV. Peenya Industrial Area, Bangalore, Karnataka.
V. Batashatak, Sipcot Industrial Complex, Phase I, Hosur, Tamil Nadu.
VI. Mokamehghat, Hathidah, Bihar.

XIII. Address of Correspondence

The Company's Share Department is situated at 27B, Camac Street (1st Floor), Kolkata - 700016.

Shareholders correspondence should be addressed to:

(a) **BATA INDIA LIMITED**
Share Department
27B Camac Street (1st Floor)
Kolkata - 700 016

Telephone Nos. 033-3982 9412/ 9418 3980 2001/3980 2021 & 2289 5796 (Direct)
Fax No. (033) 2289-5859
Email: amarbir.anand@bata.co.in /share.dept@bata.co.in

Contact person: **Mr. A B Anand**, Vice-President & Company Secretary
Mr. J Banerjee, Investors' Relations Manager

(b) **SHARE TRANSFER AGENT**
R&D Infotech Private Limited
1st Floor, 7A, Beltala Road,
Kolkata - 700 026
Tel: (033) 2419 2641/2642
Fax: (033) 2419 2642
Email: rd.infotech@vsnl.net; bata@rdinfotech.in

Contact Person: **Mr. Ratan Mishra**, Director

Note: The Company endeavours to settle all shareholder complaints within the minimum possible time. The average rate of settlement may vary from 7 days to 15 days. However, processing of requests involving disputed matters/ court cases are kept in abeyance till these matters/cases are mutually settled by the shareholders/investors or are finally disposed of by the Courts.

The Company has adhered to all the mandatory items and also formed a Remuneration Committee (Nomination Governance and Compensation Committee) - an item of non-mandatory requirements of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges.

11. CEO/CFO Certification

Mr. Rajeev Gopalakrishnan - Managing Director (CEO) and Mr. Ranjit Mathur, Director Finance (CFO) have certified to the Board that:

(a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement 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 regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) They have indicated to the Auditors and the Audit committee

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they 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.

The above certificate was placed before the Board Meeting on February 29, 2012.

12. Tenure of Independent Directors

In order to strengthen good Corporate Governance the Board of Directors of the Company has fixed a maximum period of nine years for holding the position of Independent Director on the Board of the Company.

13. Information pursuant to Clause 49 IV (G) of the Listing Agreement

The Company has furnished information as required by Clause 49 IV(G)(i) of the Listing Agreement with the Stock Exchanges, relating to the appointment of a new Director or re-appointment of a Director. Shareholders may kindly refer to the Annexure to the Notice convening the 79th Annual General Meeting of the Company and this Corporate Governance Report. The names of Companies in which the person concerned holds Directorship and the Membership of Committees of the Board are given separately.

Names of Companies in which the Directors who are being newly appointed or re-appointed holds Directorship and Membership of Committees of the Board:

MR. JACK G. N. CLEMONS

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director	a. Audit Committee b. Nomination, Governance & Compensation Committee

MR. JORGE CARBAJAL

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director	a. Audit Committee b. Nomination, Governance & Compensation Committee

MR. RANJIT MATHUR

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director Finance	Shareholders / Investors Grievance Committee

14. Corporate Governance Compliance

The Company has complied with the requirements as laid down in Clause 49 of the Listing Agreement with the Stock Exchanges for the purpose of Corporate Governance. A certificate obtained from M/s. S.R. Batliboi & Co., Chartered Accountants, the Statutory Auditors of the Company, to this effect has been attached to this Annual Report. The Board of Directors of the Company has decided not to adopt some of the non-mandatory provisions of Corporate Governance under Clause 49 of the Listing Agreement till such time more clarity emerges on the impact of these provisions on the Business Operations of the Company.

15. Compliance with Voluntary Corporate Governance Guidelines, 2009 issued by the Ministry of Corporate Affairs

As mentioned in the last year's Annual Report, the Company has been in the process of taking necessary steps to comply with the requirements under the Voluntary Corporate Governance Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India. Accordingly, a Secretarial Audit Report for the financial year ended 2011 received from M/s. P. Sarawagi & Associates, Company Secretaries, 27 Brabourne Road, Kolkata - 700 001 has been placed before the Board of Directors of the Company at their meeting held on February 29, 2012 and forms a part of this Annual Report.

For and on behalf of the Board of Directors

UDAY KHANNA
Chairman

Gurgaon, February 29, 2012

AUDITORS' CERTIFICATE

To

The Members of Bata India Limited

We have examined the compliance of conditions of corporate governance by Bata India Limited, for the year ended on December 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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 statements 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 that 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 S. R. BATLIBOI & CO.
Chartered Accountants
Firm Registration No. 301003E

per **RAJIV GOYAL**
Partner
Membership No.: 94549

Place: Gurgaon
Date : 29th February, 2012

To the Shareholders
BATA INDIA LIMITED

SECRETARIAL AUDIT REPORT 2011

We have conducted the Secretarial Audit of the compliances of the applicable statutory provisions and good corporate practices by the Company. We have examined the registers, records and documents of BATA INDIA LIMITED ("the Company") for the financial year ended on 31st December, 2011 being maintained according to the provisions of :

- The Companies Act, 1956 and the Rules framed thereunder;
- The Depositories Act, 1996 and the Regulations and bye-laws framed under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act; and
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
- The Equity Listing Agreements with the Calcutta Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

We have also examined the compliance with applicable clauses of the following :

- Secretarial Standards issued by the Institute of Company Secretaries of India.
- Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India.
- Corporate Social Responsibility Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India.

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our examination and verification of the registers, records, minutes books, forms and documents maintained by the Company and produced before us and according to the information and explanations given to us by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we report that the Company has, in our opinion, substantially complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company.

We further report that:

(a) during our examination we have not come across any instance for which any prosecution was initiated and fines or penalties were imposed on the Company or any of its directors during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts, except fees for compounding of certain non-compliances, in earlier years, under the Companies Act, 1956;

(b) the Company has substantially complied with the provisions of the Depositories Act, 1996 and the bye-laws framed thereunder by the Depositories with regard to dematerialization/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

(c) the Company has substantially complied with the requirements under the Equity Listing Agreements entered into with the Calcutta Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited;

(d) the Company has generally complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

(e) the Company has generally complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

For P. SARAWAGI & ASSOCIATES
Company Secretaries

(P.K. Sarawagi)
Proprietor
C. P. No. : 4882

Place : Kolkata
Date : February 29, 2012

AUDITORS' REPORT TO THE MEMBERS OF BATA INDIA LIMITED

1. We have audited the attached Balance Sheet of Bata India Limited ('the Company') as at December 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on December 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2011;

      b) in the case of the profit and loss account, 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.

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Place : Gurgaon
Date : February 29, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Bata India Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are 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) As informed, 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 and as such, clauses 4(iii) (a) to 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an 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 our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

(b) In our opinion and according to the information and explanations given to us, as there are no transactions that need to be entered into Register maintained under Section 301 of the Companies Act,1956, paragraph 4(v)(b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with.

We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of Shoes and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed dues payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs in thousand)**	**Period to which the amount relates**	**Forum where dispute is pending**
Various State Sales Tax Acts	MRP-Tax on tax case	16,480	1987-88 to 2001-02	High Court, Chennai
Various State Sales Tax Acts	Purchase Tax Dispute at Faridabad	5,100	1984-85	Supreme Court
Various State Sales Tax Acts	Revenue recovery against non payment of demand in assessment	6,700	1994-95 1998-99 1999-00 2000-01	STAT, Kerala
Various State Sales Tax Acts	Tax in dispute u/s 92 of Central Sales tax Act regarding non-submission of forms	2,780	1991-92	High Court, UP
Various State Sales Tax Acts	Appeal Against Assessment Order	1,400	1985-87	High Court, Punjab and Haryana
Central Excise Act,1944	Excise Duty demand on closing balance of exempted footwear.	1,500	1987-88	CCE(Appeals) Kolkata
Central Excise Act,1944	Duty demanded for sale of footwear at domestic Tariff area of which final hearing before commissioner concluded and order is pending.	7,030	1997-1999	Commissioner of Central Excise, Chennai

Name of the statute	Nature of dues	Amount (Rs in thousand)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act,1944	Duty demanded on various chemicals used for processing of leather and subsequent clearance of said processed leather for manufacture of footwear (Exempted)	870	2005	Commissioner, CCE Kolkata
Central Excise Act,1944	Disallowance for trade discount for sale of footwear to retail outlet	2,750	1995-97	CESTAT-Chennai
Central Excise Act,1944	Central Excise Duty Demanded for clearance of “Defective Footwear” without payment of Central Excise Duty, after necessary re-processing of said footwear. The process treated as “MANUFACTURE”	5,100	2004	CESTAT-Kolkata
Central Excise Act,1944	Excise duty demanded for movement of raw material to job worker without payment of duty	15,560	2004-05	Commissioner (Appeal) Kolkata.
Central Excise Act,1944	Disallowing of abatement @ 40% on MRP for Institutional Sales. Sale of Industrial Boots & Mines Safety Boots.	9,000	2006 2007 2008 2009 2010	CESTAT, Kolkata
Central Excise Act, 1944	Non compliance of the condition of the notification for marking MRP on factory seconds cleared on payment of appropriate C.E. duty.	21,480	2008	CESTAT, Kolkata
Central Excise Act, 1944	Exclusion of sales tax @ 8% for payment of an amount equal to 8%/10% on exempted footwear as per CCR 6(3)(b).	3,000	2009	Additional Commissioner of Central Excise-Kolkata

Name of the statute	Nature of dues	Amount (Rs in thousand)	Period to which the amount relates	Forum where dispute is pending
Customs Act,1942	Duty demand on account of short levy of customs duty (anti dumping duty) for which hearing before commissioner concluded and the order received.	10,340	2001	CESTAT-Kolkata
Customs Act,1942	Wrong availment of concessional rate of customs duty etc. against which the hearing has not finalized as yet	83,760	1998-2003	CESTAT-Kolkata
Customs Act,1942	Wrong availment of Adv. License No. P/W/3497630 dt. 7.2.94	100	2002	DGFT, Kolkata
Employees' State Insurance Act, 1948	Exemption from ESI through Bata Workers Sickness Benefit Society	14,195	2007-2008	Regional Director ESI, Kolkata
Income Tax Act, 1961	Short Term Capital Gains	230,552*	2007-08	ITAT, Kolkata
Provident fund Act, 1972	Demand for payment of provident fund on the Job work charges	56,834	2008	High Court, Kolkata

* As informed, any liability arising on transfer of development rights under the above reported case would be borne by the Joint Venture Company in terms of joint development agreement entered in December, 2006.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) The Company has neither taken any loan from financial institution or banks nor issued any debentures, therefore the provisions of Clause xi are not applicable, hence not commented on.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(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 investment.

(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.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) We have been informed that *there have been cash and stock shortages at certain retail locations aggregating to Rs. 8,355 thousands during the year under audit*. A provision of Rs.3,352 thousands has been made in the books of account of the Company (net of recoveries) and the matter has been reported to concerned police authorities for further action.

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Place : Gurgaon
Date : February 29, 2012

BATA INDIA LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2011

	Schedule No.	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**642,638**	642,638
Reserves & Surplus	2	**5,100,415**	3,339,728
		5,743,053	3,982,366
LOAN FUNDS			
Secured Loans	3A	—	—
Unsecured Loans	3B	**194,046**	137,743
		194,046	137,743
TOTAL		**5,937,099**	4,120,109
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**4,997,902**	4,175,554
Less: Accumulated Depreciation		**2,813,332**	2,644,380
Net Block		**2,184,570**	1,531,174
Capital Work In Progress		**80,666**	3,220
		2,265,236	1,534,394
INTANGIBLE ASSETS	5	**5,419**	—
INVESTMENTS	6	**48,513**	172,483
DEFERRED TAX ASSETS (Refer Note No.18 of Schedule 21)		**342,149**	311,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	**3,913,216**	2,993,633
Sundry Debtors	8	**313,936**	302,024
Cash & Bank Balances	9	**1,229,464**	1,355,720
Other Current Assets	10	**32,224**	15,429
Loans & Advances	11	**1,701,090**	1,426,275
	(A)	**7,189,930**	6,093,081
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	**2,588,305**	3,131,423
Provisions	13	**1,325,843**	859,426
	(B)	**3,914,148**	3,990,849
NET CURRENT ASSETS	(A - B)	**3,275,782**	2,102,232
Miscellaneous Expenditure (To the extent not written off or adjusted)	14	—	—
TOTAL		**5,937,099**	4,120,109
Notes on Accounts & Significant Accounting Policies	21		

The Schedules 1-21 form an integral part of the Balance Sheet & Profit & Loss Account.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Schedule No.	**For the year ended 31.12.2011 Rs '000s**	For the year ended 31.12.2010 Rs '000s
INCOME			
Gross Turnover	15	**15,646,207**	12,770,888
Less : Excise Duty on Turnover (Refer Note No. 21 of Schedule 21)		**225,426**	188,945
Net Turnover		**15,420,781**	12,581,943
Other Income	16	**1,313,704**	152,529
		16,734,485	12,734,472
EXPENDITURE			
Cost of Goods Sold	17	**7,265,458**	5,945,184
Manufacturing, Distribution, Selling and Administration Expenses	18	**5,767,536**	4,942,517
Miscellaneous Expenditure written off - VRS Expenses	14	**—**	15,310
Depreciation	19	**411,008**	325,104
Financial Expenses	20	**96,454**	76,385
		13,540,456	11,304,500
PROFIT BEFORE TAXATION		**3,194,029**	1,429,972
Provision for Taxation :			
– Current Tax		**966,785**	546,378
– Deferred Tax Charge / (Credit) (Net)		**(31,149)**	(69,926)
NET PROFIT		**2,258,393**	953,520
Balance of Profit brought forward from Previous Year		**1,987,319**	1,428,155
Profit available for appropriation		**4,245,712**	2,381,675
Appropriations :			
Proposed Final Dividend		**385,583**	257,055
Tax on Dividend [includes Rs.993 thousands (Previous Year Rs. 745 thousands) written back for Previous Year]		**61,558**	41,949
Transfer to General Reserve		**225,839**	95,352
Profit carried to Balance Sheet		**3,572,732**	1,987,319
Earning Per Share (Basic & Diluted) (Rs.)		**35.14**	14.84
Nominal value of shares (Rs.) [Refer Note No.10 of Schedule 21]		**10.00**	10.00
Notes on Accounts & Significant Accounting Policies	21		

The Schedules 1-21 form an integral part of the Balance Sheet & Profit & Loss Account.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

SCHEDULES TO THE BALANCE SHEET

	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
1. SHARE CAPITAL		
Authorised		
70,000,000 (Previous Year: 70,000,000) Equity Shares of Rs 10/- each	**700,000**	700,000
Issued		
64,285,000 (Previous Year: 64,285,000) Equity Shares of Rs 10/- each	**642,850**	642,850
Subscribed & Paid up		
64,263,770 (Previous Year: 64,263,770) Equity Shares of Rs 10/- each fully paid	**642,638**	642,638

Of the Above :

i. 9,800,000 (Previous Year: 9,800,000) Equity Shares of Rs 10/- each issued and allotted as fully paid-up Bonus Shares by capitalisation of General Reserve and Securities Premium in earlier years

ii 33,424,100 (Previous Year: 33,424,100) Equity Shares held by Bata (BN) B.V., Amsterdam, The Netherlands, (Holding Company) - Rs. 334,241,000 (Previous Year: Rs 334,241,000).

	As at 31.12.2011 Rs '000s	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s	As at 31.12.2010 Rs '000s
2. RESERVES & SURPLUS				
A) Revaluation Reserve				
As per last Account (Created on 31st December, 1969 and 31st December, 1997 by Revaluation of Fixed Assets)	**346,773**		361,805	
Less: On Sold/ Discarded fixed assets	**41,610**		2,411	
Less: Transferred to Profit & Loss Account (Being Depreciation for the year on Revalued amount)	**8,955**	**296,208**	12,621	346,773
B) Securities Premium (as per last accounts)		**501,356**		501,356
C) General Reserve				
As per last Account	**504,280**		408,928	
Add: Transferred from Profit and Loss Account	**225,839**	**730,119**	95,352	504,280
D) Profit and Loss Account		**3,572,732**		1,987,319
		5,100,415		3,339,728

	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
3. LOAN FUNDS		
A) Secured Loans		
From Scheduled Banks on Cash Credit Accounts & Working Capital Demand Loan [Refer Note No. 5 of Schedule 21]	—	—
B) Unsecured Loans		
Deposits from Agents and Franchisees [Amount payable within one year Rs. Nil (Previous Year: Rs. Nil)]	**194,046**	137,743
	194,046	137,743

(All Figures are in Rs '000s)

4. FIXED ASSETS	Land	Buildings	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block							
As at 01.01.2011	240,836	590,667	1,977,886	1,348,990	17,175	**4,175,554**	3,744,047
Additions	—	532499*	112,183	512,748	4,263	**1,161,693**	583,491
Deductions/Adjustments	—	87,402	176,653	72,613	2,677	**339,345**	151,984
As at 31.12.2011	**240,836**	**1,035,764**	**1,913,416**	**1,789,125**	**18,761**	**4,997,902**	**4,175,554**
Depreciation							
As at 01.01.2011	—	361,840	1,565,409	702,113	15,018	**2,644,380**	2,441,165
For the year	—	52,138	125,351	240,906	1,159	**419,554**	337,725
Deletions / Adjustments	—	48,035	162,755	37,233	2,579	**250,602**	134,510
As at 31.12.2011	**—**	**365,943**	**1,528,005**	**905,786**	**13,598**	**2,813,332**	**2,644,380**
Net Block							
As at 31.12.2011	**240,836**	**669,821**	**385,411**	**883,339**	**5,163**	**2,184,570**	**1,531,174**
As at 31.12.2010	240,836	228,827	412,477	646,877	2,157	1,531,174	
Capital Work in Progress							
As at 31.12.2011						**80,666**	3,220
As at 31.12.2010						3,220	
Total Net Block							
As at 31.12.2011	**240,836**	**669,821**	**385,411**	**883,339**	**5,163**	**2,265,236**	**1,534,394**
As at 31.12.2010	240,836	228,827	412,477	646,877	2,157	1,534,394	

Note : Fixed Assets existing on December 31, 1969 and December 31, 1997 were revalued at amount as determined by an expert valuer.

