
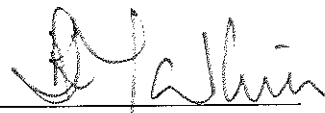
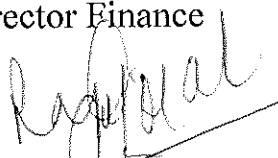
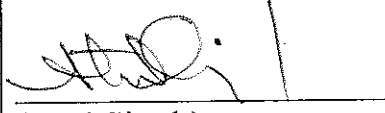
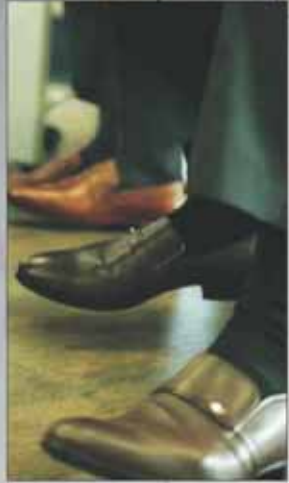


FORM A

[Format of covering letter of the annual audit report to be filed with the Stock Exchange]

1.	Name of the Company	Bata India Limited
2.	Annual financial statements for the year ended	December 31, 2013
3.	Type of Audit Observation	Un-qualified/ Matter of Emphasis
4.	Frequency of Observation	N.A.
5.	Signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	<div style="text-align: center;">  _____ (Rajeev Gopalakrishnan) Managing Director </div> <div style="text-align: center; margin-top: 20px;">  _____ (Ranjit Mathur) Director Finance </div> <div style="text-align: center; margin-top: 20px;">  _____ (Rajiv Goyal) 12/4/14 Partner S.R. Batliboi & Co. LLP. Chartered Accountants </div> <div style="text-align: center; margin-top: 20px;">  _____ (Atul Singh) Chairman of the Audit Committee </div>



ANNUAL REPORT 2013



Bata
where life meets style

AWARDS & ACCOLADES



The Most Trusted Brand (Retail)

The Most Admired Footwear Brand (Retail) - Brand Equity Recognized Bata into the 'Top Most Trusted Brands' in November 2013



Udyog Rattan Award

The Institute of Economic Studies honoured Mr. Rajeev Ropalakrishnan and the company with Certificate of Excellence and Gold Medal at the "International Global Meet" scheduled on the 23rd January, 2014. The IES commits to improve the country economy through its activities by holding conferences & group discussions on the issues of contemporary business and economic interests.



The Most Attractive Brand at the 11th position - 2013

Most attractive brand at the 11th position. The Report India's most attractive brand is globally, the foremost intensive study on Brand Attractiveness. It is a comprehensive list of most attractive brands based on 36 traits of attraction quotient, finds a survey research firm TRA.



Images Shoes & Accessories Forum held at Mumbai

Bata India bagged the award for 'Most Admired Large Format Multi-brand Footwear Retailer of the Year' -by the Images Shoes & Accessories Forum - 2013

Corporate IDENTITY



Bata India's Corporate Office At Gurgaon, Haryana

BATA - INDIA'S FAVORITE FOOTWEAR BRAND

Bata India is the largest retailer and leading manufacturer of footwear in India and is a part of the Bata Shoe Organisation.

Incorporated as Bata Shoe Company Private Limited in 1931, the company was set up initially as a small operation in Konnagar (near Calcutta) in 1932. In January 1934, the foundation stone was laid for the first building of Bata's operation - now called Bata. In the years that followed, the overall site was doubled in area. This township is popularly known as Batanagar. It was also the first manufacturing facility in the Indian shoe industry to receive the ISO: 9001 certification.

The Company went public in 1973 when it changed its name to Bata India Limited. Today, Bata India has established itself as India's largest footwear retailer. Its retail network of over 1400 stores gives it a reach/coverage that no other footwear company can match. The stores are present in good locations and can be found in all the metros, mini-metros and towns.

Bata's smart looking new stores supported by a range of better quality products are aimed at offering a superior shopping experience to its customers.

OUR VALUES

- Constant innovation in design and product development
- Superior customer service
- Excellence in operational and commercial execution
- Entrepreneurial spirit and passion to win
- Teamwork in international environment
- Trust and respect for the employees
- Adding value to the community
- Delivering on the commitment to shareholders

BATA INDIA - TODAY

- Sells approximately 50 million pairs of footwear every year
- Sells through more than 1,400 retail stores
- Operates 5 manufacturing facilities
- Employs more than 7,000 people

BOARD OF DIRECTORS



Mr. Uday Khanna – Chairman & Independent Director

Mr. Uday Khanna is currently the non-executive Chairman of Lafarge India Pvt. Ltd. and Bata India Ltd. He also serves on the Boards of Castrol India Ltd., Pfizer Ltd., Coromandel International Ltd, Thomas Cook (India) Ltd. and DSP BlackRock Investment Managers Pvt. Ltd.

Mr. Uday Khanna was Managing Director & CEO Lafarge India from July 1, 2005 to July 2011. He joined the Lafarge Group in Paris on 1st June 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally.

His last position before joining Lafarge, was Senior Vice President Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director –Exports after having served as Financial Controller and Treasurer of the company. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA.

Mr. Uday Khanna is a Chartered Accountant- B Com, FCA. He was the President of the Indo-French Chamber of Commerce & Industry in 2008 & 2009 and the President of the Bombay Chamber of Commerce & Industry in 2012-2013. He is the recipient of "Ordre National du Merite" from the President of the Republic of France for his role in promoting Indo-French trade relations.

Mr. Rajeev Gopalakrishnan - Managing Director

Mr. Rajeev Gopalakrishnan holds a Degree of Bachelor of Engineering (Mechanical) from the University of Kerala. He joined Bata Shoe Organization (BSO) in the year 1990 and has since been associated with BSO till date. Mr. Gopalakrishnan has an experience of 22 years in Retail/Wholesale and running Company operations and has been the Director-Wholesale Channels, Sales & Marketing with Bata International – Canada and Vice President of Bata India Limited in Retail Operations and Wholesale Division. Before joining as the Managing Director, Bata India Ltd, in October 2011, Mr. Gopalakrishnan was the Managing Director - Bata Retail Stores for a period of 9 months with Bata India Limited. Prior to that he was working as the Managing Director of Bata Bangladesh Limited for a period of one year and prior to that as Managing Director for Bata Thailand for a period of 3 years where he turned around the Company to a healthy position. Mr. Rajeev Gopalakrishnan has attended various Courses and Advance Programmes of BSO, viz., Course Leader Advanco 2009 (India/China), Advanco 2006 in Singapore, Advance Retailing Courses, Executive Management Programme 2009, Sprint 1997 (Retail Course), Retailco 1996-India.



BOARD OF DIRECTORS



Mr. Ranjit Mathur - Director Finance

Mr. Ranjit Mathur is a finance professional with over 20 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 and Africa based out of South Africa.

Before joining Bata India Limited, Mr. Mathur was the Head of Finance at Dow Corning in India.

Mr. Jack G.N. Clemons - Non-Executive Director

Mr. Jack Clemons is the Group Chief Executive Officer (CEO) of Bata Shoe Organization (BSO), the leading global retailer and manufacturer of footwear. The group operates over 5000 stores in over 90 countries worldwide. In his role Mr. Clemons provides the strategic direction for the group's long-term growth, which includes developing the group's sourcing expertise and updating the retail network. Mr. Clemons joined Bata in 2006 and served for a number of years as Group Chief Financial Officer (CFO) and President of Bata Brands.

In a career spanning over 20 years Mr. Clemons has held senior roles in operations, business development and finance. He has served as Group Chief Operating Officer (COO) in a private equity backed international group, served as European Practice Leader as a partner at Deloitte and has led the restructuring of various activities at SwissLife.

Mr. Clemons is also President of the Bata Children's 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.



Bata
where life meets style

BOARD OF DIRECTORS



Mr. Jorge Carbajal - Non-Executive Director

Mr. Jorge Carbajal 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 Ernest & 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 the President of all Bata Emerging Markets (BEM) – Asia, Africa & Latin America. Mr. Carbajal has also successfully completed the Advanced Management Programme by The Wharton School, University of Pennsylvania, USA in October 2008.

Mr. Atul Singh - Independent Director

Mr. Atul Singh is the Group President – Asia Operating Unit, The Coca-Cola Company, responsible for operations in Greater China & Korea BU (GC&K), India & South-West Asia BU (INSWA) and Association of South-East Asian Nations BU (ASEAN). He supervises operations in 23 markets in Asia, which includes China, Korea, India, Bangladesh, Sri Lanka, Maldives, Thailand, Singapore, etc. Mr. Singh joined The Coca-Cola Company in 1998 as Vice President-Operations (India Division) and subsequently served as President of the East, Central & South China Division and as President of South West Asia Business Unit. Under his stewardship, Coca-Cola's business in India made strides in all facets of its operations, emerging amongst top 7 businesses in the Coca-Cola System Worldwide. Prior to joining Coca-Cola, Mr. Atul Singh worked with The Colgate Palmolive Company for 10 years and held several key positions in Nigeria, Romania and USA. Before joining Colgate-Palmolive, Mr. Singh worked as an Auditor with Price Waterhouse in New York. Mr. Atul Singh is the past Chairman and present Board Member of AMCHAM India. He is also the Chairman of the Sports Committee of CII and past Chairman of the Sports Committee of FICCI. He is currently the Chairman of the Water Council of FICCI and a part of its National Executive. Mr. Singh is a Member of the Advisory Board of AIESEC and Catalyst and a member of Young Presidents' Organization. Mr. Singh is an alumnus of St. Xavier's College of Kolkata and holds an MBA degree from Texas Christian University, USA. Mr. Atul Singh is an Independent Director of Bata India Limited and Chairman of the Audit Committee of its Board.



Mr. Akshay Chudasama - Independent Director

Mr. Akshay Chudasama did his B.A. (Economics) from St. Xavier's College (University of Bombay), Mumbai and Bachelor of Laws (LLB) from the London School of Economics (University of London), UK. He is enrolled as an Advocate with the Bar Council of Maharashtra & Goa and as a Solicitor with the Law Society of England & Wales. He has also attended the Harvard Leadership Programme for Professional Services Organizations. Mr. Chudasama is a Senior Partner and Member of the Executive Committee of J. Sagar Associates, Advocates & Solicitors. Before joining J. Sagar Associates, Mr. Chudasama was an Equity Partner with AZB & Partners, and Managing Partner of Lex Inde. He started his career as an Advocate & Junior Counsel in the Chambers of Mr. Goolam E Vahanvati. Mr. Chudasama is also a Director, inter alia on the Boards of Apollo Tyres Ltd.

BATA INDIA LIMITED

Board of Directors

Mr. Uday Khanna	<i>Chairman and Independent Director</i>
Mr. Rajeev Gopalakrishnan	<i>Managing Director</i>
Mr. Ranjit Mathur	<i>Director Finance</i>
Mr. Jack G. N. Clemons	<i>Non Executive Director</i>
Mr. Jorge Carbajal	<i>Non Executive Director</i>
Mr. Atul Singh	<i>Independent Director</i>
Mr. Akshay Chudasama	<i>Independent Director</i>

Audit Committee

Mr. Atul Singh	<i>Chairman</i>
Mr. Uday Khanna	<i>Member</i>
Mr. Jack G. N. Clemons	<i>Member</i>
Mr. Jorge Carbajal	<i>Member</i>
Mr. Akshay Chudasama	<i>Member</i>

Nomination, Governance & Compensation Committee

Mr. Uday Khanna	<i>Chairman</i>
Mr. Jack G. N. Clemons	<i>Member</i>
Mr. Jorge Carbajal	<i>Member</i>
Mr. Atul Singh	<i>Member</i>
Mr. Akshay Chudasama	<i>Member</i>

Shareholder / Investor Grievance Committee

Mr. Uday Khanna	<i>Chairman</i>
Mr. Rajeev Gopalakrishnan	<i>Member</i>
Mr. Ranjit Mathur	<i>Member</i>

Executive Committee

Mr. Rajeev Gopalakrishnan
Mr. Ranjit Mathur
Mr. Enrico Tonolli
Mr. Sanjay Kanth
Mr. Anup Jain
Ms. Sook Fong
Mr. Sumit Kumar
Mr. Francesco Ferraris
Mr. Vijay Gogate

Company Secretary & Compliance Officer

Mr. Maloy Kumar Gupta

Auditors

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

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**Cost Auditors**

M/s. Mani & Co.
Cost Accountants
"Ashoka", 111, Southern Avenue
Kolkata - 700 029

Company Secretaries in Wholetime Practice

- (i) M/s. S. M. Gupta & Co.
P - 15, Bentinck Street
Kolkata - 700 001
- (ii) M/s. P. Sarawagi & Associates
Narayani Building
Room No. 107, First Floor
27, Brabourne Road
Kolkata - 700 001

Bankers

State Bank of India
HDFC Bank Limited

Investor Relations Manager

Mr. 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 Private Limited
7A, Beltala Road, 1st Floor,
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) 3990100 / 3990115
Fax : (0124) 3990116 / 118
E-mail : customer.service@bata.co.in

Registered Office

6A, S. N. Banerjee Road
Kolkata - 700 013.
Telephone : (033) 3980 2001 / 2012 / 2013 / 2023
Fax : (033) 2289 5748 / 5859
E-mail : share.dept@bata.co.in
Website : www.bata.in



BATA INDIA LIMITED

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

NOTICE CONVENING ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighty First Annual General Meeting of the Members of Bata India Limited ('the Company') will be held at **'KALAMANDIR' 48, Shakespeare Sarani, Kolkata - 700017 on Wednesday, May 21, 2014 at 10:30 a.m.**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as on December 31, 2013, the Statement of Profit and Loss for the year ended on that date, Notes on Accounts, Auditors' Report and Directors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Jorge Carbajal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Akshay Chudasama, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and to pass, with or without modification(s), the following Resolution, as an Ordinary Resolution:

“RESOLVED THAT Messrs. S. R. Batliboi & Co. LLP, Chartered Accountants (Registration 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 authorized to determine the remuneration payable to the Auditors.”

By Order of the Board

Place : Gurgaon
Date : February 12, 2014

Maloy Kumar Gupta
Company Secretary

NOTES:

1. **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.**
2. The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, May 7, 2014 to Wednesday, May 21, 2014 (both days inclusive).
3. 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.
4. 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.
5. 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.



6. 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 de-materialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
7. In all correspondence with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the de-materialized form, they must quote their DP I.D. and Client I.D. No(s).
8. 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 and Companies Act, 2013 (to the extent applicable). 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).
9. 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 Depository Participant(s) by the RTA 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 Depository Participant(s) to the RTA. This note is only to caution investors/shareholders that they should ensure that their Depository Participant(s) do not delay in sending the DRF and share certificates to the RTA after generating the DRN.
10. Information under Section 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 December 31, 1993 have been transferred to the General Revenue Account of the Central Government. Members, 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 Companies Act, 2013 (to the extent applicable) 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/unpaid amount of dividend is transferred to the Fund, the same cannot be claimed by the Members there from.

No dividend has been declared for the year ended from December 31, 2002 to December 31, 2006.

Members who have not yet encashed their dividend warrant(s) for the financial year ended December 31, 2007 onwards, are requested to claim the amount of dividend from the Company immediately. The folio-wise details of unpaid dividend for the financial year ended December 31, 2007 onwards are available on the Company's website www.bata.in as well as on the website of Ministry of Corporate Affairs www.iepf.gov.in.
 - (iii) During the year ended December 31, 2013, the Company has deposited a sum of Rs.3,06,808 (Rupees Three Lacs Six Thousand Eight hundred and Eight only) to the Investor Education and Protection Fund of the Central Government, on account of unclaimed deposits and unclaimed interest on deposits.
11. Dividend on Equity Shares as recommended by the Board of Directors of the Company for the year ended December 31, 2013, when declared at the meeting, will be paid to:
 - (i) 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 6, 2014.



- (ii) 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 6, 2014.
12. The Securities and Exchange Board of India (SEBI) has made it mandatory for all 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, companies are required to print the bank details, if available, on the 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 Participant(s) concerned.
13. SEBI vide Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 made Permanent Account Number (PAN) mandatory for all securities market transactions. 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 transactions 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 has 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.
14. The Ministry of Corporate Affairs ('MCA'), 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 and Companies Act, 2013 (to the extent applicable).

In case you have not registered your correct e-mail ID, please communicate the same to our Registrars and Share Transfer Agent - M/s. R & D Infotech Pvt. Ltd. at 7A, Beltala Road, 1st Floor, Kolkata - 700026 (e-mail ID: rd.infotech@vsnl.net or bata@rdinfotech.in) in respect of the shares held by you in physical mode **or** communicate to your Depository Participant(s) concerned in respect of shares held by you in demat / electronic mode. Although you are entitled to receive physical copy of the Notices, Postal Ballots, Annual Reports, etc. from the Company, we sincerely seek your support to enable us to forward these documents to you only by e-mail, which will help us participate in the Green Initiatives of the MCA and protect our environment. In view of the above, the Company has already dispatched three written communications to its members on July 15, 2011, November 18, 2011 and March 14, 2013 requesting them to register their designated e-mail ID with the Company/ RTA. However, Members who wishes to receive physical copy of the Notices, Postal Ballots, Annual Reports and other documents may forward their written requests to the Company/RTA for the same.

By Order of the Board

Place : Gurgaon
Date : February 12, 2014

Maloy Kumar Gupta
Company Secretary



Information relating to the re-appointment of Directors at the 81st Annual General Meeting

[Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges]

Item No. 3 : Re-appointment of Mr. Jorge Carbajal as a Director of the Company

Mr. Jorge Carbajal ('Mr. Carbajal'), aged 60 years, presently a Non-Executive Director of Bata India Limited, is the President of Bata Emerging Markets (BEM) business of Bata Shoe Organization (BSO), responsible for the overall business operations in Asia, Africa and Latin America regions. He started his career as an Auditor with Ernest & Young in the year 1976. Mr. Carbajal has been associated with BSO since 1988. He has held various Senior Positions in different BSO companies in Latin America starting from the Chief Finance Officer and Group Finance Officer (Mexico, Bolivia & Ecuador) and Managing Director in Asia-Pacific regions (Sri Lanka & Malaysia). Subsequently, in 2005 he was made Group Managing Director of BEM (West), responsible for Africa and Central Asian Regions. In October 2008, Mr. Carbajal successfully completed the Advanced Management Programme by the Wharton School, University of Pennsylvania, USA. In 2009, he became the BEM President of Asia & Africa. In 2010, he was made the President of all BEMs - Asia, Africa and Latin America, which position he is holding till date.