*Refer Note 3 of Schedule 21

5. INTANGIBLE ASSETS (COMPUTER SOFTWARE)	CURRENT YEAR	PREVIOUS YEAR
	Rs. '000s	**Rs. '000s**
Gross Block		
As at 01.01.2011	—	4,532
Additions	**5,828**	—
Deductions	—	4,532
As at 31.12.2011	**5,828**	**—**
Amortisation		
As at 01.01.2011	—	4,532
For the year	409	—
Deductions	—	4,532
As at 31.12.2011	**409**	**—**
Net Block		
As at 31.12.2011	**5,419**	**—**
As at 31.12.2010	—	—

		Face value Per share Rs	No. of Equity Shares Current Year	No. of Equity Shares Previous Year	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
6	**INVESTMENTS (LONG TERM) (AT COST)** (Unquoted, Fully paid)					
	(a) In Government or Trust Securities (Non Trade) (Deposited with Government Authorities)					
	6 Year National Savings Certificates				—	5
					—	5
	(b) Bata Properties Limited (Trade)					
	(Wholly owned subsidiary, a Company under the same management u/s 370(1B) of the Companies Act, 1956)	10	4,851,000	4,851,000	**48,510**	48,510
	(c) Other Investments (Non Trade)					
	Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	10	250	250	**2**	2
	(d) Bhadrakali Market Co-operative Society Limited, Nasik (Non Trade)	100	5	5	**1**	1
	(e) Riverbank Developers Private Limited - Joint Venture [a company under the same management for part of the year (Non Trade)] (Refer Note No. 3 of Schedule 21)	10	—	130,000	**—**	1,300
	(f) Immovable Properties - Land (Trade) (Refer Note No. 3 of Schedule 21)				**—**	122,665
	Note: No Investment was purchased/sold during the current year and previous year except (e) & (f) above (Refer Note No. 3 of Schedule 21)					
					48,513	172,478
					48,513	172,483
7	**INVENTORIES (at lower of cost and net realizable value)**					
	Raw Materials				**173,047**	149,198
	Work-in-Progress				**236,331**	175,419
	Stores & Spare Parts				**8,884**	9,779
	Finished Goods [Including in transit of Rs. 354,789 thousands (Previous Year Rs. 338,779 thousands)]				**3,494,954**	2,659,237
					3,913,216	2,993,633

SCHEDULES TO THE BALANCE SHEET

		As at 31.12.2011		As at 31.12.2010	
		Rs '000s	Rs '000s	Rs '000s	Rs '000s
8	**SUNDRY DEBTORS**				
	(Unsecured considered Good)				
	(a) Debts outstanding for a period exceeding six months		**827**		3,879
	(b) Other Debts		**313,109**		298,145
			313,936		302,024
9	**CASH & BANK BALANCES**				
	A) Cash on hand		**27,262**		17,962
	B) Balances with Scheduled Banks on :				
	Current & Cash Credit Accounts [Includes Rs. 5,172 thousands (Previous Year: Rs. 4,461 thousands) on unpaid dividend and unpaid matured deposit]	**197,016**		137,623	
	Term Deposits [Includes Rs.14,269 thousands (Previous Year: Rs 14,575 thousands) as deposits pledged with Banks]	**1,004,269**	**1,201,285**	1,199,225	1,336,848
	C) Balance with Other Banks on :				
	Current Account [With Municipal Co-Operative Bank-Mumbai Maximum amount outstanding during the year Rs. 3,094 thousands (Previous Year: Rs 1,785 thousands)]		**917**		910
			1,229,464		1,355,720
10	**OTHER CURRENT ASSETS**				
	(Unsecured - Considered Good)				
	Interest receivable on Fixed Deposits with Banks & others		**32,224**		15,429
			32,224		15,429

	As at 31.12.2011		As at 31.12.2010	
	Rs '000s	**Rs '000s**	Rs '000s	Rs '000s
11 LOANS & ADVANCES				
(Unsecured - Considered Good, unless otherwise stated)				
Advances recoverable in cash or in kind or for a value to be received [including Rs.12,597 thousands (Previous Year Rs 2,035 thousands) considered doubtful]	**252,730**		147,214	
Less: Provision for Doubtful Advances	**12,597**	**240,133**	2,035	145,179
Claims [including Rs. Nil (Previous Year Rs.505 thousands) considered doubtful]	**8,589**		74,338	
Less: Provision for Doubtful Claims	**—**	**8,589**	505	73,833
Deposits [including Rs. 6,440 thousands (Previous Year Rs. 6,440 thousands) considered doubtful]	**654,747**		474,197	
Less: Provision for Doubtful Deposits	**6,440**	**648,307**	6,440	467,757
Others [Including Rs. 5,110 thousands (Previous Year Rs. 3,101 thousands) considered doubtful]	**5,111**		3,201	
Less: Provision for Doubtful Other Loans & Advances	**5,110**	**1**	3,101	100
Advance recoverable From Coastal Commercial & Exim Limited, a Subsidiary Company and a company under the same management u/s 370(1B) of The Companies Act, 1956. [Maximum amount due during the year Rs. 1,868 thousands (Previous Year Rs. 2,449 thousands)]		**1,313**		1,868
Advance Tax (including tax deducted at source and refund receivable)		**743,936**		703,255
Balances with Customs, Port Trust and Excise Authorities [including Rs. 31,343 thousands (Previous Year Rs. 33,343 thousands) considered doubtful]	**90,154**		67,626	
Less: Provision for Doubtful Advances	**31,343**	**58,811**	33,343	34,283
		1,701,090		1,426,275

SCHEDULES TO THE BALANCE SHEET

		As at 31.12.2011		As at 31.12.2010	
		Rs '000s	**Rs '000s**	Rs '000s	Rs '000s
12	**CURRENT LIABILITIES**				
	Acceptances		**23,232**		19,773
	Sundry Creditors				
	– Micro and Small Enterprises [Refer Note No.22 of Schedule 21]	**58,605**		53,918	
	– Others	**2,277,973**	**2,336,578**	2,099,940	2,153,858
	Advance for Restructuring of Agreements [Refer Note No. 3 of Schedule 21]		**—**		800,000
	Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :				
	I) Unpaid Dividend		**4,510**		2,992
	II) Unpaid Matured Deposit		**662**		1,469
	Other Liabilities		**223,323**		153,331
			2,588,305		3,131,423
13	**PROVISIONS**				
	Proposed Dividend		**385,583**		257,055
	Tax on Proposed Dividend		**62,551**		42,694
	Taxation		**619,218**		486,917
	Leave Benefits		**26,757**		35,898
	Warranty Claims [Refer Note No. 16 (a) of Schedule 21]		**10,273**		21,888
	Contingencies/Litigations [Refer Note No. 16 (b) of Schedule 21]		**221,461**		14,974
			1,325,843		859,426
14	**MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)**				
	Voluntary Retirement Costs (As per last account)	**—**		15,310	
	Add : Current Year Cost	**—**		—	
		—		15,310	
	Less : Amortisation for the year	**—**	**—**	15,310	—
	Unamortised Balance Carried to Balance Sheet		**—**		—

		For the year ended 31.12.2011		For the year ended 31.12.2010	
		Rs '000s	**Rs '000s**	Rs '000s	Rs '000s
15	**GROSS TURNOVER**				
	Sale of Products		**15,634,313**		12,755,159
	Income from Repair and Chiropody		**475**		2,369
	Sale of Scrap		**11,419**		13,360
			15,646,207		12,770,888
16	**OTHER INCOME**				
	Interest (gross) [Tax deducted at source - Rs.9,507 thousands (Previous Year Rs. 5,960 thousands) Refer note 13 of Schedule 21]		**90,347**		60,551
	Gain on Foreign Exchange Fluctuations (net off loss of Rs. 6,724 thousands (Previous Year: Rs. 9,929 thousands))		**4,182**		14,178
	Duty Draw Back & Other Export incentives		**4,568**		4,961
	Liabilities no longer required written back		**—**		3,698
	Gain on Investments (Long Term) (Refer Note No. 3 of Schedule 21)				
	– on variation of Development Rights of immovable properties (Trade)	**994,853**			
	– on sale of shares of Joint Venture Company (Non-Trade)	**98,700**	**1,093,553**		—
	Miscellaneous Income		**121,054**		69,141
			1,313,704		152,529
17	**COST OF GOODS SOLD**				
	Raw materials consumed		**2,342,130**		2,106,674
	Job Processing Charges		**209,581**		210,218
	Purchase of Traded Goods		**5,590,910**		3,849,855
	(Increase)/Decrease in Stock				
	Finished Goods:				
	Opening Stock	**2,659,237**		2,448,122	
	Less : Closing Stock	**3,494,954**		2,659,237	
		(835,717)		(211,115)	
	Work In Progress:				
	Opening Stock	**175,419**		158,877	
	Less : Closing Stock	**236,331**		175,419	
		(60,912)	**(896,629)**	(16,542)	(227,657)
	Increase / (Decrease) in Excise Duty on (Increase) / Decrease in Stocks (Refer Note No. 21 of Schedule 21)		**19,466**		6,094
			7,265,458		5,945,184

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

			For the year ended 31.12.2011 Rs '000s		For the year ended 31.12.2010 Rs '000s
18	**MANUFACTURING, DISTRIBUTION, SELLING AND ADMINISTRATION EXPENSES**				
	Salaries, Wages and Bonus (Refer Note No. 8 of Schedule 21)		**1,629,436**		1,495,853
	Workmen & Staff Welfare		**87,457**		78,855
	Contribution to Gratuity, Pension & Provident Funds		**141,650**		193,571
	Commission on sales - 'Other than to Sole Selling Agents'		**415,600**		266,361
	Cash Discount		**13,842**		9,584
	Stores and Spare Parts consumed		**29,827**		29,180
	Power & Fuel		**381,241**		327,474
	Rent [net of rent recovered of Rs. 1,886 thousands (Previous Year Rs.2,023 thousands)] (Including impact of straight lining of lease rent Rs.87,091 thousands (Previous Year: Rs. 115,839 thousands))		**1,452,885**		1,154,626
	Repairs – Buildings		**63,866**		39,463
	– Plant & Machinery		**22,186**		21,858
	– Others		**27,194**		22,983
	Insurance		**65,002**		45,947
	Rates & Taxes		**124,099**		94,588
	Travelling & Conveyance		**138,383**		128,628
	Freight		**405,340**		338,578
	Advertisement and Sales Promotion (includes secondary packaging Rs. Nil (Previous Year Rs. 61,770 thousands))		**171,502**		181,058
	Communication Expenses		**60,883**		59,290
	Printing & Stationery		**39,828**		35,953
	Legal and Professional Expenses		**106,962**		85,765
	Loss on disposal/discard of Fixed Assets (net off gain of Rs. 32,434 thousands (Previous Year Rs. 3,339 thousands))		**15**		3,054
	Provision for Doubtful Loans & Advances		**10,066**		4,693
	Technical Collaboration Fee		**151,756**		148,703
	Miscellaneous Expenses (Refer Note No. 4 of Schedule 21)		**228,516**		176,452
			5,767,536		4,942,517
19	**DEPRECIATION**				
	a) Depreciation for the year	**419,554**		337,725	
	Less: Transfer from Revaluation Reserve	**8,955**	**410,599**	12,621	325,104
	b) Amortisation of Intangible Asset		**409**		—
			411,008		325,104
20	**FINANCIAL EXPENSES**				
	Interest –				
	– on Cash Credit Accounts/ Working Capital Demand Loan	—		2,547	
	– on Deposits from Agents and Franchisees	**7,401**		5,256	
	– Others	**1,301**	**8,702**	335	8,138
	Bank Charges		**87,752**		68,247
			96,454		76,385

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

1. NATURE OF OPERATION

Bata India Limited is primarily engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

d. Fixed Assets

Fixed Assets are stated at cost of acquisition (or revalued amounts, as the case may be)less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. In case of revaluation of fixed assets, the revalued amount as determined by the valuer is considered in the books of account and the differential amount is transferred to Revaluation Reserve. Depreciation on excess of revalued amount over cost is transferred from Revaluation reserve to Profit and Loss Account.

e. Depreciation

i. Fixed Assets costing below Rs. 5,000 are fully depreciated in the year of acquisition.

ii. Lease hold improvements (LHI) included under building and furniture & fixtures are amortised on straight line basis over the period of lease or useful life (not exceeding 9 years), whichever is lower.

iii. Depreciation on all other Fixed Assets is provided on Written Down Value method at the rates based on the estimated useful life of the assets, estimated by the management which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

iv. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/ disposal.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

f. Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.Cost is determined on a weighted average basis.Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location, determined on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. **Sale of Goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. It includes excise duty but excludes value added tax/sales tax. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year.

ii. **Interest:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii. **Export Benefits:**

Export Entitlements in the form of Duty Drawback, Duty Entitlement Pass Book (DEPB) and other schemes are recognized in the Profit and Loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

i. Foreign Currency Transactions

i. **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

ii. **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii. **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

j. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset.

Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

k. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of Qualifying Assets, which take substantial period of time to get ready for its intended use are capitalized until the time all substantial activities necessary to prepare such assets for their intended use are complete. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

l. Segment Reporting Policies

(i) Identification of Segments:

Primary Segment

Business Segment:

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Footwear & Accessories and Surplus Property Development.

Secondary Segment

Geographical Segment:

The analysis of geographical segment is based on the geographical location of the customers.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

(ii) Allocation of Common Costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

(iii) Unallocated Items :

Includes general corporate income and expense items which are not allocated to any business segment.

(iv) Segment Policies

The Company prepare its segment information in conformity with the Accounting Policies adopted for preparing and presenting the Financial Statement of the company as a whole.

m. Intangible Assets

i. **Computer Software Acquired for Internal Use**

Costs relating to computer software which is acquired, are capitalized and amortized on a straight-line basis over its useful life of 5 years.

ii. **Research and Development Costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate.

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- Its ability to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development cost is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

n. Retirement and Other Employee Benefits

i Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented substantially by creation of separate funds and is used to meet the liability as and when it accrues for payment in future.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

ii. The Provident Fund (where administered by a Trust) is a defined benefit scheme where by the Company deposits as amount determine as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. Deficit in the fund, if any, as at the year end is further provided for.

iii. Short term compensated absences are provided on estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.

iv. Retirement benefits in the form of Pension cost is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o. Miscellaneous Expenditure

The Company recognises payments made under voluntary retirement schemes upto March 31, 2009 as miscellaneous expenditure and write off the same in monthly instalments over a period of 60 months or by March 31, 2010, whichever was earlier. Payments made on or after April 1, 2009 under Voluntary Retirement Scheme are immediately charged under the head Salaries, Wages and Bonus of the Profit and Loss Account.

p. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

q. Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are off set, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on Income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

r. Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s. Earnings Per Share (Basic & Diluted)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

t. Cash Flow Statement

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash and short-term investments with an original maturity of three months or less.

3. In April 2010, while retaining the legal title over the land at Batanagar Project and shares in the Joint Venture Company, Riverbank Developers Private Limited (RDPL), the Company restructured its agreements with revised terms and conditions for the development of the modern integrated township project at Batanagar.

Since conditions precedent to recognizing sale of investment and variation of development rights in the Immovable Property were satisfied in March 2011, following aggregate gains of Rs. 1,093,553 thousands before tax arising on the said transaction have been recognized under Other Income in these financial statements:

S.No.	**Particulars**		**Amount [Rs. in '000]**
a)	Gain on Sale of Shares of RDPL (net of cost)		98,700
b)	Gain on variation of Development Rights on Immovable Property		
(i)	Lumpsum consideration	900,000	
(ii)	Receipt of Employee Housing Colony	433,759	
(iii)	Net off : Balance obligation to the Government of West Bengal in respect of Employee Housing Colony	(216,241)	
(iv)	Net off: Investment in Immovable Property (at book value)	(122,665)	994,853
	Aggregate Gain		**1,093,553**

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

a) The Company has disposed off its stake in RDPL by transferring the shares of RDPL in a trust, the beneficial ownership of which vests with the buyer of such shares. The Company earned a gain of Rs.98,700 thousand, on such transfer.

b) (i) The Company has received a lumpsum Rs.900,000 thousand for variation of the development rights out of which Rs.700,000 thousand was received in April 2010 and the balance has been received during current year.

(ii) In addition, the Company has received approximately 315,000 square feet of employee housing colony from RDPL. Accordingly, the Company has recorded a gain of Rs.433,759 thousand which represents the cost to RDPL for constructing such colony.

(iii) Since as per the order of the Government of West Bengal, the total obligation on the Company towards development of employee housing colony was Rs. 650,000 thousand, the Company has recorded a contingent liability of Rs.216,241thousand for obligation yet to be fulfilled. Further as a part of the consideration, the Company is yet to receive from RDPL, approximately 325,000 square feet of constructed space as per the terms of the revised agreements.

Pursuant to the restructuring of these agreements as described above, RDPL ceases to be a jointly controlled entity with effect from April 1, 2011.

4. Miscellaneous expenses under Schedule 18 include Auditors' Remuneration as under:

Particulars	**2011 Rs. '000s**	2010 Rs. '000s
As Auditors	**5,700**	4,250
Other Capacity		
– Group reporting	**—**	1,700
– Certification Fee	**235**	615
Reimbursement of out of Pocket Expenses	**1,309**	765

5. Cash Credit facilities & Working Capital Demand Loans with Banks are secured by hypothecation of stock of raw materials, work-in-progress, finished goods, stores and spare parts, book debts and other current assets.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

6. Leases

Assets Taken on Operating Lease

a) The Company has taken various residential, office, warehouse and shop premises under operating lease agreements. The lease agreements generally have an escalation clause and there are no subleases. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements.

b) The aggregate lease rentals amounting to Rs. 1,454,771 thousands (Previous year Rs.1,156,649 thousands) (including impact of Straight Lining of Lease Rent) are charged as 'Rent' in Schedule 18.

The future minimum lease payments under non-cancellable operating leases: Rs. Nil (Previous Year: Rs. Nil).

7. Unhedged Foreign Currency Exposure

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date	Amount in Foreign Currency (in '000s)			Amount in Indian Currency (Rs. '000s)	
	Currency	Current Year	Previous Year	Current Year	Previous Year
Import Creditors	USD	2,144.53 @ Rs.53.62	1,878.46 @ Rs.45.28	114,990	85,057
	EURO	7.11 @ Rs.69.67	0.21 @ Rs.60.45	496	13
Advance for Import	USD	176.78@ Rs.52.8	12.19@ Rs.44.37	9,334	541
	EURO	3.14 @ Rs.68.08	0.83 @ Rs.58.79	214	49
	GBP	—	0.46@ Rs.68.33	—	32
Debtors	USD	376.55 @ Rs.52.80	118.49 @ Rs.44.37	19,882	5,256

8. Expenditure incurred on Voluntary Retirement Scheme

The Company had incurred Rs. Nil (Previous Year: Rs.9,270 thousands) on account of voluntary retirement scheme which is grouped under salaries, wages and bonus in Schedule 18.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

9. A. Related Party Transactions

Amount in Rs. '000s

Nature of Transaction		Holding Company		Subsidiaries		Fellow Subsidiaries		Joint Venture		Transactions with Key Management		Total	
		Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance
Sales (Refer 9B(i))	This Year	—	—	—	—	**22,673**	**683**	—	—	—	—	**22,673**	**683**
	Previous Year	—	—	—	—	16,785	2,720	—	—	—	—	16,785	2,720
Purchase (Refer 9B(ii))	This Year	—	—	—	—	**415**	**415**	—	—	—	—	**415**	**415**
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Advance Recoverable (Refer 9B(vii)A)	This Year	—	—	**517**	**1,313**	—	—	—	—	—	—	**517**	**1,313**
	Previous Year	—	—	514	1,868	—	—	—	—	—	—	514	1,868
Rent Expenses (Refer 9B(vii)B)	This Year	—	—	**1,674**	—	—	—	—	—	—	—	**1,674**	—
	Previous Year	—	—	1,674	—	—	—	—	—	—	—	1,674	—
Reimbursement of Expenses to (Refer 9B(iii), 9B(vii)C)	This Year	—	—	**36**	—	**5,817**	**168**	—	—	—	—	**5,853**	**168**
	Previous Year	—	—	34	—	4,636	1,241	—	—	—	—	4,670	1,241
Reimbursement of Expenses from (Refer 9B(iv), 9B(vi)A)	This Year	—	—	—	—	**13,286**	**3,139**	**3,930**	**8,047**	—	—	**17,216**	**11,186**
	Previous Year	—	—	—	—	12,285	3,676	23,082	8,617	—	—	35,367	12,293
Technical Fee Refer 9B (v)	This Year	—	—	—	—	**140,000**	**28,000**	—	—	—	—	**140,000**	**28,000**
	Previous Year	—	—	—	—	135,000	27,000	—	—	—	—	135,000	27,000
Remuneration (Refer 9B(viii))	This Year	—	—	—	—	—	—	—	—	**88,200**	—	**88,200**	—
	Previous Year	—	—	—	—	—	—	—	—	49,571	—	49,571	—
Dividend Paid (Refer 9B(ix))	This Year	**133,696**	—	—	—	—	—	—	—	—	—	**133,696**	—
	Previous Year	98,355	—	—	—	—	—	—	—	—	—	98,355	—
Advances for Restructuring of Development Agreement (Refer 9B(vi) (C))	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	—	—	700,000	700,000	—	—	700,000	700,000
Income from Restructuring of Development Agreement (Refer 9B(vi) (D))	This Year	—	—	—	—	—	—	**900,000**	—	—	—	**900,000**	—
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Land Obligations pertaining to Employee Housing fulfilled by the JV Company (Refer 9B(vi) (B1))	This Year	—	—	—	—	—	—	**433,759**	—	—	—	**433,759**	—
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage of Immovable Property (Refer 9B(vi)(E))	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	—	—	1,740,000	1,740,000	—	—	1,740,000	1,740,000

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

9. B. Related Party Transaction Details

i. Sale of Goods:

Details of sales to Fellow Subsidiaries which are material (more than 10% of the total sales to Related Parties)

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Shoe Co. (Bangladesh) Ltd.	**2011** 2010	**21,925** 10,965	— —
Bata Shoe Co. of Ceylon Ltd.	**2011** 2010	**382** 4,534	**683** 2,150

ii. Purchase of Goods:

Details of purchase from Fellow Subsidiary which is material (more than 10% of the total purchase from Related Parties)

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Industrial Europe - Netherland	**2011** 2010	**415** —	**415** —

iii. Reimbursement of Expenses to:

Details of Reimbursement of expenses to Fellow Subsidiaries which are material (more than 10% of the total Reimbursement of expenses to Related Parties) :

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Shoe Singapore Pte Ltd.	**2011** 2010	**—** 538	**—** —
Bata Malaysia SDN. BHD.	**2011** 2010	**1,883** 1,075	**787** 94
Compass Limited	**2011** 2010	**—** 497	**—** —
P. T. Sepatu Bata Tbk	**2011** 2010	**—** 1,608	**—** 1,134
Global Footwear Services Pte Ltd.	**2011** 2010	**1,477** —	**—** —
USDo Footwear Holdings S.a.r.l.	**2011** 2010	**1,542** —	**—** —

iv. Reimbursement of Expenses from:

Details of Reimbursement of expenses from Fellow Subsidiaries which are material (more than 10% of the total Reimbursement of expenses from Related Parties):

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Shoe Singapore Pte Ltd.	**2011** 2010	**2,905** 5,899	**525** 1,396
Compar S.P.A.	**2011** 2010	**7,208** 1,131	**1,702** —
Shoe Innovation Centre Europe Srl	**2011** 2010	**—** 4,165	**—** 1,249
Global Footwear Services Pte Ltd.	**2011** 2010	**3,173** —	**885** —

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

v. Technical Collaboration Fees:

Details of Technical Collaboration Fees paid/payable to Fellow Subsidiary:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Global Footwear Services Pte Ltd.	**2011** 2010	**140,000** 135,000	**28,000** 27,000

vi. Transaction with Joint Venture Company:

Details of transaction with Joint Venture Company

A. Reimbursement of Expenses from:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2011** 2010	**3,930** 23,082	**8,047** 8,617

B1. Land Obligations pertaining to Employee Housing fulfilled by the JV Company:

Name of the Party	Year	Future Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2011** 2010	**433,759** —	**—** —

B2. Future Land Obligations pertaining to Employee Housing to be fulfilled by RDPL (a JV Company till March 31, 2011) :

Name of the Party	Year	Future Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2011** 2010	**216,241** 650,000	**—** —

The erstwhile JV Company will also fulfil the obligation of development of 88 acres (Previous Year 56 acres) of land for social and economic purposes as per the conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time. The above obligation is partly covered by Bank Guarantee taken from Riverbank Developers Private Limited of Rs.240,000 thousands (Previous year Rs. 240,000 thousands).

C. Advances for Restructuring of Development Agreement (Refer Note No. 3 of Schedule 21):

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2011** 2010	**—** 700,000	**—** 700,000

D. Income from Restructuring of Development Agreement (Refer Note No. 3 of Schedule 21):

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2011** 2010	**900,000** —	**—** —

E. Mortgage of Immovable Property:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2011** 2010	**—** 1,740,000*	**—** 1,740,000

*The Company had mortgaged its investment in immovable property to a body corporate for disbursement of term loan and non fund based limit in favour of the erstwhile Joint Venture Company.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

vii. Transaction with Subsidiaries :

Details of transaction with Subsidiaries which are material (more than 10% of the total transaction with the Related Parties)

A. Advance Recoverable :

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	**2011** 2010	**315** 251	**—** —
Coastal Commercial & Exim Ltd.	**2011** 2010	**202** 263	**1,313** 1,868

B. Rent Expenses:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	**2011** 2010	**834** 834	**—** —
Coastal Commercial & Exim Ltd.	**2011** 2010	**840** 840	**—** —

C. Reimbursement of Expenses to:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	**2011** 2010	**36** 34	**—** —

viii. Remuneration to Directors * :

Name of the Director	Year	Transaction Value (Rs.'000s)
Shaibal Sinha	**2011** 2010	**—** 17,642
Marcelo Villagran	**2011** 2010	**55,206** 29,718
Fadzilah Mohd. Hussein	**2011** 2010	**16,145** 2,211
Rajeev Gopalakrishnan	**2011** 2010	**16,849** —

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

ix. Transaction with Holding Company :

Dividend Payment :

Name of the Party	Year	Transaction Value (Rs.'000s)
BATA (BN) B.V. The Netherlands, Amsterdam	**2011** 2010	**133,696** 98,355

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

9. C. Related Party Disclosure

I. Where Control Exists :

Nature of relationship		**Name**
A. Holding Company	:	BATA (BN) B.V. The Netherlands, Amsterdam
B. Subsidiaries	:	Bata Properties Limited, and Coastal Commercial & Exim Limited (Subsidiary of Bata Properties Limited)

II. Where Control Does Not Exists :

Nature of relationship		**Name**
A. Key Management Personnel	:	Marcelo Villagran — Managing Director upto 30.09.2011 Rajeev Gopalakrishnan — Managing Director Fadzilah Mohd. Hussein — Director Finance w.e.f 01.10.2010 Shaibal Sinha — Director Finance upto 07.09.2010

B. Fellow Subsidiaries with whom transactions have taken place during the year:

Company Name	**Company Name**
Compar S.P.A.	Bata Industrial Europe
Bata Shoe Singapore Pte. Ltd.	Compass Limited
Global Footwear Services Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Bata Malaysia SDN. BHD.	Bata Shoe Co. of Ceylon Ltd.
P.T. Sepatu Bata Tbk	Bata Shoe of Thailand Public
Bata Pakistan Limited	
USDo Footwear Holding S.a.r.l.	

III. Jointly Control Entity : Riverbank Developers Private Limited
[Till March 31, 2011, Refer Note 3 of Schedule 21]

10. Earnings Per Share (EPS)

	2011	2010
Profit as per Profit & Loss Account (Rs.'000s)	2,258,393	953,520
Weighted Average Number of Equity Shares (in thousands)	64,264	64,264
Basic and Diluted Earning per Share (Rs.)	35.14	14.84
Nominal value of Share (Rs.)	10.00	10.00

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

11 Segment Reporting

The Company operates in two segments - Footwear & Accessories and Surplus Property Development. The Company has chosen business segments as its primary segments considering the dominant source and nature of risks and returns and the internal organisation and management structure.

A description of the types of products and services provided by each reportable segment is as follows:

Footwear & Accessories: The Segment is engaged in the business of manufacturing and trading of footwear and accessories items through its retail and wholesale network.

Surplus Property Development : The segment is involved in development of surplus property at Batanagar.

A Primary Segment Disclosure (Amount in Rs.'000s)

Particulars	Footwear & Accessories		Surplus Property Development		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
REVENUE						
External Turnover	15,420,781	12,581,943	—	—	15,420,781	12,581,943
Other income*	129,804	91,978	1,093,553	—	1,223,357	91,978
RESULT	2,026,075	1,402,531	1,093,553	—	3,119,628	1,402,531
Unallocated Corporate Expenses					(7,244)	(24,972)
Operating Profit					3,112,384	1,377,559
Interest Expenses					(8,702)	(8,138)
Interest Income					90,347	60,551
Income Taxes					(935,636)	(476,452)
Net Profit					2,258,393	953,520
OTHER INFORMATION						
Segment assets	8,732,938	6,948,692	—	132,582	8,732,938	7,081,274
Unallocated corporate assets					1,118,309	1,029,684
Total assets					9,851,247	8,110,958
Segment liabilities	2,820,226	3,337,426	216,241	—	3,036,467	3,337,426
Unallocated corporate liabilities					1,071,727	791,166
Total liabilities					4,108,194	4,128,592
Capital expenditure	1,244,967	580,419	—	—	1,244,967	580,419
Depreciation	410,599	325,104	—	—	410,599	325,104
Amortisation	409	—	—	—	409	—
Non-cash expenses other than depreciation and amortisation (Provision for Loan & advances)	10,066	4,693	—	—	10,066	4,693

* Other income as reported does not include the interest income amounting to Rs.90,347 thousands (Previous Year Rs. 60,551 thousands)

B INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Sundry Debtors as per Geographical Markets (Amount in Rs. '000s)

Particulars	Revenue		Sundry Debtor	
	2011	**2010**	**2011**	**2010**
India	15,251,442	12,464,271	292,212	296,768
Outside India	169,339	117,672	21,724	5,256
Total	15,420,781	12,581,943	313,936	302,024

b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

12. Contingent Liabilities not provided for in respect of:

- Claims against Company not acknowledged as debts includes

Nature	2011 (Rs.'000s)	2010 (Rs.'000s)
Excise and Customs Cases	154,400	163,220
Sales Tax Cases	34,200	34,200
Others*	226,599	217,790
Income Tax Cases**	230,552	230,552
Total	**645,751**	**645,762**

* Others include individually small cases pertaining to rent, labour etc.

** During the previous year, the assessing Officer had revised the computation of Capital Gains on "Transfer of Development Rights to RHPL" in the year 2007 by treating it as Short Term instead of the Long Term and thus raised a demand of Rs. 230,552 thousands on the Company. The Company during the current year has received favourable order from the CIT (Appeal). However, Income Tax Department has filed an appeal with the Appellate Tribunal (ITAT) against the said order.

Further, as per the Joint Development Agreement entered in December 2006, liability of Income Tax on such transfer, if any, will be borne by JV Company.

On the basis of current status of individual cases and as per legal advice obtained by the Company, wherever applicable, the Company is confident that no provision is required in respect of these cases at this point in time.

- Future obligations imposed by the Govt. of West Bengal in respect of property project are Rs. 58,864 thousands (Previous Year Rs. 731,802 thousands).
- The erstwhile JV company will fulfil the obligation of development of 88 acres (Previous Year: 56 acres) of land for social and economic purposes as per conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time. The above obligation is partly covered by Bank Guarantee taken from Riverbank Developers Private Limited of Rs.240,000 thousands (Previous Year Rs.240,000 thousands).

13. Interest received (Schedule 16) includes:

Particulars	2011 (Rs.'000s)	2010 (Rs.'000s)
From Banks on Fixed Deposits (Includes TDS of Rs. 9,321 thousands (Previous Year: 5,960 thousands))	88,616	58,286
From Others on Security Deposits (Includes TDS of Rs. 186 thousands (Previous Year: Nil))	1,731	2,265
Total	**90,347**	**60,551**

14. 21,230 (Previous Year: 21,230) equity shares of Rs. 10 each were held in abeyance on account of pending adjudication of the shareholders' right to receive those shares / inability of depository to establish ownership rights.

15. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs.62,209 thousands (Previous Year: Rs.79,555 thousands).