Details of Directorship and Committee Membership of Mr. Jorge Carbajal in companies other than Bata India Limited are as under:

Sl. No.	Name of the Company	Designation	Name of the Committee	Designation
1.	PT. Sepatu Bata TBK	Director	N.A.	N.A.
2.	Bata (Malaysia) SDN.BHD	Director	N.A.	N.A.
3.	LAPrimavera SDN.BHD	Director	N.A.	N.A.

Mr. Carbajal is a Member of the Audit Committee and Nomination, Governance & Compensation Committee of Bata India Limited.

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

Item No. 4 : Re-appointment of Mr. Akshay Chudasama as a Director of the Company

Mr. Akshay Chudasama ('Mr. Chudasama'), aged 45 years, presently an Independent Director in Bata India Limited, did his B. A. (Economics) from St. Xavier's College (University of Bombay), Mumbai and Bachelor of law (LLB) from the London School of Economics (University of London), UK. He is enrolled as an Advocate with the Bar Council of Maharashtra & Goa and as a Solicitor with the Law Society of England & Wales. He has also attended the Harvard Leadership Programme for Professional Services Organizations. He started his career as an Advocate & Junior Counsel in the Chambers of Mr. Goolam E Vahanvati. Mr. Chudasama is a Senior Partner and Member of the Executive Committee of J. Sagar Associates, Advocates & Solicitors. Before joining J. Sagar Associates, Mr. Chudasama was an Equity partner with AZB & Partners and Managing Partner of Lex Inde.



Details of Directorship and Committee Membership of Mr. Akshay Chudasama in companies other than Bata India Limited are as under:

Sl. No.	Name of the Company	Designation	Name of the Committee	Designation
1.	Apollo Tyres Limited	Director	N.A.	N.A.
2.	Wyosha Real Estates Private Limited	Director	N.A.	N.A.

Mr. Akshay Chudasama is a Member of the Audit Committee and Nomination, Governance & Compensation Committee of Bata India Limited.

Mr. Akshay Chudasama does not hold any share in the Company.

**FINANCIAL HIGHLIGHTS 2004-2013**

(Rs. in millions)	2004	2005	2006
PROFIT & APPROPRIATIONS			
Sales & Other Income	7,289.93	7,525.39	8,219.79
Profit before Depreciation, Tax & Prior Period Items	(510.52)	255.93	628.00
Depreciation	124.16	120.02	136.17
Profit before Tax & Prior Period Items	(634.67)	135.91	491.82
Taxation	(7.19)	11.00	90.31
Profit after Tax & Prior Period Items	(627.48)	124.91	401.51
Prior Period Items	—	—	—
Net Profit	(627.48)	124.91	401.51
Dividend & Dividend Distribution Tax	—	—	—
Retained Earnings	—	—	401.51
ASSETS EMPLOYED			
Fixed Assets — Gross	3,594.90	3,639.10	3,076.87
— Net	1,396.55	1,319.24	802.47
Investments	48.52	49.77	172.43
Net Current Assets	1,379.00	2,061.99	1,750.39
Other Current Assets (includes DTA & Long Term Loans & Advances)	—	—	—
	<u>2,824.06</u>	<u>3,431.00</u>	<u>2,725.30</u>
FINANCED BY			
Equity Shares	514.22	642.64	642.64
Reserves	1,066.36	1,972.07	1,477.35
Shareholders' Funds	1,580.59	2,614.71	2,119.98
Loan Funds	1,243.48	816.29	605.32
Non-current Liabilities	—	—	—
	<u>2,824.06</u>	<u>3,431.00</u>	<u>2,725.30</u>

2007	2008	2009	2010	2011	2012	2013
9,038.05	10,235.32	11,210.11	12,923.42	16,959.91	19,017.06	21,297.54
711.61	908.41	1,281.87	1,755.08	3,605.04	3,033.39	3,418.21
160.11	190.01	279.23	325.10	411.01	513.75	591.97
551.50	718.40	1,002.63	1,429.97	3,194.03	2,519.64	2,826.24
40.62	111.03	330.36	476.45	935.64	803.61	918.81
510.88	607.37	672.27	953.52	2,258.39	1,716.03	1,907.43
36.44	—	—	—	—	—	—
474.44	607.37	672.27	953.52	2,258.39	1,716.03	1,907.43
150.37	187.96	225.56	299.00	447.14	448.13	491.68
324.07	419.40	446.72	654.52	1,811.25	1,267.90	1,415.75
3,251.91	3,506.48	3,754.87	4,178.77	5,084.40	5,793.97	6,252.34
1,042.33	1,178.80	1,309.17	1,534.39	2,270.66	2,594.66	2,699.42
172.48	172.48	172.48	172.48	48.51	48.51	48.51
1,805.05	1,930.06	2,096.40	2,413.23	3,423.89	3,482.26	4,590.48
—	—	—	—	—	1,438.97	1,864.35
3,019.87	3,281.34	3,578.06	4,120.11	5,743.05	7,564.40	9,202.76
642.64	642.64	642.64	642.64	642.64	642.64	642.64
1,859.22	2,192.40	2,684.93	3,339.73	5,100.42	6,360.66	7,767.37
2,501.86	2,835.04	3,327.57	3,982.37	5,743.05	7,003.30	8,410.01
518.01	446.30	250.49	137.74	—	—	—
—	—	—	—	—	561.10	792.75
3,019.87	3,281.34	3,578.06	4,120.11	5,743.05	7,564.40	9,202.76



SIGNIFICANT RATIOS 2004-2013

			2004	2005	2006
MEASURES OF INVESTMENTS					
Return on Equity	$\frac{\text{Profit after tax}}{\text{Shareholders' Funds}}$	(%)	(25.41)	4.01	18.94
Earnings per Share	$\frac{\text{Net Profit}}{\text{No. of Shares}}$	(Rs.)	(12.20)	2.07	6.25
Dividend Cover		(times)	—	—	—
Dividend		(%)	—	—	—
Book Value of an Equity Share	$\frac{\text{Shareholders' Funds}}{\text{No. of Shares}}$	(Rs.)	48.02	48.51	32.99
MEASURES OF PERFORMANCE					
Profitability	a) $\frac{\text{Profit before Tax}}{\text{Sales}}$	(%)	(8.76)	1.85	6.19
	b) $\frac{\text{Profit after Tax}}{\text{Sales}}$	(%)	(8.66)	1.70	5.05
Capital Turnover	$\frac{\text{Sales}}{\text{Total Funds}}$	(times)	1.95	1.87	2.92
Stock Turnover	$\frac{\text{Sales}}{\text{Stocks}}$	(times)	2.76	2.63	2.88
Working Capital Turnover	$\frac{\text{Sales}}{\text{Net Current Assets}}$	(times)	3.20	2.87	4.54
MEASURES OF FINANCIAL STATUS					
Debt Equity Ratio	$\frac{\text{Loan Funds}}{\text{Shareholders' Funds}}$	(times)	0.50:1	0.26:1	0.29:1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	(times)	1.91:1	1.94:1	1.93:1
Fixed Assets to Shareholders' Funds	$\frac{\text{Net Fixed Assets}}{\text{Shareholders' Funds}}$	(times)	0.56:1	0.42:1	0.38:1

* Without considering Prior Period Items

** Without considering Gains from Surplus Property Development

*** All ratios are calculated as per revised Schedule VI to the Companies Act, 1956



2007	2008	2009	2010	2011	2012***	2013***
20.42*	21.42	20.20	23.94	24.74**	24.50	22.68
7.38	9.45	10.46	14.84	22.11**	26.70	29.68
3.69	3.78	3.49	3.71	3.68**	4.45	4.57
20.00	25.00	30.00	40.00	60.00	60.00	65.00
38.93	44.12	51.78	61.97	89.37	108.98	130.87
6.19*	7.10	9.01	11.20	13.42**	13.46	13.47
5.74*	6.00	6.04	7.47	9.08**	9.17	9.09
2.95	3.09	3.11	3.10	2.73	2.67	2.50
2.93	3.46	4.01	4.27	4.00	4.05	3.60
4.93	5.25	5.31	5.29	4.57	5.38	4.57
0.21:1	0.16:1	0.08:1	0.03:1	—	—	—
1.77:1	1.71:1	1.72:1	1.53:1	2.00:1	1.93:1	1.99:1
0.42:1	0.42:1	0.39:1	0.39:1	0.40:1	0.37:1	0.32:1



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure to present the 81st Annual Report of your Company covering the operating and financial performance for the year ended December 31, 2013.

FINANCIAL REVIEW

	2013 (in Rs. millions)	2012 (in Rs. millions)
Gross Turnover	20,984.06	18,717.54
Less: Excise Duty on Turnover	332.32	293.01
Net Turnover	20,651.74	18,424.53
Other Income	313.48	299.52
Total	20,965.22	18,724.05
Profit/(Loss) before Depreciation and Taxation	3,418.21	3,033.39
Less: Depreciation	591.97	513.75
Profit / (Loss) before Taxation	2,826.24	2,519.64
Provision for Taxation:		
– Current Tax	1,156.01	908.43
– Deferred Tax Charge/ (Credit) (Net)	(237.20)	(101.44)
– Income Tax for earlier year	—	(3.38)
Net Profit	1,907.43	1,716.03
Profit available for Appropriation	6,576.46	5,288.76

OPERATIONS

For the first time in its history, your Company's Turnover crossed the coveted mark of Rs. 20,000 Million. During the year 2013, your Company achieved a total turnover of Rs.20,984.1 Million as compared to the Turnover of Rs.18,717.5 Million in the year 2012 - reflecting a growth of approx. 12.1%. Your Company recorded a Net Profit of Rs.1,907.4 Million for the year 2013, which was 11.2% higher than the Net Profit of Rs.1,716.0 Million for the year 2012.

Your Company has witnessed constant growth over the past few years, which endorses its strong understanding of the consumer needs and lifestyle. Your Company has been relentlessly working on improving its product offerings through constant research and development. The footwear collection has vastly improved over the years and many contemporary and fashionable designs of footwear have been launched. The new designs have helped your Company to constantly increase its customer base while meeting the changing lifestyle needs of the loyal customers.

During the year under review, the manufacturing facilities of your Company have also been upgraded with introduction of improved quality, better technology and materials for producing footwear with a more trendy look and comfort to meet the ever-changing market requirements. In order to meet its demand for footwear, your Company has also tied up with various manufacturers to produce shoes as per its own designs and quality standards. Modernization of factories is an on-going process in your Company and the same shall continue in the future.

In its strategic pursuit, your Company continues to open approx. 100 new retail stores every year across India and shut down or relocate unviable stores. Most of the new stores are of large format having space of more than 3,000 sq. ft. and



delicately designed to display each category of footwear and accessories. These large format stores provide an excellent ambience and delightful shopping experience to the customers. During the year under review, your Company opened 95 new stores, including the largest footwear store in India at Viviana Mall, Mumbai, covering an area of approx. 28,000 sq. ft. Your Company is accelerating its growth focusing on tier II and tier III cities where the potential for growth is significant.

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 growing 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 will also gear up to seize these opportunities and face the challenges with appropriate strategies. Key Priorities of your Company for the year 2014 shall be to expand its presence in existing markets as well as in tier II and tier III cities in India. Footwear offerings shall continue to focus on the latest fashion and trend at affordable prices to attract and serve the younger generation of customers.

TRANSFER TO RESERVES

Your Company has transferred a sum of 190.7 Million to General Reserve against Rs.171.6 Million transferred last year.

DIVIDEND

The Board of Directors have recommended a final dividend of Rs 6.50 per share (i.e., 65% on an equity share of Rs.10/- each) for the year ended December 31, 2013, as against Rs.6.00 (i.e.,60% on an equity share 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 and if declared, shall be paid to the shareholders from June 04, 2014 onwards.

FIXED DEPOSIT

During the year under review, your Company has transferred to the Investor Education & Protection Fund (IEPF) of the Central Government the entire amount of Rs. 306,808/- as matured fixed deposits and interest accrued thereon, which remained unclaimed/unpaid for a period of more than seven years, despite several reminders and communications from the Company. Accordingly, your Company has no unclaimed/unpaid matured deposits or interest thereon as on December 31, 2013. Presently the Company is not accepting any fixed deposits.

CREDIT RATINGS

During the year under review, ICRA Limited has reaffirmed the rating of [ICRA]A1+ (pronounced as 'ICRA A one plus') to your Company for its Commercial Paper (CP) programme. This is the highest-credit quality rating assigned by ICRA Limited to short term debt instruments. ICRA Limited 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 Directors are pleased to inform that your Company continues to maintain its leadership position in the organized footwear industry in India. Your Company has been the recipient of several awards and recognitions. During the year under review, your Company received the following Awards and Recognitions:

- (i) Brand Equity - The Most Trusted Brand of 2013:

'BATA' has bagged the No. 1 position in the FOOTWEAR category - This is the second consecutive year that your Company bagged the No.1 spot. The brand BATA was catapulted in ranking from 27th position in 2012 to 16th position in 2013 - an improvement of 11 positions in overall ranking amongst the top 100 brands in India.



(ii) Images Shoes & Accessories Award- 2013:

Bata India has been awarded Images Most Admired National Footwear Retail Chain of the Year.

(iii) India's Most Attractive Brand 2013:

Bata India has been ranked at the 11th position by DNA Newspaper on the basis of a survey conducted by research firm TRA amongst the top Brands in India.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a continuous commitment of your Company for overall economic development and well being of the Country. CSR plays an important role in sustainable growth of your Company and ensures that your Company discharges its duties towards development of the society. As a good corporate citizen in India, your Company participates in initiatives that preserves and protects the environment and natural resources. Your Company is one of the leading Members of the Bata Children's Program (BCP) of Bata Shoe Organization, which contributes immensely to the development and well being of under-privileged and differently-abled children, specially the girls, across the World.

Your Company has been engaged in various CSR activities throughout the year. During the year 2013, CSR activities undertaken by your Company included the following:

1. Arranged for relief material & assistance for the flood-hit victims at Uttarakhand. Approx. 15 tons of relief material including food, utensils, warm clothes and blankets were distributed amongst the survivors of disaster victims at villages in Haridwar and Dehradun.
2. Organized Blood Donation Camps at the corporate office at Gurgaon and at manufacturing units. General Health Check-up was conducted for underprivileged children at various schools at Gurgaon and Batanagar.
3. Organized Self-Defense Training for underprivileged school girls in Gurgaon. These underprivileged girls learnt easy self-defense tricks through the volunteers to handle difficulties with simulations on managing untoward situations. The training workshop boosted the confidence of these girls and shall help them fight against various odds and challenges that they face in their daily lives.
4. Conducted Hepatitis-B Vaccination Campaigns at Jharsa Village, Gurgaon. More than 280 kids were vaccinated against Hepatitis-B which is a serious disease caused by a highly infectious virus that attacks the liver which can lead to severe illness, liver damage, etc.
5. Organized a Tree Plantation Drive at Aravalli Bio Diversity Park, Gurgaon. Approx. 700 trees were planted by the volunteers along with enthusiastic school children who were introduced to the wonders of nature and respect for sustainable resource management. Your company had also organized 'Bata Walks Green' Campaign in manufacturing units. Our volunteers planted saplings across our factories to spread awareness about environment protection, sustenance, and eco-conscious growth.
6. Govt. Girls Primary School, Gurgaon and Primary & KG School at Batanagar were renovated. A multi-purpose Auditorium and a new Computer lab had been introduced to the students of Batanagar Primary & KG School. The renovation at Govt. Girls Primary School included hygienic classroom, safe & comfortable furniture, neat and clean classrooms with cartoon characters painted and educational messages written on walls by the volunteers.
7. Under the BCP India initiatives, successfully launched a sustainable employee volunteering initiative - "Each One Teach One Campaign" to create awareness on the rights of a girl child, moral values, co-curriculum and sport activities. 30 employees of the Company are volunteering 1 hour weekly to teach underprivileged girls in a Primary School in Gurgaon.
8. Rain Water Harvesting projects of your Company continued near Bata House, Gurgaon and at its Hosur Unit, where rain water collected from the plot is being used for recharging of borewell and rain water collected from the roof is being used for washrooms and in lawns and gardens.



Your Board is aware that the Government of India has included Section 135 under the new Companies Act, 2013, encouraging certain class of companies in India to spend 2% of average net profits of three years towards CSR. The provisions of the new Act are yet to be notified. Your Company will take appropriate steps to meet the requirements under the Companies Act, 2013 in due course.

RETAIL

The process of opening large format stores and renovating the existing stores to foster contemporary appeal continued during the year 2013. Your Company has opened 95 large format stores (approx. 3000 sq. ft. or more) and renovated/relocated / closed unviable retail stores across India. The strategy adopted by your Company has resulted in higher sales and profitability year-on-year as demonstrated in financial results of the Company.

Your Company continues to introduce contemporary and fashionable designs in its product range. Special attention has been provided to improve the quality and style of footwear in each category. In every season throughout the year 2013, your Company improved its footwear collections in stores to suit the needs and desires of the customers. An exclusive range of ladies footwear and a variety of products for the kids and children were launched, which have been well accepted by the customers. Your Company continued to be the market leader in Men's formal footwear, with Ambassador, Comfit, Moccasino - all brands recording a high growth. In ladies segment, Marie Claire and Sundrop brands of footwear have recorded a good growth. Your Company's footwear range for the children - Bubblegummer and Angry Birds continued to be the most favourite brands in India. Evergreen brands of your Company, viz., Power, North Star, Scholl and Weinbrenner - all have registered growth in volume in the year 2013 as compared to the previous year 2012.

HUSH PUPPIES

Your Company's premium Brand - Hush Puppies has been expanding in line with the overall retail expansion program and continues to open exclusive stores and shop-in-shop stores in premium departmental stores. At the end of year 2013, Hush Puppies had 34 exclusive stores and 37 shop-in-shops. Hush Puppies lives the brand vision of "Treating the World to their favorite shoes" with exclusive retail stores, unique products and exciting brand image. Hush Puppies range of footwear shall continue to focus on comfort with contemporary styling, to attract younger consumers to the brand. Your Company shall invest in various marketing plans to re-position the brand in the minds of consumer as international premium lifestyle casual footwear brand in India.