16. a) The movement of provision for warranty claims is as follows:

Particulars	2011 (Rs.'000s)	2010 (Rs.'000s)
Opening balance	21,888	16,970
Additions	83,611	61,728
Utilisation	67,550	49,904
Reversals	27,676	6,906
Closing balance	10,273	21,888

The warranty claim provision covers the expenses relating to the repairing / cost of shoes sold which are covered by a warranty period of 60 days from the date of sale. Liability in respect of warranties is provided on the basis of valuation carried out by an independent actuary as at year end. It is expected that cost will be incurred over the warranty period as per the warranty terms.

b) The breakup and movement of provision for contingencies/litigations are as follows: (Amount in Rs. '000s)

Particulars	ESI	Labour Case, House Tax and Other Civil Cases [Refer Note (i) below]	Liability for Land Development (Refer Note 3 above)	TOTAL
Opening balance as on 1st January 2011	1,274	13,700	—	14,974
Additions	—	4,718	216,241	220,959
Utilisation	—	10,363	—	10,363
Reversals	—	4,109	—	4,109
Closing balance as on 31st December 2011	1,274	3,946	216,241	221,461

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

The Company sets up and maintains provision for trade related and other litigations or disputes when a reasonable estimate can be made. The amounts of provisions are based upon estimates provided by the Company's legal department which are revisited on a timely basis. The exact timing of the settlement of the litigations and consequently, the outflow is uncertain.

(i) In view of large number of labour cases and other civil cases, it is not practicable to disclose the details of each case separately. The exact timing of the settlement of the litigation and consequently, the outflow is uncertain.

17. Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at the rate of 15 days salary (last drawn salary) for each completed year of service. The scheme is funded through the companies own trust.

The Company has also provided long term compensated absences which are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognised in Contribution to Gratuity, Pension & Provident Funds)

	Gratuity	
	2011 (Rs.'000s)	2010 (Rs.'000s)
Current service cost	17,622	16,359
Interest cost on benefit obligation	25,484	23,714
Expected return on plan assets	(29,157)	(28,960)
Past Service Cost	—	12,000
Net actuarial(gain) / loss recognised in the year	10,062	53,534
Net benefit expense	24,011	76,647
Actual return on plan assets	53,449	23,980

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2011 (Rs.'000s)	2010 (Rs.'000s)
Defined benefit obligation	348,695	346,551
Fair value of plan assets	387,314	352,181
	38,619	5,630
Plan asset / (liability)	38,619	5,630

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	2011 (Rs.'000s)	2010 (Rs.'000s)
Opening defined benefit obligation	346,551	346,937
Interest cost	25,484	23,714
Current service cost	17,622	16,359
Benefits paid	(75,316)	(101,013)
Past service cost	—	12,000
Actuarial (gains) / losses on obligation	34,354	48,554
Closing defined benefit obligation	348,695	346,551

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

Changes in the fair value of plan assets are as follows:

	Gratuity	
	2011 (Rs.'000s)	2010 (Rs.'000s)
Opening fair value of plan assets	352,181	353,210
Expected return	29,157	28,960
Contributions by employer	57,000	76,004
Benefits paid	(75,316)	(101,013)
Actuarial gains / (losses)	24,292	(4,980)
Closing fair value of plan assets	387,314	352,181

The Defined benefit obligation amounting to Rs. 348,695 thousands is funded by assets amounting to Rs.387,314 thousands and Company has contributed Rs. 38,619 thousands excess during the year 2011.The Company expects to contribute Rs. 50,000 thousands (Previous Year Rs.60,000 thousands) during the year 2012.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2011	2010
	%	%
Investments	100.00	100.00
– With Insurer	45.93	46.22
– With Government securities and Bonds	4.24	4.12
– With Special deposit scheme	49.83	49.66

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	2011	2010
	%	%
Discount rate	8.50	8.25
Expected rate of return on assets	8.50	8.50
Employee turnover		
Non Management		
20-24	0.50	0.50
25-29 and 55-60	0.30	0.30
30-34 and 50-54	0.20	0.20
35-49	0.10	0.10
Management		
20-25	5.00	5.00
26-35	3.00	3.00
36 and above	0.50	0.50

The estimates of future salary increases have been considered in actuarial valuation based on inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

The experience adjustment on account of actuarial assumptions of the Gratuity Scheme is as follows: (Amount in Rs. '000s)

	Experience History	**2011**	**2010**	**2009**	**2008**	**2007**
1	Defined Benefit Obligation at end of the period	(348,695)	(346,551)	(346,937)	(386,830)	(415,398)
2	Plan Assets at end of the period	387,314	352,181	353,210	317,570	362,000
3	Funded Status	38,619	5,630	6,273	(69,260)	(53,398)
4	Experience Gain/(Loss) adjustments on plan liabilities	(40,924)	(55,334)	(35,519)	(65,560)	(69,554)
5	Experience Gain/(Loss) adjustments on plan assets	24,292	(4,980)	(9,945)	(11,756)	(6,032)
6	Actuarial Gain/(Loss) due to change on assumptions	6,570	6,780	28,804	28,912	(19,391)

(Amount in Rs. '000s)

Contribution to Defined Contribution Plans:	**2011**	**2010**
Pension fund	1,151	2,311

18. The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", notified in the Companies (Accounting Standards) Rules, 2006.The Company has significant timing differences between accounting and tax records which suggest accounting for deferred tax asset which are as below. (Amount in Rs. '000s)

	2011	2010
Deferred Tax Assets		
Tax impact of Timing Differences leading to Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year/earlier years but allowable for tax purposes in following years	27,656	44,274
Straight lining of Lease Rent	141,940	115,839
Provision for doubtful debts advances etc.	18,004	15,089
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	154,549	114,024
Effect of income not credited to profit and loss account in the current year but considered for tax purposes	—	21,774
Gross Deferred Tax Assets	342,149	311,000
Less : Opening Deferred Tax Asset	311,000	241,074
Deferred Tax Charge/(Credit) for the year recognised in Profit and Loss Account	(31,149)	(69,926)

19. Manufacturing, Distribution, Selling and Administration expenses (Schedule 18) include Research & Development Expenses of Rs.50,166 thousands (Previous Year: Rs. 49,257 thousands).

20. As per the requirements of Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Ventures", the Company's interest in the Joint Venture Companies is as follows:

Name of the Company:	Riverbank Developers Private Limited
Nature:	Jointly Controlled Entity
Nature of Business:	Development of Real Estate
Country of Incorporation:	India
(%) of Holding as on December 31, 2011 :	Nil [50% till March 31, 2011(Previous Year 50%)]

Details of Interest in Joint Venture are as follows: (Amount in Rs. '000s)

Particulars	**2011****	**2010**
Fixed Assets (Gross Block, including Capital work in progress)	—	107,131
Fixed Assets (Accumulated Depreciation)	—	57,534
Investments	—	1,250
Inventories	—	5,258
Project Work in Progress	—	1,486,059
Current Assets	—	37,978
Secured Loans	—	590,000
Unsecured Loans	—	43,000
Current Liabilities	—	1,128,528
Revenue	66,841***	183,979
Expenses	77,283***	256,553
Contingent Liability*	—	49,500

* There was a contingent liability relating to Stamp duty in the Joint Venture Company as at December 31, 2010, which was not ascertainable.

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

** Refer Note no. 3 of Schedule 21.

*** Till March 31, 2011

21. In accordance with "Explanation below Para 10 of Notified AS 9", excise duty on turnover amounting to Rs. 225,426 thousands (Previous Year: Rs. 188,945 thousands) has been reduced from turnover in profit & loss account and differential excise duty on opening and closing stock of manufactured finished goods amounting to Rs. (19,466) thousands [Previous Year: Rs. (6,094) thousands] has been adjusted from Cost of Goods Sold in Schedule -17.

22. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

S. No	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	2011 (Rs.'000s)	2010 (Rs.'000s)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	58,605	53,918
	Interest Due	—	—
II	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
	Payment made beyond the Appointed Date	456,651	418,976
	Interest Paid beyond the Appointed Date	—	—
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	—	—
IV	The amount of interest accrued and remaining unpaid at the end of the year; and	—	—
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	—	—

23 Directors' Remuneration (Included under Salary, Wages & Bonus) *

	31.12.2011		31.12.2010	
	Rs. '000s	**Rs. '000s**	Rs. '000s	Rs. '000s
Managing & Wholetime Directors :				
Salary	**39,279**		23,621	
Commission	**38,429**		15,600	
Provident Fund Contribution	**3,754**		4,884	
Pension	**1,613**		1,208	
Value of other Perquisites	**5,125**		3,983	
Home Leave Travel	**—**	**88,200**	276	49,571
Non-Executive Directors :				
Commission		**4,422**		4,575
Fees		**620**		580
		93,242		54,726

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

Computation of Net Profit as per Section 349 of the Companies Act,1956 for calculation of Commission payable to directors

	31.12.2011 Rs. '000s	31.12.2010 Rs. '000s
Net Profit Before Tax	**3,194,030**	1,429,972
Add:-		
Provision for Doubtful Debts & Advances	**10,066**	4,693
Payment under Voluntary Retirement Scheme	—	24,665
Less:-		
Bad debts Written Off	—	57,288
Gain on Investments	**1,093,553**	—
Net Profit as per Section 349 of the Companies Act, 1956	**2,110,543**	1,402,042
Add: Managerial Remuneration		
Remuneration & Estimated value of other benefits	**88,200**	49,571
Fees	**620**	580
Commission	**4,422**	4,575
Net Profit for the purpose of Director's remuneration as per Section 198	**2,203,785**	1,456,768

* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors not included above

24 INFORMATION PURSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956

(a) Quantitative Information in respect of goods manufactured

		2011			2010		
		Installed Capacity	Licenced Capacity	Actual Production	Installed Capacity	Licenced Capacity	Actual Production
		in '000s		in '000s	in '000s		in '000s
Rubber & Canvas Footwear	Pairs	42,500	N.A	6,645	42,500	N.A	8,040
Leather & Other Footwear	Pairs	20,256	N.A	13,564	20,256	N.A	14,384
Finished Leather from Hides	Pieces	1,596	N.A	110*	1,596	N.A	129

* Represent the production of intermediate goods which are captively used for manufacture of finished goods.

24. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

(b) Opening & Closing Stock, Purchases and Turnover - Sale of Products

	OPENING STOCK				CLOSING STOCK				PURCHASES				TURNOVER *			
	2011		2010		2011		2010		2011		2010		2011		2010	
	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)
Rubber/Canvas Footwear	5,028	646,695	5,053	534,549	5,091	779,303	5,028	646,695	9,581	1,105,712	7,706	828,521	16,162	3,007,620	15,771	2,405,551
Leather & Leather look alike Footwear	7,516	1,781,436	8,005	1,726,355	8,705	2,503,809	7,516	1,781,436	12,176	3,624,460	8,822	2,222,530	24,551	10,890,688	23,695	8,933,371
Plastic Footwear	2,151	145,907	2,366	138,304	1,399	102,531	2,151	145,907	7,321	574,045	8,582	601,695	8,074	1,117,068	8,797	1,022,890
Accessories, Garments and others		85,199		48,914		109,311		85,199		286,693		197,109		618,937		393,347
		2,659,237		2,448,122		3,494,954		2,659,237		5,590,910		3,849,855		15,634,313		12,755,159

*** Turnover quantity includes customers claims, insurance claims, samples etc.**

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

	31.12.2011 (Rs. '000s)	31.12.2010 (Rs. '000s)
(c) Value of Imports on CIF basis (on accrual basis)		
Raw Materials	**39,751**	43,782
Stores & Spare Parts	**1,853**	1,859
Capital Goods	**45,175**	29,918
Finished Goods	**1,127,931**	670,742
	1,214,710	746,301

(d) Consumption of Raw Materials

	Unit	31.12.2011 Quantity (in '000s)	31.12.2011 Value (Rs.'000s)	31.12.2010 Quantity (in '000s)	31.12.2010 Value (Rs.'000s)
Raw Hides	**Kg**	**1,288**	**59,378**	1,279	42,689
Leather	**Kvt**	**5,472**	**374,922**	6,293	413,327
Rubber	**Kg**	**1,225**	**222,649**	1,833	240,094
Textiles	**Msq**	**4,232**	**175,763**	4,964	158,006
Chemical	**Kg**	**3,486**	**531,158**	4,224	480,079
Packaging (includes secondary packaging Rs. 66,884 thousands (Previous Year Rs. Nil))			**238,926**		176,761
Other Materials			**739,334**		595,718
			2,342,130		2,106,674

(e) Consumption of Raw Materials

	31.12.2011 (Rs.'000s)	31.12.2011 % of total Consumption	31.12.2010 (Rs.'000s)	31.12.2010 % of total Consumption
Imported	**43,603**	**2**	48,490	2
Indigenous	**2,298,527**	**98**	2,058,184	98
	2,342,130	**100**	2,106,674	100

(f) Consumption of Stores and Spare Parts

	31.12.2011 (Rs.'000s)	31.12.2011 % of total Consumption	31.12.2010 (Rs.'000s)	31.12.2010 % of total Consumption
Imported	**2,887**	**10**	3,140	11
Indigenous	**26,940**	**90**	26,040	89
	29,827	**100**	29,180	100

(g) Foreign Currency Income & Expenditure

	31.12.2011 (Rs.'000s)	31.12.2011 (Rs.'000s)	31.12.2010 (Rs.'000s)	31.12.2010 (Rs.'000s)
Income Exports (F.O.B. value) (on accrual basis)		**169,339**		117,672
Expenditure (on payment basis net off taxes as applicable):				
Royalty	**40,094**		31,745	
Technical Collaboration Fees	**111,000**		111,375	
Others	**22,093**	**173,187**	23,298	166,418

21. NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

(h) Remittance in foreign currency on account of dividend

	31.12.2011	31.12.2010
Dividend on Equity Shares* (Rs. in thousands)	**133,696**	98,355
Number of Non-resident Equity Shareholders	**1**	1
Number of Equity Shares held by them on which dividend is paid during the year	**33,424,100**	32,785,000

* Dividend of Rs. 133,696 thousands pertains to year 2010 (2009: Rs. 98,355 thousands).

25 Previous Year figures have been regrouped, where necessary, to conform to current year's classification.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

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

1.	Name of the Subsidiary Company			:	BATA PROPERTIES LIMITED
2.	Financial year of the Subsidiary Company ended on			:	December 31, 2011
3.	Extent of interest in Subsidiary Company			:	100%
4.	Net aggregate amount of the profits of the Subsidiary Company as far as it concerns the members of the Company.				
	a)	Dealt with in the Company's accounts			
		i)	for the financial year of the Subsidiary	:	NIL
		ii)	for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	NIL
	b)	Not dealt with in the Company's accounts			
		i)	for the financial year of the Subsidiary	:	Rs. 917 thousand
		ii)	for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	Rs. (18,242) thousand

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

Gurgaon, February 29, 2012

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

1.	Name of the Subsidiary Company			:	COASTAL COMMERCIAL & EXIM LIMITED
2.	Financial year of the Subsidiary Company ended on			:	December 31, 2011
3.	Extent of interest in Subsidiary Company			:	100%
4.	Net aggregate amount of the profits of the Subsidiary Company as far as it concerns the members of the Company.				
	a)	Dealt with in the Company's accounts			
		i)	for the financial year of the Subsidiary	:	NIL
		ii)	for the previous financial years of the Subsidiary since it became the Subsdiary of the Company	:	NIL
	b)	Not dealt with in the Company's accounts			
		i)	for the financial year of the Subsidiary	:	Rs. 287 thousand
		ii)	for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	Rs. (662) thousand

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

Gurgaon, February 29, 2012

Bata

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	31.12.2011		31.12.2010	
	Rs.'000s	**Rs.'000s**	Rs.'000s	Rs.'000s
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		**3,194,029**		1,429,972
Adjustment for :				
Depreciation	**411,008**		325,104	
Provision for Doubtful Debts & Advances	**10,066**		4,693	
Gain on variation of Development rights of Immovable properties	**(994,853)**		—	
Gain on sale of shares of Joint Venture Company	**(98,700)**		—	
Liabilities no longer required written back	**—**		(3,698)	
Lease rent straight lining	**87,091**		115,839	
Miscellaneous Expenditure Written off - VRS Expenses	**—**		15,310	
(Gain)/ Loss on Disposal of Fixed Assets (Net)	**15**		3,054	
Interest Income	**(90,347)**		(60,551)	
Unrealised Loss on Foreign Exchange (Net)	**418**	**(675,302)**	647	400,398
		2,518,727		1,830,370
Add: Interest Expense		**8,702**		8,138
Operating Profit before Working Capital changes		**2,527,429**		1,838,508
(Increase)/Decrease in Inventories	**(919,583)**		(219,031)	
(Increase)/Decrease in Sundry Debtors	**(11,912)**		(50,170)	
(Increase)/Decrease in Loans and Advances	**(244,194)**		(177,586)	
Increase/(Decrease) in Current Liabilities & Provisions	**137,345**	**(1,038,344)**	290,080	(156,707)
Cash Generated from operations		**1,489,085**		1,681,801
Add/(Less): Refund/(Payment) of Tax (Net)		**(907,545)**		(853,235)
Net Cash Flow from operating activities		**581,540**		828,566
B. CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from Disposal of Immovable Property	**200,000**		—	
Purchase of Fixed Assets	**(811,208)**		(580,419)	
Proceeds from Sale of Fixed Assets	**47,117**		12,009	
Fixed Deposits with Scheduled Banks (net)	**194,956**		(811,575)	
Advance for Restructuring of Agreements	**—**		800,000	
Interest Received	**64,231**		47,363	
Net Cash (used) in investing activities		**(304,904)**		(532,622)

Bata

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011 *(Contd.)*

	31.12.2011		31.12.2010	
	Rs.'000s	**Rs.'000s**	Rs.'000s	Rs.'000s
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	**(255,537)**		(191,706)	
(Decrease) in Working Capital Demand Loan & Cash Credit	**—**		(146,532)	
Payment of interest	**(8,702)**		(9,436)	
Receipts of deposits from Agents and Franchisees (net)	**56,303**		33,786	
Net Cash (used) from Financing activities		**(207,936)**		(313,888)
Net increase/(Decrease) in Cash and Cash equivalent		**68,700**		(17,944)
Add: Cash and Cash equivalent as at beginning of the year		**156,495**		174,439
Cash and Cash equivalent as at end of the year		**225,195**		156,495
Cash and Cash equivalent as at end of the year includes				
Cash on hand		**27,262**		17,962
Balances with Scheduled Banks				
– On Current & Cash Credit Accounts*		**197,016**		137,623
– On Term Deposit		**1,004,269**		1,199,225
Balances with Other Bank				
– On Current Account		**917**		910
		1,229,464		1,355,720
Less: Deposits pledged with Banks		**(14,269)**		(14,575)
Less: Deposits having maturity period more than 3 months		**(990,000)**		(1,184,650)
		225,195		156,495

* Includes Rs.5,172 thousands (Previous Year Rs. 4,461 thousands) on account of unpaid dividend and unpaid matured deposits. These balances are not available for use by the Company as they represent corresponding liabilities.