FOOTIN

Your Company's new retail concept - FOOTIN offers a new range of footwear focusing on affordable fashion and trendy styles. In FOOTIN stores, customers can get fashionable, young looking and affordable footwear presented through a high-density display concept. It is one of the new business models with a different approach to improve volume growth of your Company. During the year under review, your Company has opened 8 new FOOTIN stores across India, with a new range of footwear for both men and women focusing on fashionable and trendy styles at an affordable price. These stores are unique in terms of display and ambience and different from other footwear retail stores in India.

E-COMMERCE

The year 2013, certainly would be counted among the most active years for E-commerce division of your Company. Your Company generated a volume growth of almost 100% in on-line business during the year 2013 as compared to the previous year 2012. Your Company's E-Commerce business reached approx. 750 cities across India with its shipments. In order to attract more e-customers, new partnerships have been entered into by tying up with leading on-line players e.g., Flipkart, Jabong, E-bay, HomeShop18, Myntra, Rediff, Indiatimes, etc. As a part of the strategy, Cash on Delivery service was launched for the end customer to facilitate the shopping ease. Your Company's website www.bata.in has experienced a tremendous growth in traffic of approx. 2.5 Million visitors. Customer Service remained a focused area for the E-Commerce business of your Company with a dedicated team continuing to serve its on-line patrons.



Your Company will further strengthen its E-Commerce business and establish lasting relations with the existing and new partners. The focus would remain on customer service and swift operations to ensure that the customers get their footwear in good condition and well in time. The existing website www.bata.in shall also be upgraded with new and exciting features for the customers. High importance is being given to the social media network to ensure that the customers on the social platform are satisfied with the product and services being rendered by your Company.

NON RETAIL

Your Company's Industrial division is now recognized as the leading supplier in the safety footwear market. Not only has the division expanded its coverage in the market but also is focused towards upgrading the market with newer technology products. The product range has been refreshed by launching new moulds as well as new PU-Rubber sole collection. The customer service function has been strengthened to provide immediate response to the queries raised by the industrial buyers.

Your Company's Institutional business has recorded better results in the year 2013 as compared to the previous year. The strategy to focus on segments like defence, canteens, education, corporate, etc. has been fruitful and resulted in achieving good market penetration. A new range for the healthcare segment has been launched with specialized footwear to be used in hospitals for Doctors, Nurses, front office staff, maintenance team, etc.

CUSTOMER CARE INITIATIVES

During the year under review, your Company has further strengthened its customer care division. Effective and satisfactory customer service continued to delight the customers at various points, i.e., starting at retail stores, during the sale interaction, post sales services at Customer Help Desk and obtaining feedback from the customers. A new initiative - "Passion to Serve" program has been adopted for the sales personnel which entitles them to periodic promotions. An exclusive Customer Help Desk has been in place to assist the customer and to locate stores, inform product availability, process online orders and to acknowledge all their valuable feedback. On the Digital Space, through Facebook, your Company has entered into over 100,000 customers' personal space and acquired more than 150,000 "Like" on Bata Facebook page.

EXPORT

Your Company's Export sales in 2013 were Rs.147.1 Million compared to Rs.149.8 Million in 2012. Various plans are being explored to improve Export volume of the Company in the future.

LOGISTICS

Your Company has a well-organized Supply Chain team at its Corporate Office in Gurgaon which controls the demand planning, replenishment, transportation and warehousing operations. Introduction of a new Supply Chain Planning processes has been the key highlight for the year 2013. Critical initiatives on implementation of new Supply Chain Planning processes will ensure right products at right stores at the right time in right quantities and right sizes, which will improve efficiency and reduce cost of holding inventory. This process is being implemented in a phased manner and shall cover all the Retail Distribution Centers (RDCs) of your Company. This initiative will reduce the out of stock events at retail stores thereby improving the customer service levels.

Supply Chain team has also undertaken an initiative to consolidate all the warehouses in Delhi NCR region. A detailed modernization and consolidation plan of warehouses in other regions also has been planned in the current financial year.

CAPITAL EXPENDITURE

The Capital Expenditure incurred during the year amounted to Rs. 774.6 million in 2013, which was predominantly due to opening of a number of new stores and modernization of existing stores. Capital Expenditure has also been incurred for installation of machinery and moulds to modernize our factories.

INDUSTRIAL RELATIONS AND PERSONNEL

Your Company has continuously been working to improve human resources competencies and capabilities in the company, which is critical to achieve results as per the plan. Major initiatives and interventions to this effect as taken up during the year 2013, are as under:



Building up the best team in all functional areas

During 2013 your Company has hired 171 middle and senior level Executives for its various functional areas to replace the people moving out, retiring, etc. with professionals having better qualifications and experience.

Creating bench strength and building up capability for future growth

Executive Development plan

For the fourth consecutive year, your Company pursued its aim of nurturing and developing new talent for various responsibilities. Eight Executive trainees have been hired from various retail management schools and trained for 9 months under the Executive Development Plan (EDP). Five Executive Trainees, who successfully completed their training under EDP, have been placed as District Managers across retail operations chains.

Training and Development

a) District Manager Training

Developing and Training of internal talents continued to be the focus area of your Company. 96 nominated District Managers across all retail chains attended 2 days District Managers' Training program.

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

Imparting Training to store employees to improve their knowledge and skill levels with an objective to provide better customer service in retail stores remained a key focus area in the year 2013. Training was conducted for 1,251 store employees and 317 K-Scheme Agents/Store Managers to enhance their performance and effectiveness.

FINANCE

The Earning per Share (EPS) (Basic and Diluted) of your Company at Rs.29.68 reflects an increase by approx. 11% as compared to EPS of Rs.26.70 in the previous year. As informed earlier, since April-2010, your Company does not have any Bank Borrowings and the entire capital expenditure has been funded through internal sources.

RESEARCH & DEVELOPMENT ACTIVITIES AND ENERGY CONSERVATION

Your Company continued its local Research & Development activities during the year under review. These R&D activities included technological improvement in all key areas, e.g., product development, process development, material development, footwear moulds, etc. with emphasis on creating a pollution-free work environment. Total expenditure incurred on Research & Development was approx. Rs. 7 Million during the year. Your Company continues to actively pursue energy conservation measures. During the year under review, savings of energy cost worth approx. Rs.5.5 Million was achieved through replacement of conventional tubes with energy efficient lights, installation of energy efficient screw compressors and adopting other measures in its manufacturing units.

SUPPORT FROM BATA SHOE ORGANIZATION

Your Company continues to receive assistance and benefits of technical research and innovative programmes of Bata Shoe Organization (BSO) through Global Footwear Services Pte. Ltd., Singapore (GFS). Your Company has renewed the Technical Collaboration Agreement with GFS with effect from January 01, 2011 for a period of ten years. In terms of the said Technical Collaboration Agreement, your Company receives guidance, training of personnel and services from GFS in connection with research & development, marketing, brand development, footwear technology, testing & quality control, store location, layout & design, environment, health & safety, risk & insurance management, etc. Your Company continues to obtain expertise and experience from the visiting senior personnel of GFS and other BSO group companies to improve its product range and operational processes throughout the year.



In terms of the renewed Agreement as aforesaid, your Company has paid a fee of Rs.185 Million to GFS during the calendar year 2013.

STATUTORY AUDITORS

The Statutory Auditors of the Company - Messrs. S. R. Batliboi & Co. LLP, 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 confirmation pursuant to Section 224(1B) of the Companies Act, 1956.

COST AUDITORS

In compliance with the Central Government's Order dated November 06, 2012, your Board at the Board Meeting held on February 26, 2013 has re-appointed M/s. Mani & Co., Cost Accountants to carry out the Cost Audit of the Company in respect of Footwear. However, the Cost Audit Branch of the Ministry of Corporate Affairs, Government of India is yet to make the said Order effective. Your Company will file e-Form 23C as and when the said e-Form 23C is modified by the Central Government in line with the aforesaid Order.

The Cost Audit Report of the Company for the financial year ended December 31, 2012 was filed by M/s. Mani & Co., with the Cost Audit Branch, Ministry of Corporate Affairs, Government of India, on June 11, 2013.

DIRECTORS

There has been no change in composition of your Board of Directors during the year under review. The Ministry of Corporate Affairs, Government of India has included various provisions under the Companies Act, 2013 relating to composition of the Board of Directors and Committees of the Board of Directors of Indian companies. However, these provisions of the Act are yet to be notified. Your Company will take appropriate steps to reconstitute its Board of Directors and Committees thereof to comply with the requirements of the new Companies Act, 2013 and Rules framed thereunder in due course.

In terms of the provisions of the Companies Act, 2013 (to the extent applicable), your Board of Directors at their Meeting held on October 30, 2013 appointed Mr. Rajeev Gopalakrishnan, Managing Director as the 'Chief Executive Officer (CEO)' of the Company with immediate effect. At the said Board Meeting your Board has also appointed Mr. Ranjit Mathur, Director Finance as the 'Chief Financial Officer (CFO)' of the Company with immediate effect.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Jorge Carbajal and Mr. Akshay Chudasama, 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 are of the opinion that their continued association with the Board will be beneficial to the Company and recommend their re-election.

STATUS OF BATANAGAR PROJECT

In terms of the Order of the Government of West Bengal, total obligation on the Company towards development of employee housing colony at Batanagar was Rs.650 Million. The Company has already received 315,000 sq. ft. of constructed space at Batanagar Project from Riverbank Developers Private Limited (RDPL), the developers of the project and had recorded a liability of Rs.216.2 Million in earlier years for obligation yet to be fulfilled towards the balance 325,000 sq. ft. constructed space. As per the Development Agreement entered into between RDPL and the Company in the year 2010, any liability arising on account of non-compliance of the terms and conditions of the aforesaid Order of the Government of West Bengal will be borne by RDPL.

Your Company alongwith RDPL has approached the Government of West Bengal for extension of the time limit for completion of Batanagar Project, and obtained their in-principle approval. The revised Order is awaited. During the year, the Company has signed an Addendum to the aforesaid Development Agreement whereby the Company shall receive 332,030 sq. ft. of constructed space in Batanagar Project against the balance 325,000 sq. ft. of constructed space from RDPL.



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, your Board of Directors at their meeting held on February 12, 2014 have given consent for not attaching, *inter alia*, the Balance Sheet, Statement of Profit and Loss and other relevant reports and statements of its subsidiary companies to the Balance Sheet of your Company as on December 31, 2013 and have also agreed to comply with the conditions prescribed in the said Circular.

The Annual Reports-2013 of the aforesaid subsidiaries will be made available to the shareholders of the Company upon receipt of written requests from them. The Annual Reports-2013 of the aforesaid subsidiary companies will also be kept for inspection by the shareholders of the Company at the Registered Office 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, 2013 in respect of Bata Properties Limited and Coastal Commercial & Exim Limited, the wholly owned subsidiaries of the Company have been included in the Financial Statements of the Company which forms part of this Annual Report.

CORPORATE GOVERNANCE

In compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report of your Company and Corporate Governance Compliance Certificate received from M/s. S. R. Batliboi & Co., LLP, Chartered Accountants, the Statutory Auditors, are attached as separate Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Indian footwear industry continues to be the second-largest footwear producer in the World - next only to China. The Indian Footwear Market is divided into organized and unorganized segments. The organized segment caters only 1/3rd of the footwear industry while the other 2/3rd is shared by small un-organized local players across the Country. The footwear market is dominated by men's segment which accounts for more than 50 per cent of total consumption, followed by 30 per cent in ladies segment and 15 per cent in kids segment. India produces more of men's shoes while other countries in the world produce more footwear for ladies. The organized sector is represented by major national and international players like Bata, Relaxo, Liberty, Adidas, Reebok, etc. while the un-organized sector comprises of small cottage industry based manufacturers.



The size of domestic footwear industry in India is approx. USD 35 Billion. According to an ASSOCHAM study, the Industry is considered to possess a significant potential with overall market anticipated to grow at a CAGR of approx. 15% during 2012-2014. The Indian footwear market is driven by growing fashion consciousness and increasing disposable income of the urban middle-class consumers. More and more women are now becoming financially independent, which give them more purchasing power. To exploit the potential of the Footwear industry in India, a number of premium footwear brands are foraying into India's tier-II and tier-III cities to increase their customer base. Indian Footwear Industry is expected to grow by 15% year-on-year in next ten years and increase in middle class population in these non-metro cities will be a major contributor to the volume growth of footwear business.

Being the largest producer of footwear in the World, China continues to be the biggest exporter of footwear globally. Import of footwear from China has seen a rapid growth during the past 5-6 years in all the three categories - men, women and children. Indian Footwear retailers have also preferred to import Chinese footwear, because of their lower cost and supply in abundance. Presently, India's footwear import from China is more than 60% of the total import and during the last five years such import from China has grown by more than 130%. India has seen a rise in overall export of footwear during the past few years. However, rate of increase in export has been much lower as compared to the rate of increase in import from China and other countries in the World. The maximum exports of Indian Footwear are made to USA and UK which collectively accounts for approx. 30% of the total export of footwear by India.

OPPORTUNITIES AND THREAT

Despite a dip in the GDP with a growth of 4.7% in 2013, the Indian Economy has shown a lot of resilience to overcome the challenges and is voiced to improve its performance in the coming years. Riding on this wave, the Indian Footwear Industry is gearing up to leverage its strengths towards maximizing its volume growth. Increase in organized retailing, rapid urbanization, increase in disposable income among the middle-class people and more importantly as a Country of the most young population in the World, Indian Footwear Industry is poised to play a major role in the Indian Organized Retail Industry's success in the future. Efficiency in operations shall be the key to success in the future. Establishing state-of-the-art manufacturing facilities, training & development of the employees and increase in Research & Development expenditure shall be the key focus area in addition to the replenishment of footwear offerings as per market demand.

Like other retail business, footwear retailing through on-line shall grow manifold in the coming years. Footwear retailers in India have gained a sudden upsurge with the rise of e-commerce and the growing on-line shopping. Companies have to increase their presence on the e-commerce sites to attract and cater to the growing needs of the younger generation. This will lead to increase in tie-ups amongst the traditional manufacturers and e-commerce companies and investment in warehousing, supply chain management, etc. needs to be increased to stay afloat in the competition.

Apart from completion and ever-increasing demand from the customers, the Indian Footwear Industry will face challenges from within as well. Rising input costs, scarcity of skilled labour, combating with retail inflation, policy paralysis regime due to uncertain political situations, are some of the areas of concern for the Footwear Industry in India.

Your Company enjoys the benefit of being in the business for more than eight decades and has a better understanding and retail network in comparison to its competitors. Your Company has been adopting appropriate strategies, e.g., aggressive retail expansion, promotion of its brands, contemporary styling, quality control and strengthening its human resources, etc. to achieve its objectives.

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

India has overcome various challenges in the economy and is considered to be one of the fastest growing ones amongst many developing countries. As far as estimates are concerned India by the end of this decade would be the 3rd largest economy after China and USA based on consumption level and increase in income besides other factors.



Your Company shall continue its focus to expand the retail outlets and improve the merchandise with newer and better designs to provide the Indian consumers the best in footwear. Achieving continuous growth in the performance of all business areas, shall be the key focused area going forward. In order to achieve volume growth, your Company has introduced FOOTIN concept of business, which offers fashionable & trendy designed footwear at an affordable price. The FOOTIN stores are different in ambience and display of footwear as compared to other BATA Stores. Your Company will improve its presence in e-Commerce business and also strengthen its Accessories business by offering a wide product range.

Indian Footwear Industry has the potential to grow and is capable to add value to the Indian Economy. Support from the Regulatory Authorities by creating a level playing field for all players and establishing more institutes to impart training on design, quality control and technology shall be required from the Industry. Your Company will seize the opportunities and face the challenges prevailing in the Industry and is confident to remain the market leader in the organized footwear retail Industry.

RISKS AND CONCERNS

Your Company continuously ascertains risks and concerns in the Footwear Industry affecting its present operations, future performances and business environment. In order to overcome such risks and concerns your Company adopts preventive measures as considered expedient and necessary. Some of the risks and concerns are as under:

LITIGATION

Your Company has been engaged in several legal cases in connection with or incidental to its business operations. These include civil cases, excise and custom cases, etc. filed by and against the Company. These cases are being pursued with due importance and in consultation with the legal experts in respective areas. Your Board believes that the outcome of these cases is unlikely to cause a materially adverse effect on the Company's profitability or business performance.

Your Company has a Contingent Liability of Rs. 673.6 Million as on December 31, 2013 as compared to Rs.472.6 Million as on December 31, 2012. Attention of the Shareholders is drawn to the explanations mentioned in point no. 31 of the Notes to Financial Statements forming integral part of the Balance Sheet as on December 31, 2013. In view of the present status and based on legal advice received, your Board of Directors are of the opinion that no provision is required to be made against these Contingent Liabilities as of now.

TRADE UNIONS

Your Company has several recognized Trade Unions and enjoys harmonious relationship with all its employees.

GLOBALLY COMPETITIVE BUSINESS ENVIRONMENT

Your Company operates in a globally competitive business environment. With ever increasing competition from the local players as well as global giants in the Footwear Industry with deep pockets, maintaining the existing market share and leadership position in organized retail footwear industry is a major challenge.

RISK RELATED TO CHANGES IN LAW 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 commensurate with its size and scale of operations, to ensure that all assets of the Company are safeguarded and protected and that all transactions are authorized, recorded and reported appropriately. The Internal Audit Report and Risk Inventory Report are reviewed periodically by the Audit Committee of the Board of Directors. The Chief Internal Auditor is a permanent invitee to the Audit Committee Meetings. The Audit Committee advises on various risk mitigation exercises on quarterly basis.



DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company has been maintaining its profitable growth for the eighth year in a row and believes that this is sustainable, barring unforeseen circumstances.

As mentioned in the Annual Reports of earlier years, since April-2010, Bank borrowing of your Company is Nil and the entire capital expenditure is being funded through internal accruals.

Your Board of Directors have recommended a dividend @ Rs.6.50 per share (i.e., 65%) on equity shares for the year ended December 31, 2013, subject to approval of the shareholders at the ensuing Annual General Meeting. If approved and declared, this will be the highest rate of dividend in the history of your Company.

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

Human Resources

Your Company continued with Executive Development Programme (EDP) in 2013 to create a ready talent pool of District Managers in retail operations. 8 Executive trainees underwent EDP for nine months and 5 of them have been placed as District Managers after completion of their training under EDP.

Your Company has introduced a concept of recruiting and developing Management Trainees under the "Leadership 20 - 20 Program". During the year under review, 5 Management trainees were hired for Retail Operations and presently undergoing 12-15 months extensive training program.

Performance Linked Salary has been in force for all levels of employees. This has led to a culture of accountability as clear goals/ objectives have been set for all executives.

Bata Emerging Markets (BEM) Interchange programme - a Talent Development initiative designed with an objective to provide global exposure to the participants and provide them with an opportunity to explore work experience outside their Country for a period of 6 months. 6 employees had participated in BEM Interchange Programme from March-2013 to Dec-2013.

Industrial Relations

The overall Industrial Relations in all the manufacturing units has been cordial in 2013. Some highlights are as under:

IR situation in the factory has been peaceful throughout the year. No mandays were lost during the year.

Your Company has launched a Voluntary Retirement Scheme (VRS) at Mokamehghat Unit in October-2013. Out of the 159 employees at the said Unit, 110 employees have opted for VRS and their final settlements are in process.

Different HR initiatives have been taken in the Manufacturing Units of your Company. Some of these initiatives included, Best Employee Awards, Medical Camps, Long Service Awards, Sports, Celebration of National Festivals, etc.

During the year under review, your Company has signed a Long Term Agreement (LTA) with the Union at Batanagar Factory. An agreement was also signed for enhancement of production at the Southcan Manufacturing Unit at Bangalore.

People Employed

As on December 31, 2013, there was 4,944 permanent employees on the rolls of your Company.



CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the 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 places on record its sincere appreciation for the co-operation and support received from investors, shareholders, customers, business associates, bankers, vendors as well as Regulatory and Government authorities.

Your Board would like to thank the major Shareholder and other group companies of Bata Shoe Organization for their guidance, support and co-operation in smooth operations of the Company. Your Board is ever grateful to the independent Directors for sharing their valuable experience and wisdom with the Management in the process of finalizing strategic decisions and oversight of the Company.

Your Board appreciates the invaluable contribution of the Senior Management Team for their leadership and all the employees of the Company for their indefatigable efforts which plays a pivotal role in achieving the objectives of the Company.

For and on behalf of the Board of Directors

Place : Gurgaon
Date : February 12, 2014.

Uday Khanna
Chairman



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 2013.

I. CONSERVATION OF ENERGY

A. Energy Savings Evaluation for the year 2013

Sl. No.	Criteria	Value (Rs. in Mn)
1.	Annual savings in 2013	5.5
2.	Energy savings/ pair	0.17
3.	Energy savings against total cost of energy (in %)	4.82%

B. Energy Conservation Measures Obtained (2013)

- 1) Installation of Baby Boiler.
- 2) Energy efficient 'Motion-Sensor Control' for auto operation of office lighting.
- 3) Installation of Energy efficient Screw Compressor, GA55 & GA37.
- 4) Isolation of 1000Kva Transformer.
- 5) Replacement of conventional tube light by Energy efficient 'T5' tube light.
- 6) Replacement of Metal halide bay light by Energy efficient LED light.
- 7) Replacement of 'SON' boundary light by Energy efficient LED light.
- 8) More application of Translucent Sheet for maximum use of day light.
- 9) LED in Canteen and Product Development Department.
- 10) VFD for Heat Setter & Heat Reactivator Machine.
- 11) Floating Aerator in STP.

C. Energy Conservation Measures Proposed (2014)

- 1) Induction & Installation of Solar Plant.
- 2) Installation of LED tube lights.
- 3) Replacement of metal halide bay light by energy efficient LED bay light.
- 4) Installation of Energy efficient Briquette fired Boiler.
- 5) Installation of Energy efficient Turbo Fan with translucent sheet on asbestos roof.
- 6) Installation of Energy efficient T5 (Electronic Ballast) tube light in place of conventional tube light.
- 7) Reduction of Contract demand of electricity.
- 8) Introduction of Energy efficient 5 Star 1.5T AC in place of 1.5T Window AC.
- 9) Installation of Energy efficient water pumps in place of old & high energy consuming Pumps sets.
- 10) Proper Insulation of Barrel of DIP machine installed.

Cost of Energy :

Units (KWH)	Year 2012(Rs)	Year 2013(Rs)
Cost of CESC	7.46	8.26
Cost of self generated	20.00	23.38

II. FOREIGN EXCHANGE EARNING AND OUTGO

- | | | |
|-----------------------------------|---|-------------------------------------|
| A. Activities relating to exports | : | See Directors' Report (page no. 16) |
| B. Total Foreign exchange used | : | Rs. 1,952.87 million |
| C. Total Foreign exchange earned | : | Rs. 147.07 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 (2013)

- 2.1 Introduced water-based mould release agent in place of solvent-based release agent for EHS point of view.
- 2.2 Developed water absorption & water penetration resistance Leather Safety Boot.
- 2.3 Developed & introduced cost effective product to get competitive edge without deteriorating the quality level by substituting new /alternative chemicals & synthetic upper-lining material etc.
- 2.4 Developed & introduced water base Primer for Leather shoe / sandal in order to get pollution free environment.
- 2.5 Developed & introduced new range of soft cushion comfort EVA Hawaii with use of Alpha-Olefin Copolymer.
- 2.6 Developed & introduced water based Poly-Chloroprene (Neoprene) adhesive in place of solvent based Neoprene adhesive for Leather Sandal with Micro sole in order to get Eco Friendly Environment.
- 2.7 Developed & introduced high abrasion resistance rubber roll sole for Whole sale Tennis Canvas Footwear in order to get better durability.
- 2.8 Developed & introduced Stroble construction Canvas footwear in place of conventional lasted construction shoe.
- 2.9 Developed oil resistance golosh (Foxing) compound for Defence Shoes.
- 2.10 Developed Leather Safety Boot with PU sole as per BIS latest Standard IS: 15298(Part-2):2011

3) Future plan of action (2014)

- 3.1 Development of Antifungal & Anti-bacterial Upper, Lining & Socks material in Leather Safety Footwear with application of N9 Pure Silver Plastix TG Technology.
- 3.2 Development of Auto clave Vulcanisable Leather Shoe.
- 3.3 Development of Water base primer for EVA sole/midsole in place of solvent base EVA primer for pollution free environment.
- 3.4 Development of cost effective product to get competitive edge without deteriorating the quality level by substituting new/alternative chemicals/materials.
- 3.5 Development of fire, solvents, acids, alkali resistance Safety Boot.
- 3.6 Utilization of PU waste materials for Healthy environment.
- 3.7 Development of Snow Boot as per Army Specified Standard.
- 3.8. Development & Introduction of Chromium VI free leather footwear for E.H.S. point of view.
- 3.9 Development & Introduction of Vulcanisable water base PU/Neoprene adhesive for Canvas footwear.

4) Expenditure on R & D (2013)

Capital	– Rs. 4.3 Mn
Recurring	– Rs. 64.9 Mn
Total	– Rs. 69.2 Mn
Percentage of Turnover	– 0.31%

5) Technology absorption, adaptation & innovation

i. 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 technology through B.S.O. assistance.

ii. Benefits :

- a) International standard quality of products.
- b) New techniques and technology of production.

For and on behalf of the Board of Directors

Place : Gurgaon
Date : February 12, 2014.

Uday Khanna
Chairman



BATA INDIA LIMITED

STATEMENT OF EMPLOYEES FOR THE YEAR ENDED 31.12.2013 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. in Millions)	Last Employment-Designation
1	Gopalakrishnan Rajeev	Managing Director	Contractual	Head of Company Operation	B.E (Mechanical)	49	01.01.2011	23	39.35	Bata Bangladesh Ltd- Managing Director
2	Ferraris F	Vice President	Contractual	Product Development	Diploma	65	18.03.2002	32	17.75	Elesse, Italy- Vice President Product Development
3	Tonoli E	Sr Vice President	Contractual	Incharge of Merchandising- Flagship	Commercial School	66	01.06.2003	44	21.49	Bata Europe, Paris - Shoeleine Builder
4	Mathur Ranjit	Director – Finance	Contractual	Finance & Accounts	B.Com, C.A.	45	01.01.2012	22	13.51	Dow Coming India Pvt. Ltd. – Head of Finance
5.	Kanath Sanjay	Sr.Vice President	Contractual	Manufacturing & Purchasing	B.A. - Economics Diploma in Marketing Mgmt, MBA-Operations MDP	51	02.07.2012	29	9.28	Adidas Technical Services Pvt. Ltd - Head of Operations

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	Abraham Gigi	Head - Famous Brands	Contractual	Brand Development	B.A., M.B.A.-Marketing Management	48	02.05.2012	25	6.74	PT Mitra Adiperkasa Tbk Director – Retail Operations & Business Development
2.	Mahejan Sanjay	Sr. Vice President - IT	Contractual	Information Technology	B.Sc.M.Sc-Maths P.G Diploma in Computer Science & Application	45	10.06.2013	21	4.17	Yum Restaurants India Pvt. Ltd IT -Director
3.	Jain Anup	Retail Head	Contractual	Retail Operations	B.E (Mechanical) MBA-Business Management	42	12.08.2013	19	3.21	Yum Restaurants India Pvt. Ltd Sr. Director
4.	Lambert Matteo	Astt. Vice President	Contractual	Product Development	Bachelor Degree in Literature & Social Studies	42	06.06.2013	17	4.33	Artsana Spa Group Buyer

Notes :

1. Remuneration 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.

Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors
Uday Khanna
Chairman

REPORT ON CORPORATE GOVERNANCE



[In terms of Clause 49 of the Listing Agreement with the Stock Exchanges]

1. Company's Philosophy

The Company believes that besides creating long term value for all its stakeholders, the real role of business is to give a service by making and selling products that satisfy want and needs of its customers and in doing so to be a caring organization in partnership with Community and Government. The Company endeavours to set the highest standards in good and ethical Corporate Governance practices and follows the same by adopting fairness, transparency and accountability in all its operations as an on-going exercise. The Company understands that compliances of applicable legislations and timely disclosures enhance the image of the Company and long term values of all its Shareholders and Stakeholders. The Board of Directors of the Company has framed a Code of Conduct for its Directors and Senior Management Personnel. The Code of Conduct is available on the website of the Company: www.bata.in.

2. Board of Directors

The 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 2013, five Board Meetings were held on February 26, 2013, April 25, 2013, June 03, 2013, July 25, 2013 and October 30, 2013.

a. Composition

The composition of the present Board of Directors of the Company and attendance at the Board Meetings during the year 2013 and at the last Annual General Meeting as also the number of their directorships and committee memberships are given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships	No. of Committee Memberships
1.	Mr. Uday Khanna	Chairman & Independent Director	5	Yes	5	7 (Chairman of 4)
2.	Mr. Rajeev Gopalakrishnan	Managing Director (Executive Director)	5	Yes	2	1
3.	Mr. Ranjit Mathur	Director Finance (Executive Director)	5	Yes	3	1
4.	Mr. Jack G.N. Clemons	Non-Executive Director	4	No	1	1
5.	Mr. Jorge Carbajal	Non-Executive Director	2	Yes	1	1
6.	Mr. Atul Singh	Independent Director	5	Yes	1	1 (Chairman of 1)
7.	Mr. Akshay Chudasama	Independent Director	4	Yes	2	1

Note: In the above statement the directorship and committee membership of the Directors have been computed with reference to Section 275 and Section 278 of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with Stock Exchanges. The number of Directorship does not include Section 25 Companies and Private Companies as mentioned in the Companies Act, 1956 and Foreign Companies. The Committee Membership/Chairmanship also doesn't include Foreign Committees.



b. Code of Conduct

- i. A Code of Conduct for all Board Members and Senior Management Personnel of the Company has been adopted by the Board of Directors of the Company. Details of the said Code of Conduct of the Company are available on the website of the Company: 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 Conduct for the Financial Year ended December 31, 2013.

Sd/-

Rajeev Gopalakrishnan
Managing Director (CEO)

Place : Gurgaon
Date : February 12, 2014

3. Audit Committee

The Board of Directors 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 finalization of accounts each year and also meets every quarter to review the financial results of the previous quarter before the same are approved at Board Meetings, 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 and 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.
- n) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

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 Independent Directors and two Non-Executive Directors. The Chairman of the Audit Committee is an Independent Director. The Audit Committee met five times in 2013, i.e., on February 26, 2013; April 25, 2013; June 03, 2013; July 25, 2013 and October 30, 2013 and



attendances of the members at these meetings were as follows:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. Atul Singh	Chairman & Independent Director	5
2.	Mr. Uday Khanna	Independent Director	5
3.	Mr. Jorge Carbajal	Non-Executive Director	2
4.	Mr. Jack G. N. Clemons	Non-Executive Director	4
5.	Mr. Akshay Chudasama	Independent Director	4

The Executive Directors, the Statutory Auditors, the Internal Auditors, the Cost Auditors and the Senior/ Assistant Vice-President - Finance are invitees to the Audit Committee Meetings. The Company Secretary is in attendance at these Meetings.

4. Nomination, Governance and Compensation Committee

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

(i) Composition

The Nomination, Governance & Compensation Committee consists of Mr. Uday Khanna, Mr. Atul Singh, Mr. Akshay Chudasama, Mr. Jack G. N. Clemons and Mr. Jorge Carbajal. Mr. Uday Khanna is the Chairman of the Committee. During the year-2013, the Committee held one meeting on February 26, 2013, which was attended by all the Committee Members except Mr. Jorge Carbajal.

(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, recognize their contribution and retaining the talent.

(iii) Details of remunerations paid to the Directors during the year ended December 31, 2013

(I) Executive Directors

The details of remuneration and perquisites paid to the Executive Directors during the year ended December 31, 2013, are as under:

(Rs. in million)

Name	Salary (Rs.)	Incentive (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)
Mr. Rajeev Gopalakrishnan Managing Director	14,019,996	15,990,000	5,039,349	4,296,033
Mr. Ranjit Mathur Director Finance	6,049,992	4,000,000	2,246,748	1,209,039

As the liabilities for Gratuity and Leave Encashment are provided on actuarial basis for the Company as a whole, these amounts pertaining to the Directors are not included above.

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



The Agreements with the Executive Director(s) are contractual in nature. The Agreements 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, an Executive Director shall be entitled to be paid his full salary for a period of six months as per the Agreement as well as incentive which he would have earned during the same period.

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 Independent Directors. The Independent Directors are also entitled to a commission on Net Profits not exceeding 1% of the Net Profits computed in the manner referred to in Section 309(5) of the Companies Act, 1956, which will be distributed among them after the forthcoming Annual General Meeting, in such proportion as determined by the Board.

The details of sitting fees paid and commission on Net Profits payable to the Independent Directors for the financial year ended December 31, 2013, are as under:

Name of Directors	Sitting Fees paid (Rs. in million)	Commission payable (Rs. in million)	No. of Shares Held
Mr. Uday Khanna	0.30	2.30	5,000
Mr. Atul Singh	0.22	1.15	—
Mr. Akshay Chudasama	0.18	1.15	—

Mr. Jack G. N. Clemons and Mr. Jorge Carbajal, Non-Executive Directors do not accept any sitting fees and / or Commission on Net Profits from the Company. The Company did not have any pecuniary relationship or transactions with these Non-Executive Directors during the year under review.

5. Shareholders' Committees

(i) Share Operations Committee

In accordance with Clause 49 (IV)(G)(iv) of the Listing Agreement with the Stock Exchanges, the Board has unanimously delegated the powers of share operations to Mr. Maloy Kumar Gupta, 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 new certificates after splits/ consolidation / renewal and re-materialisation of shares. Transfer of shares involving 50,000 shares or more in the Company are reviewed by the Board of Directors on quarterly basis.



(ii) Shareholder / Investor Grievance Committee

The Board of Directors has constituted a Shareholder / Investor Grievance Committee under the Chairmanship of an Independent Director.

The details of the Committee Members and their attendance at the Meetings held on 10th January, 2013; February 26, 2013; April 25, 2013; July 01, 2013; July 25, 2013; September 17, 2013 and October 30, 2013 are as under:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. Uday Khanna	Chairman	4
2.	Mr. Rajeev Gopalakrishnan	Managing Director	7
3.	Mr. Ranjit Mathur	Director Finance	7

Mr. Maloy Kumar Gupta, Company Secretary is the Compliance Officer of the Company.

Investors' complaint(s) which cannot be settled at the level of Company Secretary & Compliance Officer and/or Investors' Relations Manager is/are referred to the Shareholder / Investor Grievance Committee of the Board for final settlement. The Company confirms that 1 (one) shareholder's complaint lying pending as on December 31, 2013 has since been resolved.

In compliance of the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained an user ID and password for processing the investor complaints in a centralized web based SEBI Complaints Redress System - 'SCORES'. This enables the investors to view online the action 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, 2013 under the '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 up to December 31, 2013 have since been processed. All the requests for dematerialization and dematerialization of shares as on that date have been confirmed / rejected through the NSDL / CDSL system.

(iii) Nature of complaints received and resolved during the year

Sl. No.	Subject matter of Complaints	Complaints pending as on January 01, 2013	Complaints Received during the year 2013	Total Complaints during the year 2013	Complaints Redressed up to December 31, 2013	Complaints pending as on December 31, 2013
1.	Non-receipt of Dividend	1	6	7	6	1
2.	Transfer/Transmission of Shares	—	1	1	1	—
3.	De-materialization of Shares	—	—	—	—	—
4.	Rights Issues related matters	—	—	—	—	—
5.	Others	—	3	3	3	—
	TOTAL	1	10	11	10	1

6. General Body Meetings

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

Financial Year ended	Day & Date	Time	Venue
December 31, 2012	Tuesday, June 04, 2013	10:30 a.m.	Kalamandir, Kolkata
December 31, 2011	Wednesday, May 30, 2012	10:30 a.m.	Kalamandir, Kolkata
December 31, 2010	Tuesday, June 28, 2011	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
June 28, 2011	A Special Resolution was passed at the 78th Annual General Meeting of the Company for appointment of Mr. Rajeev Gopalakrishnan as Managing Director - Bata Stores, Bata India Limited and payment of remuneration to him pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, of the Companies Act, 1956 read with Schedule XIII to 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.
May 30, 2012	1. A Special Resolution was passed at the 79th Annual General Meeting for insertion of Article 55A in the Articles of Association of the Company to provide video conferencing facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in the General Meetings of the Company.
	2. A Special Resolution was also passed at the 79th Annual General Meeting for insertion of Article 85A in the Articles of Association of the Company to facilitate the Directors' participation in the Meetings of the Board and/or Committees of Directors through video conferencing and/or any other permissible electronic mode of communication.
June 04, 2013	A Special Resolution was passed at the 80th Annual General Meeting to ratify the appointment of Mr. Gigi Abraham ('Mr. Abraham') who was appointed as the Additional Director at a Board Meeting held on July 26, 2012 after which he was designated as the Group Brands Director for a period of 5 years. The remuneration had been fixed within the overall limits specified under Sections 198 and 309 of the Companies Act, 1956 read with Schedules XIII to the Act and shall be within the limits approved by the Members by way of Special Resolution passed at the Sixty-Sixth Annual General Meeting. However Mr. Abraham vide his letter dated 19th December, 2012 tendered his resignation from the Board of Directors the Company and the Company accepted his resignation at the Board Meeting held on February 26, 2013.

iii. Resolutions passed during the year 2013 through Postal Ballot under Section 192A of the Companies Act, 1956

No resolutions were passed through Postal Ballot during the year 2013.