Note :

1. Previous year figures have been regrouped, where necessary to conform to current year's classification.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (AS AMENDED) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	7261	State Code	21
Balance Sheet Date (Date Month Year)	31 12 11		

II. Capital Raised during the year (Amount in Rs '000s)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs '000s)

Total Liabilities	9851247	Total Assets	9851247
Sources of Funds			
Paid-up Capital	642638	Reserves & Surplus	5100415
Secured Loans	NIL	Unsecured Loans	194046
Application of Funds			
Net Fixed Assets	2270655	Investments	048513
Net Current Assets	3275782	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Amount in Rs '000s)

Turnover*	16734485	Total Expenditure	13540456
Profit Before Tax (+ for Profit,- for loss)	(+) 3194029	Profit After Tax	(+) 2258393
Earnings Per Share (Rs.)	(+) 35.14	Dividend Rate %	060

* Representing Net Revenue including Other Income

V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.(ITC Code)	64031902
Product Description	Leather Footwear
Item Code No. (ITC Code)	64041101
Product Description	Rubber/Canvas Footwear
Item Code No. (ITC Code)	64019909
Product Description	Plastic Footwear

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

Gurgaon, February 29, 2012

Bata

MOVEMENT OF BATA INDIA LIMITED SHARE PRICES

YEAR	HIGH	LOW
1982	19.90	14.00
1983	35.20	18.40
1984	50.75	32.50
1985	91.00	47.40
1986	131.60	54.00
1987	160.00	59.25
1988	91.00	50.00
1989	89.00	60.00
1990	107.00	61.75
1991	149.00	72.00
1992	400.00	135.00
1993	358.00	72.00
1994	350.00	195.00
1995	205.00	55.00
1996	104.00	46.00
1997	174.00	49.00
1998	259.00	112.40
1999	282.00	127.00
2000	175.20	43.20
2001	73.95	28.00
2002	51.00	31.10
2003	72.50	26.00
2004	98.90	38.25
2005	195.40	74.60
2006	329.25	140.50
2007	290.50	125.55
2008	296.00	76.55
2009	208.90	76.50
2010	391.90	171.00
2011	740.70	295.00

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES IN TERMS OF THE CIRCULAR NO. 2/2011 DATED FEBRUARY 8, 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA

Amount (Rs. '000s)

Sl. No.	Particulars	BATA PROPERTIES LIMITED		COASTAL COMMERCIAL & EXIM LIMITED	
		31.12.2011	31.12.2010	**31.12.2011**	31.12.2010
a	**Capital**				
	Authorised	**100,000.00**	100,000.00	**1,000.00**	1,000.00
	Issued & Subscribed	**48,510.00**	48,510.00	**500.00**	500.00
b	**Reserve**	**2.00**	2.00	**—**	—
c	**Total Assets**	**33,022.00**	32,206.00	**2,133.00**	2,209.00
d	**Total Liability**	**50,847.00**	50,448.00	**2,508.00**	2,871.00
e	**Details of Investment (Except Investment in Subsidiary)**	**—**	—	**—**	—
f	**Turnover**	**1,514.00**	1,434.00	**840.00**	844.00
g	**Profit before taxation**	**1,307.00**	1,220.00	**470.00**	483.00
h	**Provision for taxation**	**390.00**	364.00	**183.00**	182.00
i	**Profit after taxation**	**917.00**	860.00	**287.00**	218.00
j	**Proposed dividend**	**—**	—	**—**	—

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

Gurgaon, February 29, 2012

AUDITOR'S REPORT

The Board of Directors

Bata India Limited

We have audited the attached consolidated balance sheet of Bata India Limited, its subsidiaries and Joint Venture (upto March 31, 2011) collectively referred as “Group”, as at 31st December 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bata India Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Bata India Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

In our opinion and to the best of our information and according to the explanations given to us, 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 December 2011;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

per **Rajiv Goyal**
Partner
Membership No.: 94549

Place : Gurgaon
Date : 29th February, 2012

BATA INDIA LIMITED (GROUP)

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2011

	Schedule No.	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**642,638**	642,638
Reserves & Surplus	2	**5,082,719**	3,285,207
		5,725,357	3,927,845
LOAN FUNDS			
Secured Loans	3A	**—**	590,000
Unsecured Loans	3B	**194,046**	171,743
		194,046	761,743
TOTAL		**5,919,403**	4,689,588
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**5,021,621**	4,228,921
Less: Accumulated Depreciation		**2,815,863**	2,656,288
Net Block		**2,205,758**	1,572,633
Capital Work In Progress		**80,666**	3,220
		2,286,424	1,575,853
INTANGIBLE ASSETS	5	**5,420**	667
INVESTMENTS	6	**3**	124,045
DEFERRED TAX ASSETS		**342,149**	311,000
(Refer Note No.19 of Schedule 21)			
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	**3,913,216**	4,068,517
Sundry Debtors	8	**313,936**	306,356
Cash & Bank Balances	9	**1,239,526**	1,388,921
Other Current Assets	10	**32,912**	18,913
Loans & Advances	11	**1,702,998**	1,435,699
	(A)	**7,202,588**	7,218,406
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	**2,588,393**	3,307,857
Provisions	13	**1,328,788**	1,232,526
	(B)	**3,917,181**	4,540,383
NET CURRENT ASSETS	(A - B)	**3,285,407**	2,678,023
Miscellaneous Expenditure (To the extent not written off or adjusted)	14	**—**	—
TOTAL		**5,919,403**	4,689,588
Notes on accounts & Significant Accounting Policies	21		

The Schedules 1-21 form an integral part of Balance Sheet & Profit & Loss Account.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Schedule No.	**For the year ended 31.12.2011 Rs '000s**	For the year ended 31.12.2010 Rs '000s
INCOME			
Gross Turnover	15	**15,711,384**	12,946,612
Less : Excise Duty on Turnover (Refer Note No. 21 of Schedule 21)		**225,426**	188,945
Net Turnover		**15,485,958**	12,757,667
Other Income	16	**1,654,240**	156,130
		17,140,198	12,913,797
EXPENDITURE			
Cost of Goods Sold	17(a)	**7,265,457**	5,945,184
Cost of Sales Real Estate Projects	17(b)	**59,161**	183,754
Manufacturing, Distribution, Selling and Administration Expenses	18	**5,775,021**	4,999,929
Miscellaneous Expenses written off - VRS Expenses	14	**—**	15,310
Depreciation / Amortisation	19	**412,423**	332,021
Financial Expenses	20	**103,334**	76,797
		13,615,396	11,552,995
PROFIT BEFORE TAXATION		**3,524,802**	1,360,802
Provision for Taxation : (Refer Note no. 11 of Schedule 21)			
– Current Tax		**967,358**	546,924
– Deferred Tax Charge / (Credit) (Net)		**(31,149)**	(69,926)
– Income Tax for earlier year		**—**	79
NET PROFIT		**2,588,593**	883,725
Balance of Profit brought forward from Previous Year		**1,634,796**	1,145,427
Profit available for appropriation		**4,223,389**	2,029,152
Appropriations:			
Proposed Final Dividend		**385,583**	257,055
Tax on Dividend [includes Rs. 993 thousands (Previous Year Rs. 745 thousands) written back for Previous Year]		**61,558**	41,949
Transfer to General Reserve		**225,839**	95,352
Profit carried to Balance Sheet		**3,550,409**	1,634,796
Earning Per Share (Basic & Diluted) (Rs.)		**40.28**	13.75
Nominal value of shares (Rs.) [Refer Note No.12 of Schedule 21]		**10.00**	10.00
Notes on accounts & Significant Accounting Policies	21		

The Schedules 1-21 form an integral part of Balance Sheet & Profit & Loss Account.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
1. SHARE CAPITAL		
Authorised		
70,000,000 (Previous Year: 70,000,000) Equity Shares of Rs 10/- each	**700,000**	700,000
Issued		
64,285,000 (Previous Year: 64,285,000) Equity Shares of Rs 10/- each	**642,850**	642,850
Subscribed & Paid up		
64,263,770 (Previous Year: 64,263,770) Equity Shares of Rs 10/- each fully paid	**642,638**	642,638
Of the Above :		
i. 9,800,000 (Previous Year: 9,800,000) Equity Shares of Rs 10/- each issued and allotted as fully paid-up Bonus Shares by capitalisation of General Reserve and Securities Premium in earlier years		
ii 33,424,100 (Previous Year: 33,424,100) Equity Shares held by Bata (BN) B.V., Amsterdam, The Netherlands, (Holding Company) - Rs. 334,241,000 (Previous Year: Rs 334,241,000)		

	As at 31.12.2011 Rs '000s	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s	As at 31.12.2010 Rs '000s
2. RESERVES & SURPLUS				
(Refer Note no. 11 of Schedule 21)				
A) Revaluation Reserve				
As per last Account (Created on 31st December, 1969 and 31st December, 1997 by Revaluation of Fixed Assets)	**346,773**		361,805	
Less: On Sold/ Discarded fixed assets	**41,610**		2,411	
Less: Transferred to Profit & Loss Account (Being Depreciation for the year on Revalued amount)	**8,955**	**296,208**	12,621	346,773
B) Capital Reserve		**2**		2
C) Securities Premium				
As per last Account	**794,731**		794,731	
Less : Share in Joint Venture	**293,375**	**501,356**	—	794,731
D) General Reserve				
As per last Account	**508,905**		413,553	
Add: Transferred from Profit and Loss Account	**225,839**	**734,744**	95,352	508,905
E) Profit and Loss Account		**3,550,409**		1,634,796
		5,082,719		3,285,207

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As at 31.12.2011 Rs '000s	Rs '000s	As at 31.12.2010 Rs '000s	Rs '000s
3. LOAN FUNDS (Refer Note no. 11 of Schedule 21)				
A) Secured Loans				
i) From Scheduled Banks on Cash Credit Accounts & Working Capital Demand Loan [Refer Note No. 5(a) of Schedule 21]		—		—
ii) Term Loan from a Body Corporate [Refer Note No. 5(b) of Schedule 21]		—		590,000
B) Unsecured Loans				
i) Deposit from Agents and Franchisees [Amount payable within one year Rs.Nil (Previous Year: Rs. Nil)]	194,046		137,743	
ii) Inter Corporate Loan (Short Term)	—	194,046	34,000	171,743
		194,046		761,743

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(All Figures are in Rs '000s)

4. FIXED ASSETS*	Land	Buildings	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block							
As at 01.01.2011	252,653	616,352	1,989,126	1,353,615	17,175	**4,228,921**	3,785,376
Additions	—	532,499*	112,183	512,765	4,263	**1,161,710**	595,529
Adjustments [Refer Note No.22(c)]	—	(14,393)	(11,269)	(4,003)	—	**(29,665)**	—
Deductions	—	87,402	176,653	72,613	2,677	**339,345**	151,984
As at 31.12.2011	**252,653**	**1,047,056**	**1,913,387**	**1,789,764**	**18,761**	**5,021,621**	**4,228,921**
Depreciation							
As at 01.01.2011	—	369,618	1,567,712	703,939	15,019	**2,656,288**	2,447,105
For the year	—	53,072	125,521	241,082	1,158	**420,833**	343,693
Adjustments [Refer Note No.22(c)]	—	(6,451)	(2,501)	(1,705)	—	**(10,657)**	—
Deletions	—	48,035	162,755	37,232	2,579	**250,601**	134,510
As at 31.12.2011	**—**	**368,204**	**1,527,977**	**906,084**	**13,598**	**2,815,863**	**2,656,288**
Net Block							
As at 31.12.2011	**252,653**	**678,852**	**385,410**	**883,680**	**5,163**	**2,205,758**	**1,572,633**
As at 31.12.2010	252,653	246,734	421,414	649,676	2,156	**1,572,633**	
Capital Work in Progress							
As at 31.12.2011						**80,666**	3,220
As at 31.12.2010						**3,220**	
Total Net Block							
As at 31.12.2011	**252,653**	**678,852**	**385,410**	**883,680**	**5,163**	**2,286,424**	**1,575,853**
As at 31.12.2010	252,653	246,734	421,414	649,676	2,156	**1,575,853**	

* Refer Note 3 of Schedule 21

Note : Fixed Assets of the Parent Company existing on December 31, 1969 and December 31, 1997 were revalued at amount as determined by an expert valuer.

5. INTANGIBLE ASSETS* (COMPUTER SOFTWARE)	CURRENT YEAR	PREVIOUS YEAR
	Rs. '000s	**Rs. '000s**
Gross Block		
As at 01.01.2011	3,537	8,065
Additions	5,845	4
Adjustments (Refer Note No 22 (c))	(2,867)	—
Deductions	—	4,532
As at 31.12.2011	**6,515**	**3,537**
Amortisation		
As at 01.01.2011	2,870	6,453
For the year	545	949
Adjustments (Refer Note No 22 (c))	(2,320)	—
Deductions	—	4,532
As at 31.12.2011	**1,095**	**2,870**
Net Block		
As at 31.12.2011	**5,420**	**667**
As at 31.12.2010	667	1,612

*(Refer Note no. 11 of Schedule 21)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	Face value Per share Rs	No. of Equity Shares/ Units	No. of Equity Shares/ Units (Previous Year)	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s
6 INVESTMENTS					
(Refer Note no. 11 of Schedule 21)					
LONG TERM - (AT COST)					
(Unquoted, Fully paid)					
(a) In Government or Trust Securities (Non Trade) (Deposited with Government Authorities)					
6 Year National Savings Certificates				—	5
				—	5
(b) Other Investments (Non Trade)					
Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	10	250	250	2	2
(c) Bhadrakali Market Co-operative Society Limited, Nasik (Non Trade)	100	5	5	1	1
(d) Immovable Properties - Land (Trade) (Refer Note 3 of Schedule 21)				—	122,665
CURRENT INVESTMENTS - SHORT TERM (AT LOWER OF COST AND MARKET VALUE)					
Share in Investment of Joint Venture	**Face value Per Unit (Rs.)**	**No. of Units (Current Year)**	**No. of Units (Previous Year)**		
Birla Sunlife Savings Fund	10	—	78,706	—	1,372
The following Investments (other than referred in (d) above) were purchased and / or sold during the year :					
DSP Blackrock Short Term Fund	10	—	1,974,439		
ICICI Prudential - Flexible Income Plan Premium	100	—	145,157		
Birla Sunlife Savings Fund	10	78,706	—		
				3	124,040
				3	124,045

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

		As at 31.12.2011 Rs '000s	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s	As at 31.12.2010 Rs '000s
7	**INVENTORIES (at lower of cost and net realizable value)** (Refer Note no. 11 of Schedule 21)				
	Raw Materials		**173,047**		149,198
	Work-in-Progress		**236,331**		175,419
	Stores & Spare Parts		**8,884**		9,779
	Finished Goods [Including in transit of Rs. 338,779 thousands (Previous Year Rs. 221,657 thousands)]		**3,494,954**		2,659,237
	Construction Material at Site		**—**		5,258
	Project Work in Progress (Refer Note No. 22(a) of Schedule 21)		**—**		1,069,626
			3,913,216		4,068,517
8	**SUNDRY DEBTORS**				
	(Unsecured considered Good) (Refer Note no. 11 of Schedule 21)				
	(a) Debts outstanding for a period exceeding six months		**827**		3,879
	(b) Other Debts		**313,109**		302,477
			313,936		306,356
9	**CASH & BANK BALANCES** (Refer Note no. 11 of Schedule 21)				
	A) Cash on hand		**27,262**		18,017
	B) Balances with Scheduled Banks on :				
	Current & Cash Credit Accounts [Includes Rs.5,172 thousands (Previous Year: Rs 4,461 thousands) on unpaid dividend and unmatured deposits]	**197,378**		157,053	
	Term Deposits [Includes Rs. 14,269 thousands (Previous Year : Rs 14,575 thousands) as deposits pledged with Banks]	**1,013,969**	**1,211,347**	1,212,941	1,369,994
	C) Balance with Other Banks on :				
	Current Account [With Municipal Co-Operative Bank-Mumbai Maximum amount outstanding during the year Rs. 3,094 thousands (Previous Year : Rs 1,785 thousands)]		**917**		910
			1,239,526		1,388,921
10	**OTHER CURRENT ASSETS**				
	(Unsecured - Considered Good) (Refer Note no. 11 of Schedule 21)				
	Accrued Revenue		**—**		2,940
	Interest receivable on Fixed Deposits with Banks & Others		**32,912**		15,973
			32,912		18,913