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 have been 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. These disclosures have 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 forms integral part of the Notes to Financial Statements of the Company 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 measures 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 on-going 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., LLP, Chartered Accountants, the Statutory Auditors of the Company and have been discussed with the Audit Committee, before the same are approved and taken on record by the Board of Directors.

9. Means of Communication

- I. Quarterly results are published in "The Economic Times" in English and one of the prominent business dailies in Bengali. The Annual financial results are posted to every shareholder of the Company in the prescribed manner. The results are also made available on the website of the Company, 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 online filing requirements of the Corporate Filing and Dissemination System - (CFDS) in terms of Clause 52 of the Listing Agreement with the Stock Exchanges. The Company also participates in the online filing systems of BSE Limited and National Stock Exchange of India Limited, viz., BSE Listing Centre and NEAPS, respectively. The shareholders/ investors can view the details of filings by the Company on the respective websites of the Stock Exchanges.

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

10. General Shareholder Information

- I. The 81st Annual General Meeting will be held at 'KALAMANDIR', 48, Shakespeare Sarani, Kolkata - 700 017 on Wednesday May 21, 2014 at 10:30 a.m.
- II. **Financial Calendar (tentative dates)**

First Quarter Results (31st March)	By end April, 2014
Annual General Meeting	By end May, 2014
Second Quarter results (30th June)	By early August, 2014
Third Quarter results (30th September)	By early November, 2014
Fourth Quarter & Annual results of the current Year (audited)	By end February, 2015

III. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, May 7, 2014 to Wednesday, May 21, 2014 (both days inclusive) for the purpose of the 81st Annual General Meeting.

IV. Dividend Payment Date

Dividend for the year 2013, if declared at the 81st Annual General Meeting shall be paid on June 04, 2014.

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), BSE Limited (Scrip Code - 500043) and the National Stock Exchange of India Limited (Scrip Code - BATAINDIA). The annual listing fees for the year 2013 - 2014 have been paid to all these Stock Exchanges and the same for the year 2014-15 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 (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Jan 2013	903.00	756.10	20203.66	19508.93	904.35	756.00	6111.80	5935.20
Feb 2013	807.45	727.05	19966.69	18793.97	808.00	723.00	6052.95	5671.90
March 2013	801.55	688.25	19754.66	18568.43	802.00	686.85	5971.20	5604.85
April 2013	764.00	700.00	19622.68	18144.22	764.00	700.00	5962.30	5477.20
May 2013	842.00	736.00	20443.62	19451.26	841.90	732.85	6229.45	5910.95
June 2013	898.70	748.20	19860.19	18467.16	898.65	748.70	6011.00	5566.25
July 2013	972.00	834.00	20351.06	19126.82	973.00	832.00	6093.35	5675.75
Aug 2013	977.00	765.00	19569.20	17448.71	975.00	771.05	5808.50	5118.85
Sept 2013	864.70	795.10	20739.69	18166.17	872.00	791.25	6142.50	5318.90
Oct 2013	931.10	835.00	21205.44	19264.72	931.60	850.65	6309.05	5700.95
Nov 2013	1085.75	888.05	21321.53	20137.67	1082.90	903.05	6342.95	5972.45
Dec 2013	1071.70	982.60	21483.74	20568.70	1072.80	982.10	6415.25	6129.95

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 shares, etc. and process the shareholders' requests for dematerialization and/or rematerialization of shares.

VIII. Share Transfer System

The Board has delegated the powers of share operations to a Committee comprising of Mr. Maloy Kumar Gupta, 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.

Since the Company's shares can be traded only in dematerialized form, the shareholders are advised to hold their shares in dematerialized mode. Requests for dematerialization 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 Tripartite Agreements with both these Depositories.

IX. Distribution of Shareholding as on December 31, 2013:

No. of shares	No. of shareholders	No. of Shares
1 – 500	81612	4933960
501 – 1000	1771	1287681
1001 – 5000	841	1604558
5001 – 10000	67	491703
10001 and above	190	55945868
TOTAL	84481	64263770

X. Pattern of Shareholding as on December 31, 2013:

Sl. No.	Category	No. of Holders	No. of Shares	% of Capital
1.	Resident Individual	82259	8463710	13.17
2.	Domestic Companies	1282	2399366	3.73
3.	N.R.I.	678	280323	0.44
4.	Foreign Companies	1	34032757	52.96
5.	Mutual Fund	90	6015185	9.36
6.	Financial Institutions	22	934951	1.45
7.	Banks	26	22451	0.03
8.	F.I.I.	122	12110027	18.85
9.	Directors	1	5000	0.01
	TOTAL	84481	64263770	100.00

XI. Dematerialization of Shares

As on December 31, 2013, 98.11% of the Company's total paid-up share capital representing 63,048,730 equity shares are held in de-materialized mode and the balance 1.89% representing 1,215,040 equity shares are held in physical mode 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 for 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) 3980 2001/3980 2021 & 2289 5796 (Direct)

Fax No. : (033) 2289 5859

E-mail: maloy.gupta@bata.co.in /share.dept@bata.co.in

Contact person: Mr. Maloy Kumar Gupta, Company Secretary & Compliance Officer
Mr. J. Banerjee, Investor 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

E-mail : 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. 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 off 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 held on February 12, 2014.

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

The information required to be furnished to the shareholders in terms of Clause 49 (IV)(G)(i) of the Listing Agreement with the Stock Exchanges, relating to appointment/ re-appointment of a new Director have been furnished as an Annexure to the Notice convening the 81st Annual General Meeting of the Company.

13. 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 ensuring Corporate Governance. A certificate obtained from M/s. S.R. Batliboi & Co. LLP, 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.

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

The Company has initiated the process of following the Voluntary Corporate Governance Guidelines-2009 issued by the Ministry of Corporate Affairs, Government of India. Accordingly, a Secretarial Audit Report for the year ended December 31, 2013 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 12, 2014. The said Secretarial Audit Report also forms part of this Annual Report. The Company is in the process of complying with remaining requirements of the said Voluntary Corporate Governance Guidelines - 2009 issued by the Ministry of Corporate Affairs.

For and on behalf of the Board of Directors

Place : Gurgaon
Date : February 12, 2014

Uday Khanna
Chairman



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, 2013 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. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Place of Signature : Gurgaon
Date : February 12, 2014



To the Shareholders

BATA INDIA LIMITED

SECRETARIAL AUDIT REPORT - 2013

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, 2013 being maintained according to the provisions of :

- The Companies Act, 1956, the Rules framed thereunder and The Companies Act, 2013 (to the extent applicable) and;
- 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, 2011;
 - 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, BSE 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 and the Company's registrar & share transfer agents, 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 Rules made thereunder, the Companies Act, 2013 (to the extent applicable) 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, SCR Act, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts;
- (b) the Company has 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 complied with the requirements under the Equity Listing Agreements entered into with the Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited;
- (d) the Company has complied with the applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (e) the Company has 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 these Regulations.

For P. SARAWAGI & ASSOCIATES
Company Secretaries

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

Place : Kolkata
Date : 12th February, 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Bata India Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place of Signature : Gurgaon
Date: February 12, 2014

per Rajiv Goyal
Partner
Membership No.: 94549

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

Re: Bata India Limited ('the Company')

- (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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (the order) are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) (the order) are not applicable to the Company and hence not commented upon.
- (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, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in 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. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (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 of the company 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (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. million)	Period to which the amount relates	Forum where dispute is pending
Various State Sales Tax Acts	Purchase Tax Dispute at Faridabad	6.2	1984-85	Supreme Court
Various State Sales Tax Acts	Revenue recovery against non-payment of demand in assessment	4.3	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	2.8	1991-92	High Court, UP
Various State Sales Tax Acts	Misclassification of Article for VAT Payment	9.68	2005-06 to 2006-07	VAT Tax Tribunal, Kerala
Central Excise Act, 1944	Excise Duty demand on closing balance of exempted footwear.	1.50	1987-88	CESTAT-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	7.03	1997-1999	Commissioner of Central Excise, Chennai

Name of the statute	Nature of dues	Amount (Rs. million)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act	Disallowance of adjustment of unclaimed tax credit	2.8	2005-06 to 2008-09	Joint Commissioner Appeals
Central Excise Act, 1944	Disallowance for trade discount for sale of footwear to retail outlet	2.75	1995-97	CESTAT-Chennai
Central Excise Act, 1944	Excise duty demanded for movement of raw material to job worker without payment of duty	15.56	2004-05 2005-06	CESTAT-Kolkata
Central Excise Act, 1944	Disallowing of abatement @ 40% on MRP for Institutional Sales. Sale of Industrial Boots & Mines Safety Boots.	9.00	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.	21.48	July 2004 to Jan 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).	3.00	August 2004 to Jan 2008	CESTAT, Kolkata
Finance Act, 1994	Disallowance of Service tax Credit on input service availed for outward transportation	4.34	2006-2010	Commissioner of Central Excise, Kolkata
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.	10.34	2001	CESTAT-Kolkata
Finance Act, 1994	Availment of wrong input service tax credit	86.2	April 2008 to May 2012	CESTAT, Chennai

Name of the statute	Nature of dues	Amount (Rs. million)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1942	Wrong availment of concessional rate of customs duty etc. against which the hearing has not finalized as yet	81.20	1998-2003	CESTAT-Kolkata
Income Tax Act, 1961	Short term capital gains	230.55	2007-08	High Court, Kolkata
Income Tax Act, 1961	Disallowance of certain expenditure	13.67	2008-09 (A.Y. 2009-10)	Commissioner of Income tax (Appeal)

- (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 4(xi) of the Order not applicable, hence not commented upon.
- (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 Order 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 Order 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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Place of Signature : Gurgaon
Date: February 12, 2014

**BATA INDIA LIMITED****BALANCE SHEET AS AT 31ST DECEMBER, 2013**

	Notes	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	642.64	642.64
Reserves and surplus	4	7,767.37	6,360.66
		8,410.01	7,003.30
Non-current liabilities			
Trade payables	5	792.75	561.10
		792.75	561.10
Current liabilities			
Trade payables	5	2,861.34	2,185.89
Other current liabilities	5	876.63	759.04
Short-term provisions	6	886.77	794.99
		4,624.74	3,739.92
Total		13,827.50	11,304.32
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	2,454.44	2,406.72
Intangible assets	8	7.91	6.77
Capital work-in-progress		237.07	181.17
Non-current investments	9	48.51	48.51
Deferred tax assets (net)	10	680.79	443.59
Long-term loans and advances	11	1,183.57	995.38
		4,612.29	4,082.14
Current assets			
Inventories	12	5,826.94	4,620.93
Trade receivables	13.1	509.20	449.47
Cash and bank balances	14	2,557.25	1,871.01
Short-term loans and advances	11	226.43	212.43
Other current assets	13.2	95.39	68.34
		9,215.21	7,222.18
Total		13,827.50	11,304.32
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner
Membership No.: 94549
Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

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

	Notes	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Income			
Revenue from operations (gross)	15	20,984.06	18,717.54
Less: excise duty		332.32	293.01
Revenue from operations (net)		20,651.74	18,424.53
Other income	16	313.48	299.52
Total revenue		20,965.22	18,724.05
Expenses			
Cost of raw material and components consumed	17	3,345.86	2,952.19
Purchase of traded goods	18	7,328.66	6,323.01
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	18	(1,186.05)	(594.77)
Employee benefits expense	19	2,133.12	1,959.33
Other expenses	20	5,811.66	5,040.58
Depreciation and amortization expense	21	597.72	520.63
Less: recoupment from revaluation reserve		(5.75)	(6.88)
Net depreciation and amortization expense		591.97	513.75
Finance costs	22	12.99	10.32
Exceptional item	23	100.77	—
Total Expenses		18,138.98	16,204.41
Profit before tax		2,826.24	2,519.64
Tax expenses			
Current tax			
Pertaining to profit/(loss) for the current year		1,156.01	908.43
Adjustment of tax relating to earlier years		—	(3.38)
Deferred tax (credit)/charge		(237.20)	(101.44)
Total tax expenses		918.81	803.61
Profit for the year		1,907.43	1,716.03
Earnings per equity share [nominal value of share Rs.10 (Previous year: Rs.10)]	24		
Earnings per share (basic & diluted) (Rs.)		29.68	26.70
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner
Membership No.: 94549
Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

**BATA INDIA LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2013**

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,826.24	2,519.64
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization (net)	591.97	513.75
Liabilities no longer required written back	(2.71)	(31.34)
Lease rent straightlining	243.16	163.95
Loss on Disposal of Fixed Assets (net)	38.78	12.88
Provision for Doubtful Debts & Advances	12.25	11.25
Unrealized foreign exchange gain	—	(0.08)
Interest expense	12.99	10.32
Interest income	(183.20)	(128.28)
Operating profit before working capital changes	3,539.48	3,072.09
Movements in working capital :		
Increase/(decrease) in trade payables	678.16	443.56
Increase / (decrease) in long-term provisions	—	(216.24)
Increase / (decrease) in short-term provisions	9.25	215.84
Increase/(decrease) in other current liabilities	(127.45)	(37.53)
Increase/ (decrease) in other long-term trade payables	231.65	151.56
Decrease/(increase) in trade receivables	(59.73)	(135.54)
Decrease/(increase) in inventories	(1,206.02)	(707.71)
Decrease / (increase) in long-term loans and advances	(125.46)	(193.88)
Decrease / (increase) in short-term loans and advances	(26.25)	45.66
Decrease/(increase) in other current assets	6.21	(5.33)
Cash generated from /(used in) operations	2,919.84	2,632.48
Direct taxes paid (net of refunds)	(1,104.55)	(786.97)
Net cash flow from/ (used in) operating activities (A)	1,815.29	1,845.51

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

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(817.24)	(856.85)
Proceeds from sale of fixed assets	30.10	19.29
Investments in bank deposits (having original maturity of more than three months)	(499.99)	(540.01)
Interest received	120.32	89.83
Net cash flow from/(used in) investing activities (B)	(1,166.81)	(1,287.74)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(12.99)	(10.32)
Dividend paid on equity shares	(383.71)	(384.36)
Tax on equity dividend paid	(65.53)	(61.56)
Net cash flow from/(used in) in financing activities (C)	(462.23)	(456.24)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	186.25	101.53
Cash and cash equivalents at the beginning of the year	326.73	225.20
Cash and cash equivalents at the end of the year	512.98	326.73
Components of cash and cash equivalents		
Cash on hand	78.98	31.51
With banks- on current & cash credit accounts	422.34	288.37
-- unpaid dividend accounts*	11.66	6.73
-- unpaid matured deposits*	—	0.12
Total cash and cash equivalents (note 14)	512.98	326.73
Summary of significant accounting policies	2.1	

*The company can utilize these balances only towards settlement of the respective unpaid dividend and unpaid matured deposits

As per our report of even date**For S.R. Batliboi & Co. LLP**

ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner
Membership No.: 94549
Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors**Ranjit Mathur**

Director Finance
DIN: 03551291

Rajeev Gopalakrishnan

Managing Director
DIN: 03438046

Maloy Kumar Gupta

Company Secretary

Uday Khanna

Chairman
DIN: 00079129

**1. CORPORATE INFORMATION**

Bata India Limited is a public company domiciled in India and incorporated under the provisions of The Indian Companies Act, 1913. Its shares are listed on Stock exchanges in India. Bata India Limited is primarily engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network.

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the Accounting Standard notified under Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. 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.

2.1 Summary of significant accounting policies**a. 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.

b. 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.

c. 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 the revalued amount is transferred from Revaluation Reserve to Statement of profit and loss.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

d. 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 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.

e. 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.

f. 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.

g. 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 Statement of profit and loss 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.



h. 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 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 expenses in the year in which they arise.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

i. 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.

j. 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.

k. 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 Investment in erstwhile Joint Venture for 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 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.

I. 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 carried forward when its future recoverability can reasonably be regarded as assured. 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.

m. 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, at each year end. 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 (administered by a Trust) is a defined benefit scheme where by the Company deposits an amount determined 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 conform 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, needs to be treated as defined benefit plan. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The Company has adopted actuary valuation to arrive at provident fund liability as at 31st December, 2013.



- iii. Short term compensated absences are provided on estimated basis. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method carried by an actuary, at each year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- iv. Retirement benefits in the form of Pension cost is a defined contribution scheme and the contributions are charged to the Statement of profit and loss for 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 Statement of profit and loss and are not deferred.
- vi. Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss in the year such scheme is accepted by the employees/workers.

n. 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 Statement of profit and loss on a straight-line basis over the lease term.

o. 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 Indian 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 not 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

p. 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.

q. Earnings Per Share (Basic & Diluted)

Basic earnings per share are 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 year. The weighted average number of equity shares outstanding during the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. SHARE CAPITAL**Authorized shares**

70,000,000 (Previous year: 70,000,000) equity shares of Rs.10/- each

Issued shares*

64,285,000 (Previous year: 64,285,000) equity shares of Rs. 10/-each

Subscribed and fully paid-up shares

64,263,770 (Previous year: 64,263,770) equity shares of Rs.10/- each

Total issued, subscribed and fully paid-up share capital***Shares held in abeyance**

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.