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As at 31.12.2011		As at 31.12.2010	
	Rs '000s	**Rs '000s**	Rs '000s	Rs '000s
11 LOANS & ADVANCES				
(Unsecured - Considered Good, unless otherwise stated) [Refer Note no. 11 of Schedule 21]				
Advances recoverable in cash or in kind or for a value to be received [including Rs. 12,597 thousands (Previous Year Rs 2,035 thousands) considered doubtful]	**252,776**		152,794	
Less: Provision for Doubtful Advances	**12,597**	**240,179**	2,035	150,759
Claims [including Rs. Nil (Previous Year Rs. 505 thousands) considered doubtful]	**8,589**		74,338	
Less: Provision for Doubtful Claims	**—**	**8,589**	505	73,833
Deposits [including Rs 6,440 thousands (Previous Year Rs. 6,440 thousands) considered doubtful]	**654,822**		474,379	
Less: Provision for Doubtful Deposits	**6,439**	**648,383**	6,440	467,939
Others [Including Rs 5,110 thousands (Previous Year Rs 3,101 thousands) considered doubtful]	**5,111**		3,201	
Less: Provision for Doubtful Other Loans & Advances	**5,110**	**1**	3,101	100
Advance Tax (including tax deducted at source and refund receivable)		**747,034**		708,117
Balances with Customs, Port Trust and Excise Authorities [including Rs. 31,343 thousands (Previous Year Rs. 33,343 thousands) considered doubtful]	**90,155**		68,294	
Less: Provision for Doubtful Advances	**31,343**	**58,812**	33,343	34,951
		1,702,998		1,435,699

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As at 31.12.2011 Rs '000s	As at 31.12.2011 Rs '000s	As at 31.12.2010 Rs '000s	As at 31.12.2010 Rs '000s
12 CURRENT LIABILITIES (Refer Note no. 11 of Schedule 21)				
Acceptances		**23,232**		19,773
Sundry Creditors				
– Micro and Small Enterprises (Refer Note No. 23 of Schedule 21)	**58,605**		53,918	
– Others	**2,278,062**	**2,336,667**	2,621,012	2,674,930
Advance for Restructuring of Agreements (Refer Note No. 3 of Schedule 21)		—		450,000
Interest Accrued and not Due		—		2,886
Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :				
I) Unpaid Dividend		**4,510**		2,992
II) Unpaid Matured Deposit		**662**		1,469
Other Liabilities		**223,322**		155,807
		2,588,393		3,307,857
13 PROVISIONS (Refer Note no. 11 of Schedule 21)				
Proposed Dividend		**385,583**		257,055
Tax on Proposed Dividend		**62,552**		42,694
Taxation		**622,162**		489,287
Leave Benefits		**26,757**		37,318
Warranty Claims [Refer Note No. 17 (a) of Schedule 21]		**10,273**		21,888
Contingencies / Litigations [Refer Note No. 17 (b) of Schedule 21]		**221,461**		14,974
For Land Development [Refer Note No. 17 (a) of Schedule 21]		—		369,310
		1,328,788		1,232,526
14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) (Refer Note no. 11 of Schedule 21)				
Voluntary Retirement Expenses				
As per last account	—		15,310	
Add : Current Year Cost	—		—	
	—		15,310	
Less : Amortisation for the year	—	—	15,310	—
Unamortised Balance Carried to Balance Sheet		—		—

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

		For the year ended 31.12.2011		For the year ended 31.12.2010	
		Rs '000s	Rs '000s	Rs '000s	Rs '000s
15	**GROSS TURNOVER** (Refer Note no. 11 of Schedule 21)				
	Sale of Products		15,634,313		12,755,159
	Revenue from Real Estate Project		63,893		169,975
	Income from Repair and Chiropody		475		2,369
	Sale of Scrap		11,419		13,360
	Project Management and Administrative Fees		1,284		5,749
			15,711,384		12,946,612
16	**OTHER INCOME** (Refer Note no. 11 of Schedule 21)				
	Interest (gross) [Tax deducted at source - Rs.9,583 thousands (Previous Year Rs 6,022 thousands) Refer note 14 of Schedule 21]		91,314		61,365
	Gain on Foreign Exchange Fluctuations (net off of loss of Rs.6,724 thousands (Previous Year: Rs.9,929 thousands))		4,182		14,178
	Duty Draw Back & Other Export incentives		4,568		4,961
	Liabilities no longer required written back		—		4,333
	Income from Disinvestment in Share of JV (Refer Note No. 22(c) of Schedule 21)		337,985		—
	Profit on sale of Current Investment - Non trade		—		823
	Gain on Investments (Long Term) (Refer Note No. 3 of Schedule 21)				
	– on variation of Development rights of Immovable properties (Trade)	994,853			
	– on sale of shares of Joint Venture Company (Non-Trade)	100,000	1,094,853		—
	Miscellaneous Income		121,338		70,470
			1,654,240		156,130
17 (a)	**COST OF GOODS SOLD**				
	Raw materials consumed (Refer Note No. 16(b) of Schedule 21)		2,342,129		2,106,674
	Job Processing Charges		209,582		210,218
	Purchase of Traded Goods		5,590,910		3,849,855
	(Increase)/ Decrease in Stock				
	Finished Goods:				
	Opening Stock	2,659,237		2,448,122	
	Less : Closing Stock	3,494,954		2,659,237	
		(835,717)		(211,115)	
	Work In Progress:				
	Opening Stock	175,419		158,877	
	Less : Closing Stock	236,332		175,419	
		(60,913)	(896,630)	(16,542)	(227,657)
	Increase/(Decrease) in Excise Duty on (Increase)/Decrease in Stocks (Refer Note No. 21 of Schedule 21)		19,466		6,094
			7,265,457		5,945,184
17 (b)	**COST OF SALES REAL ESTATE PROJECTS**				
	Cost of Sales Real Estate Projects (Refer Note No. 22(b) of Schedule 21)		59,161		183,754
			59,161		183,754

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

			For the year ended 31.12.2011 Rs '000s		For the year ended 31.12.2010 Rs '000s
18	**MANUFACTURING, DISTRIBUTION, SELLING AND ADMINISTRATION EXPENSES** (Refer Note no. 11 of Schedule 21)				
	Salaries, Wages and Bonus (Refer Note No. 8 of Schedule 21)		**1,630,393**		1,501,325
	Workmen & Staff Welfare		**87,490**		78,983
	Contribution to Gratuity, Pension & Provident Funds		**141,742**		193,946
	Commission on sales - 'Other than Sole Selling Agent's'		**415,600**		266,630
	Cash Discount		**13,842**		9,584
	Stores and Spare Parts consumed		**29,827**		29,180
	Power & Fuel		**381,279**		327,661
	Rent [net of rent recovered of Rs 1,886 thousands (Previous Year Rs 2,023 thousands)] (Including impact of straight lining of lease rent Rs. 87,091 thousands (Previous Year: Rs. 115,839 thousands))		**1,451,518**		1,153,390
	Repairs – Buildings		**63,866**		39,463
	– Plant & Machinery		**22,186**		21,858
	– Others		**27,576**		23,541
	Insurance		**65,010**		45,961
	Rates & Taxes		**124,104**		95,814
	Travelling & Conveyance		**138,701**		131,103
	Freight		**405,340**		338,578
	Advertisement and Sales Promotion (includes secondary packaging Rs. Nil (Previous Year Rs. 61,770 thousands))		**176,036**		204,566
	Communication Expenses		**61,117**		60,187
	Printing & Stationery Expenses		**39,882**		36,209
	Legal and Professional Expenses		**108,022**		92,868
	Loss on disposal/discard of Fixed Assets (net off of gain of Rs. 32,434 thousands (Previous Year: Rs. 3,339 thousands))		**15**		3,054
	Provision for doubtful Loans & Advances		**10,066**		4,693
	Technical Collaboration Fee		**151,756**		148,703
	Capital Work in Progress written off		**—**		5,748
	Miscellaneous Expenses (Refer Note No. 4 of Schedule 21)		**229,653**		186,884
			5,775,021		4,999,929
19	**DEPRECIATION / AMORTISATION** (Refer Note no. 11 of Schedule 21)				
	a) Depreciation for the year	**420,833**		343,693	
	Less: Transfer from Revaluation Reserve	**8,955**	**411,878**	12,621	331,072
	b) Amortisation of Intangible Asset		**545**		949
			412,423		**332,021**
20	**FINANCIAL EXPENSES** (Refer Note no. 11 of Schedule 21)				
	Interest –				
	– on Term Loans	**5,764**		—	
	– on Cash Credit Accounts/ Working Capital Demand Loans	**—**		2,547	
	– on Deposits from Agents and Franchisees	**7,401**		5,256	
	– Others	**2,417**	**15,582**	607	8,410
	Bank Charges		**87,752**		68,387
			103,334		76,797

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

1. NATURE OF OPERATION

The Bata India Limited (Group) is primarily engaged in the business of manufacturing and trading of footwear & accessories through its retail and wholesale network and development of real estate.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Consolidated financial statements relate to Bata India Limited (Parent Company), its Subsidiary Companies and its Joint Venture Companies (hereinafter referred as the "Group").

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements of Group have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

b. Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

i) The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses (to the extent cost can be recovered), if any, as per Accounting Standard - 21, Consolidated Financial Statements, notified in the Companies (Accounting Standards) Rules, 2006 (as amended). Interest in assets, liabilities, income and expenses of the Joint Venture Company have been consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Parent Company's proportionate shares as per Accounting Standard - 27, Financial reporting of interests in Joint Ventures, notified in the Companies (Accounting Standards) Rules, 2006 (as amended).

ii) The financial statements of the Subsidiary Companies used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended December 31, 2011.

iii) Pursuant to the restructuring of agreements as described in detail under note 3 below, RDPL ceases to be a jointly controlled entity with effect from April 1, 2011. Therefore financial statements of the Joint Venture Company used in these consolidated financial statements are drawn for the period January 1, 2011 to March 31, 2011.

iv) List of Domestic Subsidiaries & Joint Venture Company considered for Consolidation:

Sl. No.	Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/Voting Power (%) as on December 31, 2011	Extent of Holding/Voting Power (%) as on December 31, 2010
1.	Bata Properties Limited	Subsidiary	India	100.00	100.00
2.	Coastal Commercial & Exim Limited	Subsidiary	India	100.00	100.00
3.	Riverbank Developers Private Limited (RDPL)	Joint Venture	India	—*	50.00
4.	Riverbank Holdings Private Limited (RHPL)	Joint Venture of RDPL	India	—*	25.00 (through RDPL)

*Upto 31st March, 2011 50% holding in RDPL and 25% holding in RHPL (through RDPL)

v) As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. Differences, if any, in the accounting policies have been disclosed separately.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

d. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

e. Fixed Assets

Fixed Assets are stated at cost of acquisition (or revalued amounts, as the case may be) less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. In case of revaluation of fixed assets, the revalued amount as determined by the valuer, is considered in the books of account and the differential amount is transferred to Revaluation Reserve. Depreciation on excess of revalued amount over cost is transferred from Revaluation Reserve to Profit and Loss Account.

f. Depreciation

i. Fixed Assets costing below Rs. 5,000 are fully depreciated in the year of acquisition.

ii. Depreciation on all other Fixed Assets is provided on Written Down Value method at the rates based on the estimated useful life of the assets, estimated by the management which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

iii. Lease Hold Improvements (LHI) included under building and furniture & fixtures are amortised on straight line basis over the period of lease or useful life (not exceeding 9 years), whichever is lower.

iv. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/disposal.

g. Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. Project work in progress

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor incidental thereto is charged to the Profit and Loss Account.

i. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis. Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location, determined on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

i. **Sale of Goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. It includes excise duty but excludes value added tax/sales tax. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year.

ii. **Revenue from real estate Projects:**

Revenue is recognised under the percentage completion method in accordance with the Guidance Note on Recognition of Revenue by Real Estate Developers issued by the Institute of Chartered Accountants of India (ICAI) to the extent there is a binding contract with the customers for the sale of constructed area/ space. Such revenue is recognised on transfer of significant risks and rewards of ownership in such property to customers under the terms and conditions of related agreements subject to the actual costs incurred on the project under execution being 30% or more of the total estimated cost of the project.

iii. **Interest:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv. **Dividends:**

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

v. **Export Benefits:**

Export Entitlements in the form of Duty Drawback, Duty Entitlement Pass Book (DEPB) and other schemes are recognized in the Profit and Loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

vi. **Project Management and Administrative Fees:**

Revenue from project management fees and administrative fees is recognised as and when services are rendered and are net off service tax.

k. Foreign Currency Transactions

i. **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii. **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

l. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset.

Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

m. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of Qualifying Assets, which take substantial period of time to get ready for its intended use are capitalized until the time all substantial activities necessary to prepare such assets for their intended use are complete. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

n. Segment Reporting Policies

(i) Identification of Segments:

Primary Segment

Business Segment:

The Group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Footwear & Accessories and Surplus Property Development.

Secondary Segment

Geographical Segment:

The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

(ii) Allocation of Common Costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

(iii) Unallocated Items :

Includes general corporate income and expense items which are not allocated to any business segment.

(iv) Segment Policies

The Group prepare its segment information in conformity with the Accounting Policies adopted for preparing and presenting the Financial Statement of the Group as a whole.

o. Intangible Assets

i. Computer Software Acquired for Internal Use

Costs relating to computer software which is acquired, are capitalized and amortized on a straight-line basis over its useful life of 5 years.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

ii. Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- Its ability to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development cost is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

p. Retirement and Other Employee Benefits

i Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented substantially by creation of separate funds and is used to meet the liability as and when it accrues for payment in future.

ii. The Provident Fund (where administered by a Trust) is a defined benefit scheme whereby the Company deposits an amount determine as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Group's actuary has expressed his inability to reliably measure the provident fund liability. Deficit in the fund, if any, as at the year end is further provided for.

iii. Retirement benefits in the form of Provident Fund (where not administered by trust) is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

iv. Short term compensated absences are provided on estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.

v. Retirement benefits in the form of Pension cost is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

vi. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

q. Miscellaneous Expenditure

The Group recognises payments made under voluntary retirement schemes upto March 31, 2009 as miscellaneous expenditure and write off the same in monthly instalments over a period of 60 months or by March 31, 2010, whichever was earlier. Payments made on or after April 1, 2009 under Voluntary Retirement Scheme are immediately charged under the head salaries, wages and bonus of the Profit and Loss Account.

r. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

s. Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are off set, if a legally enforceable right exists to setoff current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on Income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Group has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

t. Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

u. Earnings Per Share (Basic & Diluted)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

v. Cash Flow Statement

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Group are segregated. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash and short-term investments with an original maturity of three months or less.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

3. In April 2010, while retaining the legal title over the land at Batanagar Project and shares in the Joint Venture Company, Riverbank Developers Private Limited (RDPL), the Company restructured its agreements with revised terms and conditions for the development of the modern integrated township project at Batanagar.

Since conditions precedent to recognizing sale of investment and variation of development rights in the Immovable Property were satisfied in March 2011, following aggregate gains of Rs. 1,093,553 thousand before tax arising on the said transaction have been recognized under Other Income in these financial statements:

S.No.	Particulars	Amount [Rs. in '000s]	
a)	Gain on Sale of Shares of RDPL (net of cost)		100,000
b)	Gain on variation of Development Rights on Immovable Property		
(i)	Lumpsum consideration	900,000	
(ii)	Receipt of Employee Housing Colony	433,759	
(iii)	Net off : Balance obligation to the Government of West Bengal in respect of Employee Housing Colony	(216,241)	
(iv)	Net off: Investment in Immovable Property (at book value)	(122,665)	994,853
	Aggregate Gain		**1,094,853**

a) The Company has disposed off its stake in RDPL by transferring the shares of RDPL in a trust, the beneficial ownership of which vests with the buyer of such shares. The Company earned a gain of Rs. 100,000 thousand, on such transfer.

b) (i) The Company has received a lumpsum Rs.900,000 thousand for variation of the development rights out of which Rs.700,000 thousand was received in April 2010 and the balance has been received during current year.

(ii) In addition, the Company has received approximately 315,000 square feet of employee housing colony from RDPL.Accordingly, the Company has recorded a gain of Rs. 433,759 thousand which represents the cost to RDPL for constructing such colony.

(iii) Since as per the order of the Government of West Bengal, the total obligation on the Company towards development of employee housing colony was Rs.650,000 thousand, the Company has recorded a contingent liability of Rs.216,241thousand for obligation yet to be fulfilled. Further as a part of the consideration, the Company is yet to receive from RDPL, approximately 325,000 square feet of constructed space as per the terms of the revised agreements.

Pursuant to the restructuring of these agreements as described above, RDPL ceases to be a jointly controlled entity with effect from April 1,2011.