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Authorized shares		
70,000,000 (Previous year: 70,000,000) equity shares of Rs.10/- each	700.00	700.00
Issued shares*		
64,285,000 (Previous year: 64,285,000) equity shares of Rs. 10/-each	642.85	642.85
Subscribed and fully paid-up shares		
64,263,770 (Previous year: 64,263,770) equity shares of Rs.10/- each	642.64	642.64
Total issued, subscribed and fully paid-up share capital	642.64	642.64

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year
Equity shares

	As at 31.12.2013		As at 31.12.2012	
	No. of Shares	Rs. millions	No. of Shares	Rs. millions
At the beginning of the year	64,263,770	642.64	64,263,770	642.64
Outstanding at the end of the year	64,263,770	642.64	64,263,770	642.64

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year, the amount of per share dividend recognized as distributions to equity shareholders was Rs.6.50 (Previous year: Rs.6.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



c. Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company		
34,032,757 (Previous year: 33,424,100) equity shares of Rs.10/- each fully paid	340.33	334.24

d. Details of shareholders holding more than 5% shares in the Company

	As at 31.12.2013		As at 31.12.2012	
	No. of Shares	% Holding in the class	No. of Shares	% Holding in the class
Equity shares of Rs.10 each fully paid				
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company	34,032,757	52.96%	33,424,100	52.01%

4. RESERVES AND SURPLUS

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Securities premium account		
Balance as per the last financial statements	501.36	501.36
Closing balance	<u>501.36</u>	<u>501.36</u>
Revaluation reserve		
Balance as per the last financial statements	288.55	296.21
Less: used on sold/ discarded fixed assets	(3.29)	(0.78)
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(5.75)	(6.88)
Closing balance	<u>279.51</u>	<u>288.55</u>
General reserve		
Balance as per the last financial statements	901.72	730.12
Add: amount transferred from surplus balance in the statement of profit and loss	190.74	171.60
Closing balance	<u>1,092.46</u>	<u>901.72</u>
Surplus in the statement of profit and loss		
Balance as per last financial statements	4,669.03	3,572.73
Profit for the year	1,907.43	1,716.03
Amount available for appropriations	6,576.46	5,288.76
Less: Appropriations		
Proposed final equity dividend (amount per share Rs.6.50 (Previous year: Rs. 6.00))	(417.71)	(385.58)
Tax on proposed equity dividend (Including Rs.2.98 millions (Previous year Rs. NIL) for previous year)	(73.97)	(62.55)
Transfer to general reserve	(190.74)	(171.60)
Total appropriations	<u>(682.42)</u>	<u>(619.73)</u>
Net surplus in the statement of profit and loss	<u>5,894.04</u>	<u>4,669.03</u>
Total reserves and surplus	<u><u>7,767.37</u></u>	<u><u>6,360.66</u></u>



5. TRADE PAYABLES AND OTHER LIABILITIES

	Current		Non-current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Trade payables (including acceptances) (refer note 34 for details of dues to micro and small enterprises)	2,861.34	2,185.89	792.75	561.10
Other liabilities				
Payable for capital goods	196.26	193.80	—	—
Advance from customers	45.07	10.30	—	—
Unearned revenue	3.48	1.58	—	—
Investor education and protection Fund will be credited by following amounts (as and when due):				
Unpaid dividend	8.60	6.73	—	—
Unpaid matured deposits	—	0.63	—	—
Others:				
Deposit from agents and franchisees	300.90	267.48	—	—
Statutory dues	322.32	278.52	—	—
	876.63	759.04	—	—
	3,737.97	2,944.93	792.75	561.10

6. PROVISIONS

	Short-term		Long-term	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Provision for employee benefits				
Provision for leave benefits	30.56	31.76	—	—
	30.56	31.76	—	—
Other provisions				
Provision for warranties	12.07	8.05	—	—
Provision for contingencies	224.71	218.27	—	—
Provision for taxation (net)	130.73	88.78	—	—
Proposed equity dividend	417.71	385.58	—	—
Provision for tax on proposed equity dividend	70.99	62.55	—	—
	856.21	763.23	—	—
	886.77	794.99	—	—

Provision for warranties

The warranty claim provision covers the expenses relating to the cost of products sold. Provision in respect of warranties is made 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.

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
At the beginning of the year	8.05	10.27
Arising during the year	124.08	106.20
Utilized during the year	(109.79)	(92.79)
Unused amounts reversed	(10.27)	(15.63)
At the end of the year	12.07	8.05

Provision for contingencies

The breakup and movement of provision for contingencies are as follows: (Rs. Millions)

Particulars	ESI		Labour Case, House Tax and Other Civil Cases		Liability for Land Development (Refer note 26)		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Opening balance as on 1st Jan	1.27	1.27	0.76	3.95	216.24	216.24	218.27	221.46
Additions	7.83	-	4.64	2.27	-	-	12.47	2.27
Utilized	3.94	-	2.09	5.46	-	-	6.03	5.46
Reversals	-	-	-	-	-	-	-	-
Closing balance as on 31st Dec	5.16	1.27	3.31	0.76	216.24	216.24	224.71	218.27

The Company sets up and maintains provision for trade related and other litigations or disputes when a reasonable estimate can be made. The amount 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.

In view of large number of labour cases, house tax 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.



(Rs. millions)

7.	TANGIBLE ASSETS	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total	Previous Year
	Cost or valuation							
	At 01.01.2013	240.84	1,210.96	1,876.91	2,254.59	21.11	5,604.41	4,997.90
	Additions	—	108.67	165.17	438.62	3.28	715.74	774.53
	Disposals	—	(41.45)	(121.62)	(152.68)	(0.53)	(316.28)	(168.02)
	At 31.12.2013	240.84	1,278.18	1,920.46	2,540.53	23.86	6,003.87	5,604.41
	Depreciation							
	At 01.01.2013	—	447.41	1,540.16	1,198.08	12.04	3,197.69	2,813.33
	Charge for the year	—	103.59	125.47	364.22	2.57	595.85	519.42
	Disposals	—	(22.86)	(106.36)	(114.36)	(0.53)	(244.11)	(135.06)
	At 31.12.2013	—	528.14	1,559.27	1,447.94	14.08	3,549.43	3,197.69
	Net Block							
	At 31.12.2013	240.84	750.04	361.19	1,092.59	9.78	2,454.44	2,406.72
	At 31.12.2012	240.84	763.55	336.75	1,056.51	9.07	2,406.71	2,184.57

(Rs. millions)

8.	INTANGIBLE ASSETS (COMPUTER SOFTWARE)	Current Year	Previous Year
	Gross block		
	At 01.01.2013	8.39	5.83
	Purchase	3.01	2.56
	At 31.12.2013	11.40	8.39
	Amortization		
	At 01.01.2013	1.62	0.41
	Charge for the year	1.87	1.21
	At 31.12.2013	3.49	1.62
	Net block		
	At 31.12.2013	7.91	6.77
	At 31.12.2012	6.77	5.42

9. NON-CURRENT INVESTMENTS

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
4,851,000 (Previous year: 4,851,000) Equity shares of Rs.10 each fully paid-up in Bata Properties Limited	48.51	48.51
	<u>48.51</u>	<u>48.51</u>
Non-trade investments (valued at cost unless stated otherwise)		
Investment in Cooperative Societies (Unquoted)		
250 (Previous year : 250) Shares of Rs. 10 each in Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	0.00	0.00
5 (Previous year : 5) Shares of Rs. 10 each in Bhadrakali Market Co-operative Society Limited, Nasik	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
	<u>48.51</u>	<u>48.51</u>
Aggregate amount of unquoted investments	<u>48.51</u>	48.51

10. DEFERRED TAX ASSETS (NET)

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	340.14	232.16
Impact of expenditure charged to the statement of profit and loss in the current/earlier year but allowable for tax purposes on payment basis	327.31	199.94
Provision for doubtful debts and advances	13.34	11.49
	<u>680.79</u>	<u>443.59</u>



11. LOANS AND ADVANCES

	Non-current		Current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Capital advances				
Unsecured, considered good	79.67	37.06	—	—
(A)	<u>79.67</u>	<u>37.06</u>	<u>—</u>	<u>—</u>
Security deposit				
Unsecured, considered good	850.09	738.68	26.20	43.74
Unsecured, considered doubtful	2.07	1.89	—	—
	852.16	740.57	26.20	43.74
Provision for doubtful security deposit	(2.07)	(1.89)	—	—
(B)	<u>850.09</u>	<u>738.68</u>	<u>26.20</u>	<u>43.74</u>
Loan and advances to related parties				
Unsecured, considered good	—	—	9.90	7.65
(C)	<u>—</u>	<u>—</u>	<u>9.90</u>	<u>7.65</u>
Advances recoverable in cash or kind				
Unsecured, considered good	—	—	87.40	47.56
Unsecured, considered doubtful	—	—	37.47	25.22
	—	—	124.87	72.78
Provision for doubtful advances	—	—	(37.47)	(25.22)
(D)	<u>—</u>	<u>—</u>	<u>87.40</u>	<u>47.56</u>
Balances with statutory/ government authorities				
Unsecured, considered good	89.91	85.17	36.49	30.18
Unsecured, considered doubtful	8.29	8.29	—	—
	98.20	93.46	36.49	30.18
Provision for doubtful balances with statutory / government authorities	(8.29)	(8.29)	—	—
(E)	<u>89.91</u>	<u>85.17</u>	<u>36.49</u>	<u>30.18</u>
Other loans and advances				
Advance income-tax (net of provision for taxation)	131.80	111.67	—	—
Prepaid expenses	32.10	22.80	66.44	83.30
(F)	<u>163.90</u>	<u>134.47</u>	<u>66.44</u>	<u>83.30</u>
Total (A+ B + C + D + E + F)	<u>1,183.57</u>	<u>995.38</u>	<u>226.43</u>	<u>212.43</u>

12. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Raw materials and components (including goods in transit Rs. 5.13 millions (Previous year: Rs.5.12 millions)) (refer note 17)	229.56	239.91
Work-in-progress (refer note 18)	322.36	257.62
Finished goods (including goods in transit Rs. 531.53 millions (Previous year: Rs.222.58 millions)) (refer note 18)*	5,261.69	4,113.23
Stores and spares	13.33	10.17
	<u>5,826.94</u>	<u>4,620.93</u>

*Finished goods include stock in trade, as both are stocked together

13. TRADE RECEIVABLES AND OTHER ASSETS**13.1 Trade receivables**

	Current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	4.10	1.22
	<u>4.10</u>	<u>1.22</u>
Other receivables		
- Unsecured, considered good	505.10	448.25
	<u>505.10</u>	<u>448.25</u>
	<u>509.20</u>	<u>449.47</u>

13.2 Other current assets**Unsecured, considered goods unless stated otherwise**

Interest accrued on fixed deposits	87.68	54.42
Insurance claims	7.71	13.92
	<u>95.39</u>	<u>68.34</u>

14. CASH AND BANK BALANCES**Cash and cash equivalents**

Balances with banks:

-On current & cash credit accounts	422.34	288.37
-On unpaid dividend account	11.66	6.73

Unpaid matured deposits	—	0.12
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Cash on hand	78.98	31.51
	<u>512.98</u>	<u>326.73</u>

Other bank balances

Deposits with original maturity for more than 3 months but less than 12 months*	2,044.27	1,544.28
	<u>2,044.27</u>	<u>1,544.28</u>
	<u>2,557.25</u>	<u>1,871.01</u>

*Includes deposit pledged with banks of Rs.14.27 millions (Previous year Rs.14.27 millions).

**15. REVENUE FROM OPERATIONS**

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
<u>Revenue from operations</u>		
Sale of products		
Finished goods	20,972.18	18,705.46
Other operating revenue		
Others (including export incentives, scrap sales etc.)	11.88	12.08
Revenue from operations (gross)	20,984.06	18,717.54
Less: Excise duty*	332.32	293.01
Revenue from operations (net)	20,651.74	18,424.53

* Excise duty on sales amounting to Rs. 332.32 millions (Previous year: Rs. 293.01 millions) has been reduced from sales in statement of profit & loss and differential excise duty on opening and closing stock of manufactured finished goods amounting to Rs. 27.15 millions (Previous Year: Rs. 44.80 millions) has been adjusted from (increase)/decrease in inventories in note 18

Details of products sold

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Footwear	19,847.71	17,767.58
Others	1,124.47	937.88
	20,972.18	18,705.46

16. OTHER INCOME

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
<u>Interest income on</u>		
- Bank deposits	179.83	117.18
- Others	3.37	11.10
Gain on Foreign Exchange Fluctuations (Net)	7.29	6.76
Provision No Longer Required Written Back	2.71	31.34
Insurance Claim Received	0.76	9.61
Other Non-Operating Income	119.52	123.53
	313.48	299.52

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Inventory at the beginning of the year	239.91	173.05
Add: Purchases	3,335.51	3,019.05
	<u>3,575.42</u>	<u>3,192.10</u>
Less: inventory at the end of the year	229.56	239.91
Cost of raw material and components consumed	<u>3,345.86</u>	<u>2,952.19</u>
<u>Details of raw material and components consumed</u>		
Leather (natural and synthetic)	555.02	447.06
Rubber	208.10	207.64
Textiles	255.77	204.62
Chemical	613.72	561.39
Packaging	210.46	260.14
Job processing charges	343.87	270.39
Other Materials	1,158.92	1,000.95
	<u>3,345.86</u>	<u>2,952.19</u>
<u>Details of inventory</u>		
Raw materials and components		
Leather (natural and synthetic)	61.36	46.30
Rubber	24.46	34.58
Textiles	29.59	33.33
Chemical	42.63	50.97
Packaging	5.04	5.29
Other Materials	66.48	69.44
	<u>229.56</u>	<u>239.91</u>



18. (INCREASE) / DECREASE IN INVENTORIES

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions	(Increase)/ decrease Rs. millions
<u>Inventories at the end of the year</u>			
Finished goods	5,261.69	4,113.23	(1,148.46)
Work-in-progress	322.36	257.62	(64.74)
	<u>5,584.05</u>	<u>4,370.85</u>	(1,213.20)
<u>Inventories at the beginning of the year</u>			
Finished goods	4,113.23	3,494.95	(618.28)
Work-in-progress	257.62	236.33	(21.29)
	<u>4,370.85</u>	<u>3,731.28</u>	(639.57)
	<u>(1,213.20)</u>	<u>(639.57)</u>	
(Increase)/decrease of excise duty on change in inventories	27.15	44.80	
Total (increase)/decrease	<u>(1,186.05)</u>	<u>(594.77)</u>	

Details of purchase of traded goods

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Footwear	6,866.76	5,916.55
Others	461.90	406.46
	<u>7,328.66</u>	<u>6,323.01</u>

Details of inventory

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Finished goods		
Footwear	5,050.94	3,930.99
Others	210.75	182.24
	<u>5,261.69</u>	<u>4,113.23</u>
Work-in-progress		
Footwear	322.36	257.62
	<u>322.36</u>	<u>257.62</u>

19. EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus	1,894.45	1,727.02
Contribution to provident and other funds	127.30	117.87
Gratuity expense (refer note 33)	21.69	21.47
Staff welfare expenses	89.68	92.97
	<u>2,133.12</u>	<u>1,959.33</u>

20. OTHER EXPENSES

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Consumption of stores and spares	32.62	31.92
Power and fuel	512.28	446.00
Freight	428.87	407.34
Rent (net) [Refer note 27] (Including impact of straight lining of lease rent Rs. 243.16 millions (Previous year: Rs.163.95 millions))	2,620.09	2,154.08
Rates and taxes	173.43	130.06
Insurance	70.16	67.49
Repairs and maintenance		
Plant and machinery	31.02	31.04
Buildings	47.04	46.84
Others	24.87	20.67
Advertising and sales promotion	139.48	156.90
Sales commission	642.19	564.64
Legal and professional fees*	104.47	139.31
Technical collaboration fee	207.58	178.71
Provision for doubtful debt, loans, advances etc.	12.25	11.25
Loss on sale/discard of fixed assets (net)	38.78	12.88
Bank charges	118.21	109.58
Miscellaneous expenses	608.32	531.87
	<u>5,811.66</u>	<u>5,040.58</u>
*Payment to auditor (under legal & professional fees)		
As auditor	5.80	5.80
In other capacity:		
Other services (certification fees)	0.21	0.42
Reimbursement of expenses	1.98	0.80
	<u>7.99</u>	<u>7.02</u>

21. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets	595.85	519.42
Amortization of intangible assets	1.87	1.21
	<u>597.72</u>	<u>520.63</u>
Less: recoupment from revaluation reserve	5.75	6.88
	<u>591.97</u>	<u>513.75</u>



22. FINANCE COSTS

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Interest	12.99	10.32
	12.99	10.32

23. EXCEPTIONAL ITEM

Voluntary Retirement Scheme (refer note 2.1 m(vi))	100.77	—
	100.77	—

During the year, the Company had announced a Voluntary Retirement Scheme (VRS) for the workmen of its Mokameh Unit and incurred the above amount on those who have opted for the scheme.

24. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Year ended 31.12.2013	Year ended 31.12.2012
Profit after tax (Rs. millions)	1,907.43	1,716.03
Weighted average number of equity shares in calculating basic EPS	64,263,770	64,263,770
Basic and Diluted EPS (Rs.)	29.68	26.70

25. Note 19 includes R&D expenses of Rs.43.89 millions (Previous year Rs. 29.48 millions) and Note 20 includes R&D expenses of Rs. 20.96 millions (Previous year Rs. 16.34 millions).

26. The Company entered into a joint venture agreement for the development of the township at Batanagar with Riverbank Developers Private Limited (RDPL) in earlier years. In April 2010, while retaining the legal title over the land at Batanagar Project and shares in the erstwhile Joint Venture Company (RDPL), the Company restructured its agreements with revised terms and conditions for the development of the modern integrated township project at Batanagar.

As per the order of the Government of West Bengal (GOWB), the total obligation on the Company towards development of employee housing colony was Rs. 650.00 millions, the Company had recorded a liability of Rs. 216.24 millions for obligation yet to be fulfilled towards the balance 325,000 square feet of employee housing colony in earlier years (also refer note 31 (b) & (c)). As per the above-mentioned agreement, any liability arising on account of non-compliance of terms and conditions of GOWB order will be borne by the erstwhile JV Company.

During the year, the Company has signed an addendum to the development agreement whereby the Company will now receive constructed area of 332,030 square feet against 325,000 square feet from RDPL.