4. Miscellaneous expenses under Schedule 18 include Auditors' Remuneration as under:

Particulars	**2011 Rs.'000s**	2010 Rs.'000s
As Auditors	**5,989**	4,663
Others Capacity		
– Group reporting	**—**	2,513
– Certification Fee	**235**	615
Reimbursement of out of Pocket Expenses	**1,315**	855

5. a) Cash Credit facilities & Working Capital Demand Loans with Banks are secured by hypothecation of stock of raw materials, work-in-progress, finished goods, stores and spare parts, book debts and other current assets.

b) The previous year Term Loan was secured by way of charge on investment in immovable property.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

Further, the Term Loan was secured by construction both present and future excluding Bata Employees' Housing of Land, Receivables of and from the project, both present and future, Escrow account with HDFC Bank and personal guarantee of Mr. Sumit Dabriwala.

6. Leases

` **Assets Taken on Operating Lease**

a) The Group has taken various residential, office, warehouse and shop premises under operating lease agreements. The lease agreements generally have an escalation clause and there are no subleases. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements.

b) The aggregate lease rentals amounting to Rs. 1,453,404 thousands (Previous year Rs.1,155,413 thousands) (including impact of Straight Lining of Lease Rent) are charged as 'Rent' in Schedule 18.

The future minimum lease payments under non-cancellable operating leases: Rs. Nil (Previous Year: Rs. Nil).

7. Unhedged Foreign Currency Exposure

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date	Amount in Foreign Currency (in ’000s)			Amount in Indian Currency (Rs. ’000s)	
	Currency	Current Year	Previous Year	Current Year	Previous Year
Import Creditors	USD	2,144.53 @ Rs.53.62	1,878.46 @ Rs.45.28	114,990	85,057
	EURO	7.11 @ Rs.69.67	0.21 @ Rs.60.45	496	13
Advance for Import	USD	176.78@ Rs.52.8	12.19@ Rs.44.37	9,334	541
	EURO	3.14 @ Rs.68.08	0.83 @ Rs.58.79	214	49
	GBP	—	0.46@ Rs.68.33	—	32
Debtors	USD	376.55 @ Rs.52.80	118.49 @ Rs.44.37	19,882	5,256

8. Expenditure incurred on Voluntary Retirement Scheme

The group had incurred NIL (Previous Year: Rs.9,270 thousands) on account of voluntary retirement scheme which is grouped under Salaries, Wages and Bonus in Schedule 18.

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

9. A. Related Party Transactions

Amount in Rs. '000s

Nature of Transaction		Holding Company		Fellow Subsidiaries		Joint Venture		Joint Venture Partner		Transactions with Key Management Persons		Total	
		Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance
Sales (Refer 9B(i))	This Year	—	—	**22,673**	**683**	—	—	—	—	—	—	**22,673**	**683**
	Previous Year	—	—	16,785	2,720	—	—	—	—	—	—	16,785	2,720
Purchase (Refer 9B(ii))	This Year	—	—	—	—	**415**	**415**	—	—	—	—	**415**	**415**
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Reimbursement of Expenses to (Refer 9B(iii))	This Year	—	—	**5,817**	**168**	—	—	—	—	—	—	**5,817**	**168**
	Previous Year	—	—	4,636	1,241	—	—	—	—	—	—	4,636	1,241
Reimbursement of Expenses from (Refer 9B(iv), 9B(vi)A, 9B(ix)(A))	This Year	—	—	**13,286**	**3,139**	**2,060**	**4,023**	—	—	—	—	**15,346**	**7,162**
	Previous Year	—	—	12,285	3,676	12,137	4,526	100	—	—	—	24,522	8,202
Technical Fee (Refer 9B (v))	This Year	—	—	**140,000**	**28,000**	—	—	—	—	—	—	**140,000**	**28,000**
	Previous Year	—	—	135,000	27,000	—	—	—	—	—	—	135,000	27,000
Remuneration (Refer 9B(vii))	This Year	—	—	—	—	—	—	—	—	**88,200**	—	**88,200**	—
	Previous Year	—	—	—	—	—	—	—	—	49,571	—	49,571	—
Dividend Paid (Refer 9B(viii))	This Year	**133,696**	—	—	—	—	—	—	—	—	—	**133,696**	—
	Previous Year	98,355	—	—	—	—	—	—	—	—	—	98,355	—
Project Management and Administration fees (Refer 9B(vi) (C))	This Year	—	—	—	—	**1,284**	—	—	—	—	—	**1,284**	—
	Previous Year	—	—	—	—	5,749	4,332	—	—	—	—	5,749	4,332
Advance against Expenses (Refer 9B(ix)(B))	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	—	—	17	17	—	—	17	17
Unsecured Loan taken (Refer 9B(vi)(D))	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	9,000	9,000	—	—	—	—	9,000	9,000
Advance for Developing infrastructure facilities (Refer 9B(vi)E)	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	—	243,750	—	—	—	—	—	243,750
Advance for restructuring of Development Agreement (Refer 9B(vi)F)	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	350,000	350,000	—	—	—	—	350,000	350,000
Income from Restructuring of Development Agreement (Refer 9B(vi)(I))	This Year	—	—	—	—	**900,000**	—	—	—	—	—	**900,000**	—
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage of Immovable Property (Refer 9B(vi)(G))	This Year	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	870,000	870,000	—	—	—	—	870,000	870,000
Land Obligations pertaining to Employee Housing fulfilled by the J V company (Refer 9B(vi)(B1))	This Year	—	—	—	—	**433,759**	—	—	—	—	—	**433,759**	—
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Interest on Unsecured Loan (Refer 9B(vi)(H))	This Year	—	—	—	—	**283**	—	—	—	—	—	**283**	—
	Previous Year	—	—	—	—	982	461	—	—	—	—	982	461

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

9 B. Related Party Transaction Details

i. Sale of Goods:

Details of sales to Fellow Subsidiaries which are material (more than 10% of the total sales to the Related Parties)

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Shoe Co. (Bangladesh) Ltd.	**2011** 2010	**21,925** 10,965	**—** —
Bata Shoe Co. of Ceylon Ltd.	**2011** 2010	**382** 4,534	**683** 2,150

ii. Purchase of Goods:

Details of Purchase from Fellow Subsidiary which is material (more than 10% of the total Purchase from Related Parties)

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Industrial Europe Netherland	**2011** 2010	**415** —	**415** —

iii. Reimbursement of Expenses:

Details of Reimbursement of expenses to Fellow Subsidiaries which are material (more than 10% of the total Reimbursement of expenses to Related Parties) :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Shoe Singapore Pte Ltd.	**2011** 2010	**—** 538	**—** —
Bata Malaysia SDN. BHD.	**2011** 2010	**1,883** 1,075	**787** 94
Compass Limited	**2011** 2010	**—** 497	**—** —
P.T. Sepatu Bata Tbk	**2011** 2010	**—** 1,608	**—** 1,134
Global Footwear Services Pte Ltd.	**2011** 2010	**1,477** —	**—** —
USDo Footwear Holdings S.a.r.l.	**2011** 2010	**1,542** —	**—** —

iv. Reimbursement of Expenses from:

Details of Reimbursement of expenses from Fellow Subsidiaries which are material (more than 10% of the total Reimbursement of expenses from Related Parties):

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Shoe Singapore Pte Ltd.	**2011** 2010	**2,905** 5,899	**525** 1,396
Compar S.P.A.	**2011** 2010	**7,208** 1,131	**1,702** —
Shoe Innovation Centre Europe Srl	**2011** 2010	**—** 4,165	**—** 1,249
Global Footwear Services Pte Ltd.	**2011** 2010	**3,173** —	**885** —

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

v. Technical Collaboration Fees:

Details of Technical Collaboration Fees paid/payable to Fellow Subsidiary:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Global Footwear Services Pte Ltd.	**2011** 2010	**140,000** 135,000	**28,000** 27,000

vi. Transaction with Joint Venture Company:

Details of transaction with Joint Venture Company

A. Reimbursement of Expenses from :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011** 2010	**1,965** 11,541	**4,024** 4,309
Riverbank Holding Private Limited	**2011** 2010	**95** 596	**—** 217

B1. Land Obligations pertaining to Employee Housing fulfilled by the JV company:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011** 2010	**433,759** —	**—** —

B2. Future Land Obligations pertaining to Employee Housing to be fulfilled by the JV Company:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011** 2010	**216,241** 325,000	**—** —

The erstwhile JV Company will also fulfil the obligation of development of 88 acres (Previous Year: 56 acres) of land for social and economic purposes as per the conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time. The above obligation is partly covered by Bank Guarantee taken from Riverbank Developers Private Limited of Rs.240,000 thousands (Previous year Rs. 240,000 thousands).

C. Project Management and Administration fees:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Holding Private Limited	**2011** 2010	**1,284** 5,749	**—**** 4,332

D. Unsecured Loan taken :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Holding Private Limited	**2011** 2010	**—** 9,000	**—**** 9,000

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

E. Advances for developing infrastructure facilities:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Holding Private Limited	**2011**	**—**	**—****
	2010	—	243,750

F. Advances for Restructuring of Development Agreement (Refer Note No. 3 of Schedule 21):

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011**	**—**	**—****
	2010	350,000	350,000

G. Mortgage of Immovable Property:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011**	**—**	**—**
	2010	870,000	870,000

The Group had mortgaged its investment in immovable property to a body corporate for disbursement of term loan and non fund based limit in favour of the Joint Venture Company.

H. Interest on Unsecured Loan:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011**	**283**	**—****
	2010	982	461

I. Income from Restructuring of Development Agreement (Refer Note No. 3 of Schedule 21):

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2011**	**900,000**	**—**
	2010	—	—

** Pursuant to the restructuring of agreements as described in note 3 above, RDPL ceases to be a jointly controlled entity with effect from April 1, 2011, thereby the outstanding balances has been disclosed as Nil.

vii. Remuneration to Directors * :

Name of the Director	Year	Transaction Value (Rs. '000s)
Shaibal Sinha	**2011**	**—**
	2010	17,642
Marcelo Villagran	**2011**	**55,206**
	2010	29,718
Fadzilah Mohd. Hussein	**2011**	**16,145**
	2010	2,211
Rajeev Gopalakrishnan	**2011**	**16,849**
	2010	—

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Group as a whole, the amounts pertaining to the directors are not included above.

viii. Transaction with Holding Company :

Dividend Payment:

Name of the Party	Year	Transaction Value (Rs. '000s)
BATA (BN) B.V. The Netherlands, Amsterdam	**2011**	**133,696**
	2010	98,355

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT *(Contd.)*

ix. Transaction with Joint Venture Partner Company :

Details of transaction with Joint Venture Partner Company which are material (more than 10% of the total transaction with the Related Parties)

a) Reimbursement of Expenses :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance Payable (Rs. '000s)
Calcutta Metropolitan Group Limited (CMGL)	**2011** 2010	**—** 100	**—** —

b) Advance against Expenses :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance Payable (Rs. '000s)
Calcutta Metropolitan Group Limited (CMGL)	**2011** 2010	**—** 17	**—** 17

9 C. Related Party Disclosure

I. Where Control Exists :

Nature of Relationship		Name
A. Holding Company	:	BATA (BN) B.V. The Netherlands, Amsterdam
B. Jointly Control Entity [Till March 31, 2011, Refer Note 3 of Schedule 21]	:	Riverbank Developers Private Limited Riverbank Holding Private Limited

II. Where Control Does Not Exists :

Nature of Relationship		Name
A. Key Management Personnel	:	Marcelo Villagran – Managing Director upto 30.09.2011 Rajeev Gopalakrishnan – Managing Director Fadzilah Mohd. Hussein – Director Finance w.e.f. 01.10.2010 Shaibal Sinha – Director Finance upto 07.09.2010

B. Fellow Subsidiaries with whom transactions have taken place during the year:

Company Name	Company Name
Compar S.P.A.	Bata Industrial Europe
Bata Shoe Singapore Pte. Ltd.	Compass Limited
Global Footwear Services Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Bata Malaysia SDN. BHD.	Bata Shoe Co. of Ceylon Ltd.
P.T. Sepatu Bata Tbk	Bata Shoe of Thailand Public
Bata Pakistan Limited	
USDo Footwear Holding S.a.r.l.	

C. **Joint Venture Partner Company** Calcutta Metropolitan Group Limited

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

10 Segment Reporting

The Group operates in two segments- Footwear & Accessories and Surplus Property Development. The Group has chosen business segments as its primary segments considering the dominant source and nature of risks and returns and the internal organisation and management structure.

A description of the types of products and services provided by each reportable segment is as follows:

Footwear & Accessories: The Segment is engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network.

Surplus Property Development : The segment is involved in development of real estate at Batanagar.

A Primary Segment Disclosure **Amount in Rs.'000s**

Particulars	**Footwear & Accessories**		**Surplus Property Development**		**Total**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
REVENUE						
External Turnover	15,420,781	12,581,943	65,177	175,724	15,485,958	12,757,667
Other income*	130,089	91,986	1,432,838	2,780	1,562,927	94,766
RESULT	2,035,365	1,404,237	1,421,244	(70,118)	3,456,609	1,334,119
Unallocated Corporate Expenses					(7,539)	(26,272)
Operating Profit					3,449,070	1,307,847
Interest Expenses					(15,582)	(8,410)
Interest Income					91,314	61,365
Income Taxes					(936,209)	(477,077)
Net Profit					2,588,593	883,725
OTHER INFORMATION						
Segment assets	8,714,490	6,614,870	-	1,580,012	8,714,490	8,194,882
Unallocated corporate assets					1,122,094	1,035,090
Total assets					9,836,584	9,229,972
Segment liabilities	2,820,314	2,986,996	216,241	1,521,092	3,036,555	4,508,088
Unallocated corporate liabilities					1,074,672	794,036
Total liabilities					4,111,227	5,302,124
Capital expenditure	1,244,967	580,419	34	12,041	1,245,001	592,460
Depreciation	410,821	325,327	1,057	5,745	411,878	331,072
Amortisation	408.5	—	137	949	545	949
Non-cash expenses other than depreciation and amortisation (Provision for Loans & Advances)	10,066	4,693	—	—	10,066	4,693

* Other income as reported does not include the interest income and Dividend Income amounting to Rs.91,314 thousands (Previous Year Rs. 61,365 thousands)

B INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Sundry Debtors as per Geographical Markets Amount in Rs.'000s

Particulars	**Revenue**		**Sundry Debtors**	
	2011	**2010**	**2011**	**2010**
India	15,316,619	12,639,995	292,212	301,100
Outside India	169,339	117,672	21,724	5,256
Total	15,485,958	12,757,667	313,936	306,356

b) The Group has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

11. Details of Company's share in Joint Venture (engaged in business of Real Estate Development) included in the Consolidated Financial Statements are as follows:

Amount in Rs.'000s

	As at December 31, 2011	As at December 31, 2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	—	—
Resrve and Surplus	—	293,375
Loan Funds		
a) Secured Loans	—	590,000
b) Unsecured Loans	—	34,000
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	—	29,647
Less: Depreciation	—	9,599
Net Block	—	20,048
Capital Work In Progress (Including Capital Advances)	—	—
Intangibles	—	667
Investment	—	1,372
Current Assets, Loans & Advances		
Inventories	—	1,074,884
Sundry Debtors	—	4,332
Cash & Bank Balances	—	23,795
Other Current Assets	—	2,940
Loans & Advances	—	8,737
(A)	**—**	**1,114,688**
Less:Current Liabilities & Provisions		
Liabilities	—	176,363
Provisions	—	370,729
(B)	**—**	**547,092**
Net Current Assets (A)-(B)	—	567,595
Miscellaneous Expenditure	—	—
Profit and Loss account	—	234,583

Amount in Rs.'000s

	For the period January 1, 2011 to March 31, 2011	For the year ended December 31, 2010
INCOME		
Turnover	63,892	175,724
Other Income	1,856	2,998
Total Income	65,748	178,722
EXPENDITURE		
Raw Materials, Finished Goods, Work in Progress & Job Processing Charges	59,161	183,754
Manufacturing, Distribution, Selling and Administration Expenses	8,806	58,735
Depreciation / Amortisation	1,195	6,695
Financial Expenses	6,880	411
Total Expenditure	**76,042**	**249,595**
Profit / (Loss) before Tax	**(10,294)**	**(70,873)**
Provision for Current Tax	—	—
Profit / (Loss) after Tax	**(10,294)**	**(70,873)**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

12. Earnings Per Share (EPS)

	2011	2010
Profit as per Profit & Loss Account (Rs.'000s)	2,588,593	883,725
Weighted Average Number of Equity Shares (in thousands)	64,264	64,264
Basic and Diluted Earning per Share (Rs.)	40.28	13.75
Nominal value of Share (Rs.)	10.00	10.00

13. Contingent Liabilities not provided for in respect of:

- Claims against Group not acknowledged as debts includes

Nature	**2011 (Rs. '000s)**	**2010 (Rs. '000s)**
Excise and Customs Cases	154,400	163,220
Sales Tax Cases	34,200	34,200
Others*	226,599	217,790
Demand for change of land use**	—	49,979
Income Tax***	230,552	230,552
Total	**415,199**	**695,741**

*Others include individually small cases pertaining to rent, labour etc.

**Represents the Contingent Liability in respect of Joint Venture.

***During the previous year, the assessing Officer had revised the computation of Capital Gains on "Transfer of Development Rights to RHPL" in the year 2007 by treating it as Short Term instead of the Long Term and thus raised a demand of Rs. 230,552 thousands on the Company. The Company during the current year has received favourable order from the CIT (Appeal). However, Income Tax Department has filed an appeal with the Appellate Tribunal (ITAT) against the said order.