The Company alongwith RDPL approached the GOWB for extension of the time limit, which has been principally agreed by GOWB and the revised order is awaited. The Company does not expect any variation from principally agreed terms and conditions and consequently no impact on the financial statements.

27. 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 payables are charged as 'Rent' in Note 20.

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

The future minimum lease payments under non-cancellable operating leases are as follows:

Lease rentals	(Rs. millions)	
	31-Dec-13	31-Dec-12
Within one year	62.63	38.87
After one year but not more than five years	3.49	2.74
More than five years	—	—

28. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE, WHICH ARE NOT INTENDED FOR TRADING OR SPECULATION PURPOSE.

Forward Contract outstanding as at balance sheet date

Particulars of Forward Contracts	Currency	2013	2012	Purpose
Purchase	USD	1,086,043.32	488,024.66	Hedge of Trade Payable

Particulars of Unhedged foreign currency exposure as at the balance sheet date.

Particulars of Unhedged foreign currency exposure	Amount in Foreign Currency			Amount in Indian Currency (Rs. millions)	
	Currency	2013	2012	2013	2012
Trade payables	USD	408,861.08 @ Rs. 62.26	428,968.60 @ Rs. 55.16	25.46	23.66
	EURO	—	26,170.00 @ Rs. 73.09	—	1.91
Advance for Import purchases	USD	373,335.43 @ Rs. 61.42	112,458.47 @ Rs. 54.34	22.93	6.11
	EURO	—	608.25 @ Rs. 71.59	—	0.04
Advance from Customer	USD	6,577.00 @ Rs. 62.26	20,000.00 @ Rs. 55.16	0.41	1.10
Trade receivables	USD	282,078.40 @ Rs. 61.42	95,196.80 @ Rs. 54.34	17.33	5.17

29. 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

(Rs. millions)

Particulars	Footwear & Accessories		Surplus Property Development		Total	
	2013	2012	2013	2012	2013	2012
REVENUE						
External Turnover	20,651.74	18,424.53	—	—	20,651.74	18,424.53
Other income*	130.28	171.24	—	—	130.28	171.24
RESULT	2,664.02	2,408.71	—	—	2,664.02	2,408.71
Unallocated Corporate Expenses					(7.99)	(7.02)
Operating Profit					2,656.03	2,401.68
Interest Expenses					(12.99)	(10.32)
Interest Income					183.20	128.28
Income Taxes					(918.81)	(803.61)
Net Profit					1,907.43	1,716.03
OTHER INFORMATION						
Segment assets	12,927.24	10,694.64	—	—	12,927.24	10,694.64
Unallocated corporate assets					900.26	609.68
Total assets					13,827.50	11,304.32
Segment liabilities	4,562.66	3,539.87	216.24	216.24	4,778.90	3,756.11
Unallocated corporate liabilities					638.59	544.91
Total liabilities					5,417.50	4,301.02
Capital expenditure	817.24	856.85	—	—	817.24	856.85
Depreciation	590.09	512.54	—	—	590.09	512.54
Amortisation	1.87	1.21			1.87	1.21
Non-cash expenses other than depreciation and amortisation	12.25	11.25	—	—	12.25	11.25

* Other income as reported does not include the interest income amounting to Rs.183.20 millions (Previous year Rs. 128.28 millions)

B. INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Sundry Debtors as per Geographical Markets

(Rs. millions)

Particulars	Revenue		Trade Receivables	
	2013	2012	2013	2012
India	20,504.67	18,274.71	492.25	441.96
Outside India	147.07	149.82	16.95	7.51
Total	20,651.74	18,424.53	509.20	449.47

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.

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

(Rs. millions)

Nature of Transaction	Holding Company		Subsidiaries		Fellow Subsidiaries		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
Sales (Refer 30B(i))	2013	-	-	-	4.24	4.24	-	-	21.45	4.24
	2012	-	-	-	1.38	1.38	-	-	20.74	1.38
Purchases (Refer 30B(ii))	2013	-	-	-	-	1.34	-	-	1.34	-
	2012	-	-	-	-	2.53	-	-	2.53	-
Advance Recoverable (Refer 30B(vii)A)	2013	-	0.70	2.20	-	-	-	-	2.20	0.70
	2012	-	0.99	0.92	-	-	-	-	0.92	0.99
Rent Expenses (Refer 30B(vii)B)	2013	-	1.61	1.61	-	-	-	-	1.61	-
	2012	-	-	1.67	-	-	-	-	1.67	-
Reimbursement of Expenses to (Refer 30B(iii))	2013	-	-	-	0.04	0.04	-	-	2.89	0.04
	2012	-	-	-	0.24	0.24	-	-	4.62	0.24
Reimbursement of Expenses from (Refer 30B(iv))	2013	-	-	-	9.67	9.67	-	-	32.86	9.67
	2012	-	-	-	6.66	6.66	-	-	26.91	6.66
Technical Fee (Refer 30B (v))	2013	-	-	-	33.84	33.84	-	-	185.00	33.84
	2012	-	-	-	32.00	32.00	-	-	160.00	32.00
Royalty (Refer 30B (vi))	2013	-	-	-	4.49	4.49	-	-	5.79	4.49
	2012	-	-	-	-	0.69	-	-	0.69	-
Remuneration (Refer 30B(viii))	2013	-	-	-	-	-	52.85	-	52.85	-
	2012	-	-	-	-	-	44.02	-	44.02	-
Dividend Paid (Refer 30B(ix))	2013	200.55	-	-	-	-	-	-	200.55	-
	2012	200.55	-	-	-	-	-	-	200.55	-

**30.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. millions)	Outstanding Balance (Rs. millions)
Bata Shoe of Thailand Public Company Limited	2013	2.39	—
	2012	—	—
Futura Footwear Ltd.	2013	2.86	1.31
	2012	—	—
Bata Shoe Co. (Bangladesh) Ltd.	2013	15.00	2.18
	2012	14.81	0.91
Bata Shoe Co. of Ceylon Ltd.	2013	—	—
	2012	3.91	0.47

ii. Purchase of Goods:

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

Name of the Party	Year	Transaction Value (Rs. millions)	Outstanding Balance (Rs. millions)
Bata Industrials Europe	2013	—	—
	2012	1.79	—
Bata Shoe Co. (Kenya) Ltd.	2013	1.34	—
	2012	—	—
P.T. Sepatu Bata Tbk	2013	—	—
	2012	0.74	—

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. millions)	Outstanding Balance (Rs. millions)
Bata Shoe Singapore Pte Ltd.	2013	0.79	—
	2012	0.46	—
Bata Malaysia SDN. BHD.	2013	1.15	0.04
	2012	1.58	0.24
Global Footwear Services Pte Ltd.	2013	0.55	—
	2012	1.08	—
Euro Footwear Holdings S.a r.l.	2013	0.40	—
	2012	0.97	—
Compass Limited	2013	—	—
	2012	0.53	—

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. millions)	Outstanding Balance (Rs. millions)
Bata Shoe (Singapore) Pte Ltd.	2013	4.14	1.01
	2012	2.54	1.24
Euro Footwear Holdings S.a r.l.	2013	13.64	5.63
	2012	14.73	3.16
International Footwear Investment B.V.	2013	13.19	2.85
	2012	—	—
Global Footwear Services Pte Ltd.	2013	1.41	—
	2012	0.43	—
Footwear Distributors BV	2013	—	—
	2012	9.05	2.19

v. Technical Collaboration Fees:

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

Name of the Party	Year	Transaction Value (Rs. millions)	Outstanding Balance (Rs. millions)
Global Footwear Services Pte Ltd.	2013	185.00	33.84
	2012	160.00	32.00

vi. Royalty:

Details of Royalty paid/payable to Fellow Subsidiaries:

Name of the Party	Year	Transaction Value (Rs. millions)	Outstanding Balance (Rs. millions)
Bata Brands S.a.r.l.	2013	5.79	4.49
	2012	0.69	—

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. millions)	Outstanding Balance (Rs. millions)
Bata Properties Limited	2013	1.65	—
	2012	0.40	—
Coastal Commercial & Exim Limited	2013	0.55	0.70
	2012	0.52	0.99

**B. Rent Expenses:**

Name of the Party	Year	Transaction Value (Rs. millions)
Bata Properties Limited	2013	0.77
	2012	0.83
Coastal Commercial & Exim Limited	2013	0.84
	2012	0.84

viii. Remuneration to Directors *:

Name of the Director	Year	Transaction Value (Rs. millions)
Rajeev Gopalakrishnan	2013	39.35
	2012	28.57
Ranjit Mathur	2013	13.51
	2012	6.82
Gigi Abraham	2013	—
	2012	6.18
Fadzilah Mohd. Hussein	2013	—
	2012	2.45

* As the liabilities for provident fund, 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. millions)
BATA (BN) B.V. The Netherlands, Amsterdam	2013	200.55
	2012	200.55

30. 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, Coastal Commercial & Exim Limited (a step down subsidiary)

II. Where Control Does Not Exist:

Nature of Relationship	Name
A. Key Management Personnel	: Rajeev Gopalakrishnan - Managing Director Ranjit Mathur- Director Finance w.e.f. 29.02.2012 Fadzilah Mohd. Hussein - Director Finance upto 15.02.2012 Gigi Abraham - Group Brands Director w.e.f. 26.07.2012 to 19.12.2012

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

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

Company Name	Company Name
Bata Shoe (Singapore) Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Global Footwear Services Pte Ltd.	International Footwear Investment B.V.
Bata Malaysia SDN. BHD.	Bata Shoe of Thailand Public Company Limited
Bata Shoe Co. (Kenya) Ltd.	Bata Brands S.a.r.l.
Euro Footwear Holdings S.a.r.l.	Futura Footwear Ltd.
Bata Shoe Co. Of Ceylon Ltd.	Bata Brands S.A.
Empresas Comercials S.A.	

31. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

a) Claims against Company not acknowledged as debts includes

Nature	2013 (Rs. millions)	2012 (Rs. millions)
Excise and Customs Cases	148.40	158.74
Sales Tax Cases	21.80	34.20
Others*	211.50	279.68
Income Tax Cases**	291.87	—
Total	673.57	472.62

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

** During earlier years, 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. 230.55 millions on the Company. The Company during the previous year had received favourable judgement from the ITAT Kolkata. However Income Tax Department had filed an appeal with the High Court against the said order.

During the year, the Company has received an order of Commissioner of Income Tax under section 263 of the Income Tax Act, 1961 directing the Assessing Officer for re-computation of consideration adopted by Company for computation of long term capital gain for A.Y. 2007-08 on transfer of development rights of Batanagar land to River Bank Holding Private Ltd. (erstwhile JV company). The amount of tax liability is not mentioned in the order. The Company has filed an appeal to Income Tax Appellate Tribunal against the said order. The Company on the basis of consultant's advice believes that it has a good case and hence no provision there against is considered necessary. As per the agreement, liability of income tax on such transfer, if any, will be borne by the erstwhile 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.

- b) Future obligations imposed by the Govt. of West Bengal in respect of property project are Rs.28.53 millions (Previous year: Rs. 42.13 millions).
- c) The erstwhile JV company will fulfil the obligation of development of 88 acres (Previous Year: 88 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. Company has taken bank guarantee from RDPL of Rs. 240.00 millions (Previous year: Rs 240.00 millions).



32. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs.169.01 millions (Previous year: Rs. 83.51 millions).

33. (a) **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 summarize the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the defined benefit gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Gratuity expense) :

	(Rs. millions)	
	Gratuity	
	2013	2012
Current service cost	18.78	18.07
Interest cost on benefit obligation	28.08	26.91
Expected return on plan assets	(32.34)	(31.05)
Net actuarial(gain) / loss recognised in the year	7.16	7.54
Past Service Cost	—	—
Net benefit expense	<u>21.68</u>	<u>21.47</u>

Balance sheet

Details of Provision for gratuity

	(Rs. millions)	
	Gratuity	
	2013	2012
Defined benefit obligation	388.62	360.44
Fair value of plan assets	414.08	397.61
	25.46	37.17
Plan asset / (liability)	<u>25.46</u>	<u>37.17</u>

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

	(Rs. millions)	
	Gratuity	
	2013	2012
Opening defined benefit obligation	360.44	348.68
Interest cost	18.78	18.07
Current service cost	28.08	26.91
Plan Amendments	—	—
Benefits paid	(44.38)	(64.14)
Actuarial (gains) / losses on obligation	25.68	30.92
Closing defined benefit obligation	<u>388.62</u>	<u>360.44</u>

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

	(Rs. millions)	
	Gratuity	
	2013	2012
Opening fair value of plan assets	397.61	387.31
Expected return	32.34	31.05
Contributions by employer	10.00	20.00
Benefits paid	(44.38)	(64.14)
Actuarial gains / (losses)	18.52	23.39
Closing fair value of plan assets	<u>414.08</u>	<u>397.61</u>

The Defined benefit obligation amounting to Rs.388.62 millions is funded by assets amounting to Rs.414.08 millions and Company has contributed Rs.25.46 millions excess during the year 2013. The company expects to contribute Rs.25 millions (Previous Year Rs.20.00 millions) during the year 2014.

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

	Gratuity	
	2013	2012
	%	%
Investments	100.00	100.00
– With Insurer	47.14	48.90
– With Government securities and Bonds	4.14	4.06
– With Special deposit scheme	48.72	47.04

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.



BATA INDIA LIMITED

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

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

	2013	2012
	%	%
Discount rate	9.00	8.30
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.

The experience adjustment on account of actuarial assumptions of the Gratuity Scheme is as follows:

(Rs. millions)

	Experience History	2013	2012	2011	2010	2009
1	Defined Benefit Obligation at end of the period	(388.62)	(360.46)	(348.70)	(346.55)	(346.94)
2	Plan Assets at end of the period	414.08	397.61	387.31	352.18	353.21
3	Funded Status	25.46	37.15	38.62	5.63	6.27
4	Experience Gain/(Loss) adjustments on plan liabilities	(45.58)	(25.67)	(40.92)	(55.33)	(35.52)
5	Experience Gain/(Loss) adjustments on plan assets	18.52	23.39	24.29	(04.98)	(09.95)
6	Actuarial Gain/(Loss) due to change on assumptions	19.89	05.25	6.57	06.78	28.80

**Contribution to Defined Contribution Plans:**

	2013 (Rs.millions)	2012 (Rs.millions)
Pension fund	2.23	1.73

(b) Provident Fund

The Provident Fund (where administered by a Trust) is a defined benefit scheme where by the Company deposits as amount determined 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 conform to the interest rate declared by the government for the Employees Provident Fund. As per the Actuarial Society of India guidance note (GN21) for measurement of provident fund liabilities, the actuary has accordingly provided a valuation and based on the below provided assumptions, there is no shortfall as at 31st December, 2013.

	31st December 2013 (Rs. millions)	31st December 2012 (Rs. millions)
Contribution to provident and other funds	122.74	116.14

The detail of fund and plan asset position as at 31st December, 2013 is given below:

	31st December 2013 (Rs. millions)	31st December 2012 (Rs. millions)
Plan assets at fair value	3,669.06	3,630.39
Present value of the defined benefit obligation	3,187.91	3,297.62
Asset recognized in the balance sheet	NIL	NIL

**34. 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	2013 (Rs. millions)	2012 (Rs. millions)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year reported in Current Trade Payables		
	Principal Amount Unpaid	64.08	72.02
	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	472.08	530.46
	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	—	—

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

	31.12.2013 (Rs.millions)	31.12.2012 (Rs.millions)
35. VALUE OF IMPORTS ON CIF BASIS (on accrual basis)		
Raw Materials	37.49	43.39
Stores & Spare	3.58	1.28
Capital Goods	272.33	50.27
Finished Goods	1,104.82	984.82
	1,418.22	1,079.76
36. (a) Consumption of Raw Materials & Components	31.12.2013	31.12.2012
	(Rs.millions)	(Rs.millions)
	% of total	% of total
	Consumption	Consumption
Imported	34.98	42.57
	1.05	1.44
Indigenous	3,310.88	2,909.62
	98.95	98.56
	3,345.86	2,952.19
	100.00	100.00
(b) Consumption of Stores and Spare	31.12.2013	31.12.2012
	(Rs.millions)	(Rs.millions)
	% of total	% of total
	Consumption	Consumption
Imported	2.70	2.87
	8.28	8.98
Indigenous	29.92	29.05
	91.72	91.02
	32.62	31.92
	100.00	100.00
37. FOREIGN CURRENCY INCOME & EXPENDITURE	31.12.2013	31.12.2012
	(Rs.millions)	(Rs.millions)
	(Rs.millions)	(Rs.millions)
Income - Exports (F.O.B. value)	147.07	149.82
Expenditure		
Royalty	130.57	86.06
Technical Collaboration Fees	185.00	160.00
Others	18.53	25.80
	334.10	271.86
38. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND	31.12.2013	31.12.2012
	(Rs. millions)	(Rs. millions)
Dividend on Equity Shares* (Rs. millions)	200.55	200.55
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	33,424,100
* Dividend of Rs. 200.55 millions pertains to year 2012 (2011: Rs. 200.55 millions)		



39. Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner

Membership No.: 94549

Place : Gurgaon

Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur

Director Finance
DIN: 03551291

Rajeev Gopalakrishnan

Managing Director
DIN: 03438046

Maloy Kumar Gupta

Company Secretary

Uday Khanna

Chairman
DIN: 00079129



**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, 2013 |
| 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. 1.36 million |
| ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company | : | Rs. (12.74) million |

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Place : Gurgaon
Date : February 12, 2014



BATA INDIA LIMITED

**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, 2013
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. 0.26 million
 - ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company : Rs. (0.16) million

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Place : Gurgaon
Date : February 12, 2014



MOVEMENT OF BATA INDIA LIMITED SHARE PRICES

YEAR	HIGH	LOW
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
2012	989.00	519.10
2013	1085.75	688.25

**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. in millions)

Sl. No.	Particulars	BATA PROPERTIES LIMITED		COASTAL COMMERCIAL & EXIM LIMITED	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
a	Capital				
	Authorised	100.00	100.00	1.00	1.00
	Issued & Subscribed	48.51	48.51	0.50	0.50
b	Reserve & Surplus	(11.38)	(12.74)	0.10	(0.15)
c	Total Assets	40.88	39.38	1.54	1.61
d	Total Liability	40.88	39.38	1.54	1.61
e	Details of Investment (Except Investment in Subsidiary)	—	—	—	—
f	Turnover	2.18	6.42	0.89	0.84
g	Profit before taxation	1.94	6.20	0.45	0.41
h	Provision for taxation	0.58	1.62	0.20	0.18
i	Profit after taxation	1.36	4.58	0.26	0.22
j	Proposed dividend	—	—	—	—

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Place : Gurgaon
Date : February 12, 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bata India Limited

We have audited the accompanying consolidated financial statements of Bata India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at December 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 Company as at December 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, 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.