Further, as per the Joint Development Agreement entered in December 2006, liability of Income Tax on such transfer, if any, will be borne by JV Company.

Additionally, there was a contingent liability relating to Stamp duty in the Joint Venture Company as at December 31, 2010, which was not ascertainable.

On the basis of current status of individual cases and as per legal advice obtained by the Group wherever applicable, the Group is confident that no provision is required in respect of these cases at this point in time.

- Future obligations imposed by the Govt of West Bengal in respect of property project are Rs. 58,864 thousands (Previous Year Rs. 731,802 thousands).
- The erstwhile JV company will fulfil the obligation of development of 88 acres (Previous Year: 56 acres) of land for social and economic purposes as per conditions imposed on the Group by Government of West Bengal. The transaction value is not ascertainable at this point of time. The above obligation is partially covered by Bank Guarantee taken from Riverbank Developers Private Limited of Rs.240,000 thousands (Previous year Rs.240,000 thousands).

14. Interest received (Schedule 16) includes:

Particulars	**2011 (Rs. '000s)**	**2010 (Rs. '000s)**
From Banks on Fixed Deposits (Includes TDS of Rs. 9,397 thousands (Previous Year: 6,022 thousands))	89,583	59,034
From Others on Security Deposits (Include TDS of Rs. 186 (Previous Year: Nil))	1,731	2,265
From Income Tax on Income tax refunds	—	66
Total	**91,314**	**61,365**

15. 21,230 (Previous Year: 21,230) equity shares of Rs. 10 each were held in abeyance on account of pending adjudication of the shareholders' right to receive those shares / inability of depository to establish ownership rights.

16. a) Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs. 62,209 thousands (Previous Year: Rs.79,927 thousands).

b) Raw Material Consumed includes Rs. 66,884 thousands (Previous Year Rs. Nil) for secondary packaging.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

17. a) The movement of provision for warranty claims and Land Development is as follows: **(Amount in Rs.'000s)**

Particulars	Warranty Claims		Land Development	
	2011	**2010**	**2011**	**2010**
Opening balance	21,888	16,970	369,310	225,428
Additions	83,611	61,728	—	258,164
Utilisation	67,550	49,904	15,060	114,282
Reversals	27,676	6,906	17,012	—
Adjustment*	—	—	337,238	—
Closing balance	10,273	21,888	—	369,310

* Represents adjustments on account of disposal of stake in Joint Venture.

The warranty claim provision covers the expenses relating to the repairing / cost of shoes sold which are covered by a warranty period of 60 days from the date of sale. Liability in respect of warranties is provided on the basis of valuation carried out by an independent actuary as at year end. It is expected that cost will be incurred over the warranty period as per warranty terms.

The Land development Provision covers the expense relating to construction cost of Bata Employee Housing Society. The amount is determined as per best estimate based on the projected expenses. It is expected that cost will be incurred over the period of one year from the Balance Sheet date.

b) The breakup and movement of provision for contingencies are as follows: **(Amount in Rs. '000s)**

Particulars	ESI	Labour Case, House Tax and Other Civil Cases [Refer Note (i) below]	Liability for Land Development (Refer Note 3 above)	TOTAL
Opening balance as on 1st January 2011	1,274	13,700	—	14,974
Additions	—	4,718	216,241	220,959
Utilisation		10,363	—	10,363
Reversals	—	4,109	—	4,109
Closing balance as on 31st December 2011	1,274	3,946	216,241	221,461

The Group sets up and maintains provision for trade related and other litigations or disputes when a reasonable estimate can be made. The amounts of provisions are based upon estimates provided by the Group's legal department which are revisited on a timely basis. The exact timing of the settlement of the litigations and consequently, the outflow is uncertain.

(i) In view of large number of labour cases and other civil cases, it is not practicable to disclose the details of each case separately. The exact timing of the settlement of the litigation and consequently, the outflow is uncertain.

18. Gratuity and other post-employment benefit plans:

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at the rate of 15 days salary (last drawn salary) for each completed year of service. The scheme is funded through the companies own trust.

The Group has also provided long term compensated absences which are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

Profit and Loss account

Net employee benefit expense (recognised in Contribution to Gratuity, Pension & Provident Funds)

	Gratuity	
	2011 (Rs. '000s)	2010 (Rs. '000s)
Current service cost	17,622	16,513
Interest cost on benefit obligation	25,484	23,763
Expected return on plan assets	(29,157)	(29,018)
Past Service Cost	—	12,000
Net actuarial(gain) / loss recognised in the year	10,062	53,697
Net benefit expense	24,011	76,955
Actual return on plan assets	53,449	23,980

In addition to above expense of Rs. 83 thousand has been charged in profit and loss account for gratuity in respect of share of Joint venture for the period January 1, 2011 - March 31, 2011

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2011 (Rs. '000s)	2010 (Rs. '000s)
Defined benefit obligation	348,695	347,413
Fair value of plan assets	387,314	352,894
	38,619	5,481
Plan asset / (liability)	38,619	5,481

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	2011 (Rs. '000s)	2010 (Rs. '000s)
Opening defined benefit obligation	347,413	347,462
Interest cost	25,484	23,868
Current service cost	17,622	16,408
Benefits paid	(75,316)	(101,023)
Adjustment*	(862)	—
Past Service Cost	—	12,000
Actuarial (gains) / losses on obligation	—	—
Closing defined benefit obligation	34,354	48,698
	348,695	347,413

Changes in the fair value of plan assets are as follows:

	Gratuity	
	2011 (Rs. '000s)	2010 (Rs. '000s)
Opening fair value of plan assets	352,894	353,822
Expected return	29,157	29,018
Contributions by employer	57,000	76,075
Benefits paid	(75,316)	(101,023)
Adjustments*	(713)	—
Actuarial gains / (losses)	24,292	(4,999)
Closing fair value of plan assets	387,314	352,894

*Represents adjustment on account of disposal of stake in joint venture

The Defined benefit obligation amounting to Rs. 348,695 thousands is funded by assets amounting to Rs.387,314 thousands and Group has contributed Rs. 38,619 thousands excess during the year 2011. The Group expects to contribute Rs. 50,000 thousands (Previous year Rs.60,000 thousands) during the year 2012.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2011	2010
	%	%
Investments	100.00	100.00
– With Insurer	45.93	46.22
– With Government securities and Bonds	4.24	4.12
– With Special deposit scheme	49.83	49.66

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Parent Company's plans are shown below:

	2011	2010
	%	%
Discount rate	8.50	8.25-8.60
Expected rate of return on assets	8.50	8.50
Employee turnover		
Non Management		
20-24	0.50	0.50-2.00
25-29 and 55-60	0.30	0.30-2.00
30-34 and 50-54	0.20	0.20-2.00
35-49	0.10	0.10-2.00
Management		
20-25	5.00	5.00-2.00
26-35	3.00	3.00-2.00
36 and above	0.50	0.50-2.00

The estimates of future salary increases have been considered in actuarial valuation based on inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The experience adjustment on account of actuarial assumptions of the Gratuity Scheme is as follows:

Experience History	**2011 (Rs. '000s)**	**2010 (Rs. '000s)**	**2009 (Rs. '000s)**	**2008 (Rs. '000s)**	**2007 (Rs. '000s)**
1 Defined Benefit Obligation at end of the period	(348,695)	(347,413)	(347,462)	(387,453)	(415,398)
2 Plan Assets at end of the period	387,314	352,894	353,822	317,570	362,000
3 Funded Status	38,619	5,481	6,360	(69,882)	(53,398)
4 Experience Gain/(Loss) adjustments on plan liabilities	(40,924)	(55,413)	(35,058)	(65,560)	(69,554)
5 Experience Gain/(Loss) adjustments on plan assets	24,292	(4,999)	(9,945)	(11,756)	(6,032)
6 Actuarial Gain/(Loss) due to change on assumptions	6,570	6,715	28,804	28,912	(19,391)

Contribution to Defined Contribution Plans:	**2011 (Rs. '000s)**	**2010 (Rs. '000s)**
Pension fund	1,151	2,311
Provident Fund	92	831

19. The Group follows Accounting Standard (AS-22) "Accounting for taxes on Income", notified in the Companies (Accounting Standards) Rules, 2006.The Group has significant timing differences between accounting and tax records which suggest accounting for deferred tax asset which are as below.

(Amount in Rs. '000s)

Deferred Tax Assets	**2011**	2010
Tax impact of Timing Differences leading to Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year/earlier years but allowable for tax purposes in following years	27,656	44,274
Straight Lining of Lease Rent	141,940	115,839
Provision for doubtful debts advances etc.	18,004	15,089
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	154,549	114,024
Effect of income not credited to profit and loss account in the current year but considered for tax purposes	—	21,774
Gross Deferred Tax Assets	342,149	311,000
Less : Opening Deferred Tax Asset	311,000	241,074
Deferred Tax Charge/(Credit) for the year recognised in Profit and Loss Account	(31,149)	(69,926)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

20. Manufacturing, Distribution, Selling and Administration expenses (Schedule 18) includes Research & Development Expenses of Rs.50,166 thousands (Previous Year: Rs. 49,257 thousands).

21. In accordance with "Explanation below Para 10 of Notified AS 9", excise duty on turnover amounting to Rs. 225,426 thousands (Previous Year: Rs. 188,945 thousands) has been reduced from turnover in profit & loss account and differential excise duty on opening and closing stock of manufactured finished goods amounting to Rs. (19,466) thousands [Previous Year : Rs. (6,094) thousands] has been adjusted from Cost of Goods Sold in Schedule -17.

22. (a) Project work in progress represent the following:

Nature	2011 (Rs. '000s)	2010 (Rs. '000s)
Construction Expenses	—	354,704
Rates & Taxes	—	42,439
Legal & Professional	—	89,098
Land Survey	—	552
Testing charges	—	931
Insurance	—	306
Repair & Maintainence	—	21,157
Provision for Land Development	—	431,240
Salaries, Wages & Bonus	—	27,837
Contribution to Gratuity, Provident & Other Funds	—	—
Staff Welfare	—	—
Power and Fuel	—	6,138
Travelling & Conveyance	—	4,565
Social Cost	—	10,385
Miscellaneous Expenses	—	2,150
Finance Expenses	—	78,124
Project Work in Progress	—	**1,069,626**

(b) The Breakup of Cost of Sales of real estate projects is as below:

Nature	2011 (Rs. '000s)	2010 (Rs. '000s)
Advertisement & Marketing	—	279
Constuction Expenses	32,525	85,633
Finance Charges	—	9,574
Insurance	1	38
Land Survey Expenses	—	68
Legal and Professional Charges	4,591	9,256
Miscellaneous Expenses	2,113	7,495
Personnel Expenses	—	3,363
Power & Fuel Expenses	3,026	759
Provision for Land Development	14,041	53,324
Rates & Taxes	1,608	9,391
Repair	—	2,616
Social Cost	—	1,284
Soil testing charges	95	115
Travelling Expenses	1,161	559
Grand Total	**59,161**	**183,754**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

(c) Pursuant to the restructuring of agreements as described in note 3 above, RDPL ceases to be a jointly controlled entity with effect from April 1, 2011, the Company's share of Rs.44,610 thousands in net liabilities of the joint venture as at March 31, 2011 has been adjusted under other income in Schedule 16 and Securities premium in Schedule 2.

Share of Net liabilities as at March 31, 2011 in Joint venture

Net Asset	2011 (Rs. '000s)
Fixed Assets Net off Accumulated Depreciation	19,555
Inventories	1,427,113
Sundry Debtors	6,138
Cash & Bank balance	20,153
Other Current Assets	7,639
Loans & Advances	13,695
Share Capital	
Secured Loans	(650,000)
Unsecured Loans	(9,000)
Current Liabilities	(541,335)
Provisions	(338,568)
Net liabilities as at March 31, 2011	**44,610***

*Rs. 337,985 thousands representing the Company's share in accumulated losses of joint venture and has been recognized as other Income and balance of Rs. 293,375 representing Company's share in the Security premium of the Joint venture has been reduced from the balance of Securities premium.

23. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

S. No	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	2011 (Rs. '000s)	2010 (Rs. '000s)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	58,605	53,918
	Interest Due	—	—
II	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	—	—
	Payment made beyond the Appointed Date	456,651	418,976

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

21. NOTES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACOUNT *(Contd.)*

S. No	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	2011 (Rs. '000s)	2010 (Rs. '000s)
	Interest Paid beyond the Appointed Date	—	—
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	—	—
IV	The amount of interest accrued and remaining unpaid at the end of the year; and	—	—
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	—	—

24. Previous Year figures have been regrouped or reclassified, where necessary, to conform to current year's classification.

25. Previous year's Financial Statement includes the transaction with Joint Venture for the period January 1, 2010 to December 31, 2010 whereas the current year Financial Statement includes the transaction with Joint Venture for the period January 1, 2011 to March 31, 2011. Therefore the current year figures are not comparable with the previous year figures.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011

		31.12.2011		31.12.2010	
		Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax		**3,524,802**		1,360,802
	Adjustment for :				
	Depreciation/Amortisation	**412,423**		332,021	
	Provision for Doubtful Debts & Advances	**10,066**		4,693	
	Miscellaneous Expenditure written off	**—**		15,310	
	Liabilities no longer required written back	**—**		(4,333)	
	Gain on variation of Development rights of Immovable properties	**(994,853)**		—	
	Gain on sale of shares of Joint Venture Company	**(100,000)**		—	
	Lease rent straight lining	**87,091**		115,839	
	(Gain)/ Loss on Disposal of Fixed Assets (Net)	**15**		3,054	
	(Gain)/ Loss on Sale of Investments	**—**		(823)	
	Income from Disinvestment in Share of JV	**(337,985)**		—	
	CWIP Written off	**—**		5,748	
	Interest Income	**(91,314)**		(61,365)	
	Unrealised Loss on Foreign Exchange (Net)	**418**	**(1,014,139)**	647	410,791
			2,510,663		1,771,593
	Add: Interest Expense		**15,582**		8,410
	Operating Profit before Working Capital changes		**2,526,245**		1,780,003
	(Increase)/Decrease in Inventories	**(1,271,812)**		(579,311)	
	(Increase)/Decrease in Sundry Debtors	**(13,719)**		(51,813)	
	(Increase)/Decrease in Loans and Advances	**(254,225)**		(179,919)	
	Increase/(Decrease) in Current Liabilities & Provisions	**118,726**	**(1,421,030)**	475,683	(335,360)
	Cash Generated from operations		**1,105,215**		1,444,643
	Add/(Less): Refund/(Payment) of Tax (Net)		**(908,085)**		(856,150)
	Net Cash Flow from operating activities		**197,130**		588,493
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(811,242)**		(592,460)	
	Proceeds from Sale of Fixed Assets	**47,119**		12,000	
	Fixed Deposits with Scheduled Banks (net)	**198,972**		(816,589)	
	Proceeds from sale of Investments	**1,372**		103,434	
	Purchase of Investments	**—**		(57,375)	
	Advance for Restructuring of Agreements	**—**		450,000	
	Proceeds from Disposal of Immovable Property	**550,000**		—	
	Interest Received	**64,743**		48,990	
	Net Cash realised/ (used) in investing activities		**50,964**		(852,000)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011 *(Contd.)*

	31.12.2011		31.12.2010	
	Rs.'000s	**Rs.'000s**	Rs.'000s	Rs.'000s
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	**(255,537)**		(191,706)	
Receipt of Unsecured Loan from Body Corporate	**—**		18,000	
Repayment of Unsecured Loan taken from Body Corporate	**(25,000)**		(34,000)	
Term Loan from a Body Corporate	**60,000**		590,000	
(Decrease) in Working Capital Demand Loan & Cash Credit	**—**		(146,532)	
Payment of interest	**(14,130)**		(7,115)	
Receipts of deposits from Agents and Franchisees (net)	**56,303**		33,786	
Net Cash realised/(used) from Financing activities		**(178,364)**		262,433
Net increase in Cash and Cash equivalent		**69,730**		(1,065)
Add: Cash and Cash equivalent as at beginning of the year		**175,980**		177,045
Less: Company's share in Cash & Bank Balance of JV as at March 31, 2011		**(20,153)**		—
Cash and Cash equivalent as at end of the year		**225,557**		175,980
Cash and Cash equivalent as at end of the year includes				
Cash on hand		**27,262**		18,017
Balances with Scheduled Banks				
– On current Accounts*		**197,378**		157,053
– On Term Deposit		**1,013,969**		1,212,941
Balances with Other Bank				
– On current Account		**917**		910
		1,239,526		1,388,921
Less: Deposits pledged with Banks		**(14,269)**		(14,575)
Less: Deposits having maturity period more than 3 months		**(999,700)**		(1,198,366)
		225,557		175,980

* Includes Rs. 5,172 thousands (Previous Year Rs. 4,461 thousands) on account of unpaid dividend and unpaid matured deposits. These balances are not available for use by the Company as they represent corresponding liabilities.

Note :

Previous year figures have been regrouped, where necessary to conform to current year's classification

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 29, 2012

For and on behalf of the Board of Directors

RANJIT MATHUR
Director Finance

RAJEEV GOPALAKRISHNAN
Managing Director

A B ANAND
Company Secretary

UDAY KHANNA
Chairman

Bata India Limited

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