Other Matter

We did not audit total assets of Rs. 42.42million as at December 31, 2013, total revenues of Rs. 1.45 million and net cash outflows amounting to Rs. 7.27 million for the year then ended, included in the accompanying consolidated financial statements in respect of subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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

per Rajiv Goyal
Partner
Membership No.: 94549

Place of Signature : Gurgaon
Date: February 12, 2014

BATA INDIA LIMITED (GROUP)

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2013

	Notes	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	642.64	642.64
Reserves and surplus	4	7,756.10	6,347.78
		8,398.74	6,990.42
Non-current liabilities			
Trade payables	5	792.75	561.10
		792.75	561.10
Current liabilities			
Trade payables	5	2,861.42	2,186.02
Other current liabilities	5	876.63	759.44
Short-term provisions	6	890.68	798.30
		4,628.73	3,743.76
Total		13,820.22	11,295.28
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	2,475.13	2,427.64
Intangible assets	8	7.91	6.76
Capital work-in-progress		237.07	181.17
Non-current investments	9	0.00	0.00
Deferred tax assets (net)	10	680.79	443.59
Long-term loans and advances	11	1,187.71	997.78
Other non-current assets	13.2	—	11.29
		4,588.61	4,068.23
Current assets			
Inventories	12	5,826.94	4,620.92
Trade receivables	13.1	509.20	449.47
Cash and bank balances	14	2,557.52	1,876.85
Short-term loans and advances	11	225.74	211.44
Other current assets	13.2	112.21	68.37
		9,231.61	7,227.05
Total		13,820.22	11,295.28
Summary of significant accounting policies	2.3		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner
Membership No.: 94549
Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Notes	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Income			
Revenue from operations (gross)	15	20,984.06	18,717.54
Less: excise duty		332.32	293.01
Revenue from operations (net)		20,651.74	18,424.53
Other income	16	314.92	300.57
Total revenue		20,966.66	18,725.10
Expenses			
Cost of raw material and components consumed	17	3,345.86	2,952.19
Purchase of traded goods	18	7,328.66	6,323.01
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	18	(1,186.05)	(594.77)
Employee benefits expense	19	2,133.12	1,959.33
Other expenses	20	5,810.51	5,034.80
Depreciation and amortization expense	21	597.94	520.85
Less: recoupment from revaluation reserve		(5.75)	(6.88)
Net depreciation and amortization expense		592.19	513.97
Finance costs	22	12.99	10.32
Exceptional item	23	100.77	—
Total Expenses		18,138.05	16,198.85
Profit before tax		2,828.61	2,526.25
Tax expenses			
Current tax			
Pertaining to profit/(loss) for the current year		1,156.77	910.23
Adjustment of tax relating to earlier years		—	(3.38)
Deferred tax (credit)/charge		(237.20)	(101.44)
Total tax expenses		919.57	805.41
Profit for the year		1,909.04	1,720.84
Earnings per equity share [nominal value of share Rs.10 (Previous year: Rs.10)]	24		
Earnings per share (basic & diluted) (Rs.)		29.71	26.78
Summary of significant accounting policies	2.3		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner
Membership No.: 94549
Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

BATA INDIA LIMITED (GROUP)

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

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,828.61	2,526.25
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization (net)	592.19	513.97
Liabilities no longer required written back	(2.71)	(31.34)
Lease rent straightlining	243.16	163.93
Loss on Disposal of Fixed Assets (net)	38.78	8.34
Provision for Doubtful Debts & Advances	12.25	11.25
Unrealized foreign exchange gain	—	(0.08)
Interest expense	12.99	10.32
Interest income	(184.56)	(129.32)
Operating profit before working capital changes	3,540.71	3,073.32
Movements in working capital :		
Increase/(decrease) in trade payables	678.38	443.61
Increase / (decrease) in long-term provisions	—	(216.24)
Increase / (decrease) in short-term provisions	9.26	215.84
Increase/(decrease) in other current liabilities	(127.85)	(37.11)
Increase/ (decrease) in other long-term trade payables	231.65	151.56
Decrease/(increase) in trade receivables	(59.73)	(135.54)
Decrease/(increase) in inventories	(1,206.03)	(707.70)
Decrease / (increase) in long-term loans and advances	(125.46)	(193.88)
Decrease / (increase) in short-term loans and advances	(26.56)	45.35
Decrease/(increase) in other current assets	6.21	(5.33)
Decrease / (increase) in other non-current assets	10.92	(1.72)
Cash generated from /(used in) operations	2,931.50	2,632.16
Direct taxes paid (net of refunds)	(1,106.46)	(787.58)
Net cash flow from/ (used in) operating activities (A)	1,825.04	1,844.58

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

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(817.23)	(856.85)
Proceeds from sale of fixed assets	30.10	23.88
Investments in bank deposits (having original maturity of more than three months)	(514.63)	(540.12)
Interest received	120.24	91.15
Net cash flow from/(used in) investing activities (B)	(1,181.52)	(1,281.94)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(12.99)	(10.32)
Dividend paid on equity shares	(383.71)	(384.35)
Tax on equity dividend paid	(65.53)	(61.56)
Net cash flow from/(used in) in financing activities (C)	(462.23)	(456.23)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	181.30	106.41
Cash and cash equivalents at the beginning of the year	331.96	225.55
Cash and cash equivalents at the end of the year	513.26	331.96
Components of cash and cash equivalents		
Cash on hand	78.98	31.51
Cheques/ drafts on hand	—	5.00
With banks- on current & cash credit accounts	422.61	288.60
-- unpaid dividend accounts*	11.66	6.73
-- unpaid matured deposits*	—	0.12
Total cash and cash equivalents (note 14)	513.25	331.96
Summary of significant accounting policies	2.3	

*The Parent Company can utilize these balances only towards settlement of the respective unpaid dividend and unpaid matured deposits

As per our report of even date**For S.R. Batliboi & Co. LLP**

ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner
Membership No.: 94549
Place : Gurgaon
Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

BATA INDIA LIMITED (GROUP)

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

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

2.1 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).
- 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, 2013.
- iii) List of Domestic Subsidiaries considered for Consolidation:

Sl. No.	Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power (%) as on December 31, 2013	Extent of Holding/ Voting Power (%) as on December 31, 2012
1.	Bata Properties Limited	Subsidiary	India	100.00	100.00
2.	Coastal Commercial & Exim Limited	Subsidiary	India	100.00	100.00

- iv) 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.

2.2 Basis of Accounting

The Consolidated financial statements relate to Bata India Limited (Parent Company), and its Subsidiary Companies (hereinafter referred as the "Group"). The financial statements have been prepared to comply in all material respects with the Accounting Standard notified under Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. 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 Group and are consistent with those used in the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2013**2.3 Summary of significant accounting policies****a. 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.

b. 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.

c. 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 the revalued amount is transferred from Revaluation Reserve to Statement of profit and loss.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

d. 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 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.

e. 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.

BATA INDIA LIMITED (GROUP)

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

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

f. 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.

g. 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. 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 Statement of profit and loss 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.

h. 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.

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

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 expenses in the year in which they arise.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

i. 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.

j. 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.

k. 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 Investment in erstwhile Joint Venture for 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.

BATA INDIA LIMITED (GROUP)

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

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.

I. **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 carried forward when its future recoverability can reasonably be regarded as assured. 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.

m. **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. 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 (administered by a Trust) is a defined benefit scheme where by the Group deposits an amount determined 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 conform 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, needs to be treated as defined benefit plan. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The Group has adopted actuary valuation to arrive at provident fund liability as at 31st December, 2013.

iii. Short term compensated absences are provided on estimated basis. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method carried by an actuary.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- iv. Retirement benefits in the form of Pension cost is a defined contribution scheme and the contributions are charged to the Statement of profit and loss for 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 Statement of profit and loss and are not deferred.
- vi. Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss in the year such scheme is accepted by the employees/workers.

n. 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 Statement of profit and loss on a straight-line basis over the lease term.

o. 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 Indian 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 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 not 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.

p. 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.

BATA INDIA LIMITED (GROUP)

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

q. Earnings Per Share (Basic & Diluted)

Basic earnings per share are 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 year. The weighted average number of equity shares outstanding during the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. SHARE CAPITAL

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Authorized shares		
70,000,000 (Previous year: 70,000,000) equity shares of Rs.10/- each	700.00	700.00
Issued shares*		
64,285,000 (Previous year: 64,285,000) equity shares of Rs. 10/-each	642.85	642.85
Subscribed and fully paid-up shares		
64,263,770 (Previous year: 64,263,770) equity shares of Rs.10/- each	642.64	642.64
Total issued, subscribed and fully paid-up share capital	642.64	642.64

*Shares held in abeyance

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.

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year Equity shares

	As at 31.12.2013		As at 31.12.2012	
	<u>No. of Shares</u>	<u>Rs. millions</u>	<u>No. of Shares</u>	<u>Rs. millions</u>
At the beginning of the year	64,263,770	642.64	64,263,770	642.64
Outstanding at the end of the year	64,263,770	642.64	64,263,770	642.64

b. Terms/rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year, the amount of per share dividend recognized as distributions to equity shareholders was Rs.6.50 (Previous year: Rs.6.00).

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

c. Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company		
34,032,757 (Previous year: 33,424,100) equity shares of Rs.10/- each fully paid	340.33	334.24

d. Details of shareholders holding more than 5% shares in the Parent Company

	As at 31.12.2013		As at 31.12.2012	
	No. of Shares	% Holding in the class	No. of Shares	% Holding in the class
Equity shares of Rs.10 each fully paid				
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company	34,032,757	52.96%	33,424,100	52.01%

BATA INDIA LIMITED (GROUP)

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

4. RESERVES AND SURPLUS	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Securities premium account		
Balance as per the last financial statements	501.36	501.36
Closing balance	<u>501.36</u>	<u>501.36</u>
Revaluation reserve		
Balance as per the last financial statements	288.55	296.21
Less: used on sold/ discarded fixed assets	(3.29)	(0.78)
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(5.75)	(6.88)
Closing balance	<u>279.51</u>	<u>288.55</u>
General reserve		
Balance as per the last financial statements	906.35	734.75
Add: amount transferred from surplus balance in the statement of profit and loss	190.74	171.60
Closing balance	<u>1,097.09</u>	<u>906.35</u>
Surplus in the statement of profit and loss		
Balance as per last financial statements	4,651.52	3,550.41
Profit for the year	1,909.04	1,720.84
Amount available for appropriations	6,560.56	5,271.25
Less: Appropriations		
Proposed final equity dividend (amount per share Rs.6.50 (Previous year: Rs. 6.00))	(417.71)	(385.58)
Tax on proposed equity dividend (Including Rs.2.98 millions (Previous year Rs. NIL) for previous year)	(73.97)	(62.55)
Transfer to general reserve	(190.74)	(171.60)
Total appropriations	<u>(682.42)</u>	<u>(619.73)</u>
Net surplus in the statement of profit and loss	<u>5,878.14</u>	<u>4,651.52</u>
Total reserves and surplus	<u>7,756.10</u>	<u>6,347.78</u>

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

5. TRADE PAYABLES AND OTHER LIABILITIES

	Current		Non-current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Trade payables (including acceptances) (refer note 34 for details of dues to micro and small enterprises)	2,861.42	2,186.02	792.75	561.10
Other liabilities				
Payable for capital goods	196.26	193.80	—	—
Advance from customers	45.07	10.30	—	—
Unearned revenue	3.48	1.58	—	—
Investor education and protection Fund will be credited by following amounts (as and when due):				
Unpaid dividend	8.60	6.73	—	—
Unpaid matured deposits	—	0.63	—	—
Others:				
Deposit from agents and franchisees	300.90	267.48	—	—
Statutory Payables	322.32	278.92	—	—
	876.63	759.44	—	—
	3,738.05	2,945.46	792.75	561.10

6. PROVISIONS

	Short-term		Long-term	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Provision for employee benefits				
Provision for leave benefits	30.56	31.76	—	—
	30.56	31.76	—	—
Other provisions				
Provision for warranties	12.07	8.05	—	—
Provision for contingencies	224.71	218.27	—	—
Provision for taxation (net)	134.64	92.09	—	—
Proposed equity dividend	417.71	385.58	—	—
Provision for tax on proposed equity dividend	70.99	62.55	—	—
	860.12	766.54	—	—
	890.68	798.30	—	—

BATA INDIA LIMITED (GROUP)

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

Provision for warranties

The warranty claim provision covers the expenses relating to the cost of products sold. Provision in respect of warranties is made 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.

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
At the beginning of the year	8.05	10.27
Arising during the year	124.08	106.20
Utilized during the year	(109.79)	(92.79)
Unused amounts reversed	(10.27)	(15.63)
At the end of the year	12.07	8.05

Provision for contingencies

The breakup and movement of provision for contingencies are as follows: (Rs. Millions)

Particulars	ESI		Labour Case, House Tax and Other Civil Cases		Liability for Land Development (Refer note 26)		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Opening balance as on 1st Jan	1.27	1.27	0.76	3.95	216.24	216.24	218.27	221.46
Additions	7.83	—	4.64	2.27	—	—	12.47	2.27
Utilized	3.94	—	2.09	5.46	—	—	6.03	5.46
Reversals	—	—	—	—	—	—	—	—
Closing balance as on 31st Dec	5.16	1.27	3.31	0.76	216.24	216.24	224.71	218.27

The Parent 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 Parent 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.

In view of large number of labour cases, house tax 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Rs. millions)

7.	TANGIBLE ASSETS	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total	Previous Year
	Cost or valuation							
	At 01.01.2013	252.60	1,222.24	1,876.90	2,255.22	21.11	5,628.07	5,021.62
	Additions	—	108.67	165.17	438.61	3.28	715.73	774.53
	Disposals	—	(41.45)	(121.62)	(152.68)	(0.53)	(316.28)	(168.07)
	At 31.12.2013	252.60	1,289.46	1,920.45	2,541.15	23.86	6,027.52	5,628.08
	Depreciation							
	At 01.01.2013	—	449.69	1,540.14	1,198.56	12.04	3,200.43	2,815.86
	Charge for the year	—	103.78	125.47	364.25	2.57	596.07	519.64
	Disposals	—	(22.86)	(106.36)	(114.36)	(0.53)	(244.11)	(135.07)
	At 31.12.2013	—	530.61	1,559.25	1,448.45	14.08	3,552.39	3,200.43
	Net Block							
	At 31.12.2013	252.60	758.85	361.20	1,092.70	9.78	2,475.13	2,427.64
	At 31.12.2012	252.60	772.55	336.76	1,056.66	9.07	2,427.64	2,205.76

(Rs. millions)

8.	INTANGIBLE ASSETS (COMPUTER SOFTWARE)	Current Year	Previous Year
	Gross block		
	At 01.01.2013	8.39	6.52
	Purchase	3.01	2.56
	Adjustments	—	(0.69)
	At 31.12.2013	11.40	8.39
	Amortization		
	At 01.01.2013	1.62	1.10
	Charge for the year	1.87	1.21
	Adjustments	—	(0.68)
	At 31.12.2013	3.49	1.63
	Net block		
	At 31.12.2013	7.91	6.76
	At 31.12.2012	6.76	5.42

BATA INDIA LIMITED (GROUP)

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

9. NON-CURRENT INVESTMENTS

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Investment in Cooperative Societies (Unquoted)		
250 (Previous year : 250) Shares of Rs. 10 each in Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	0.00	0.00
5 (Previous year : 5) Shares of Rs. 10 each in Bhadrakali Market Co-operative Society Limited, Nasik	0.00	0.00
	0.00	0.00
	0.00	0.00
Aggregate amount of unquoted investments	0.00	0.00

10. DEFERRED TAX ASSETS (NET)

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	340.14	232.16
Impact of expenditure charged to the statement of profit and loss in the current/earlier year but allowable for tax purposes on payment basis	327.31	199.94
Provision for doubtful debts and advances	13.34	11.49
	680.79	443.59

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

11. LOANS AND ADVANCES

	Non-current		Current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Capital advances				
Unsecured, considered good	79.67	37.06	—	—
(A)	79.67	37.06	—	—
Security deposit				
Unsecured, considered good	850.21	738.80	26.20	43.74
Unsecured, considered doubtful	2.07	1.89	—	—
	852.28	740.69	26.20	43.74
Provision for doubtful security deposit	(2.07)	(1.89)	—	—
(B)	850.21	738.80	26.20	43.74
Loan and advances to related parties				
Unsecured, considered good	—	—	9.21	6.66
(C)	—	—	9.21	6.66
Advances recoverable in cash or kind				
Unsecured, considered good	—	—	87.40	47.56
Unsecured, considered doubtful	—	—	37.47	25.22
	—	—	124.87	72.78
Provision for doubtful advances	—	—	(37.47)	(25.22)
(D)	—	—	87.40	47.56
Balances with statutory/ government authorities				
Unsecured, considered good	89.91	85.17	36.49	30.18
Unsecured, considered doubtful	8.29	8.29	—	—
	98.20	93.46	36.49	30.18
Provision for doubtful balances with statutory/ government authorities	(8.29)	(8.29)	—	—
(E)	89.91	85.17	36.49	30.18
Other loans and advances				
Advance income-tax (net of provision for taxation)	135.82	113.95	—	—
Prepaid expenses	32.10	22.80	66.44	83.30
(F)	167.92	136.75	66.44	83.30
Total (A+ B + C + D + E + F)	1,187.71	997.78	225.74	211.44

12. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Raw materials and components (including goods in transit Rs. 5.13 millions (Previous year: Rs.5.12 millions)) (refer note 17)	229.56	239.91
Work-in-progress (refer note 18)	322.36	257.62
Finished goods (including goods in transit Rs.531.53 millions (Previous year: Rs.222.58 millions)) (refer note 18)*	5,261.69	4,113.23
Stores and spares	13.33	10.16
	5,826.94	4,620.92

*Finished goods include Stock in trade, as both are stocked together

BATA INDIA LIMITED (GROUP)

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

13. TRADE RECEIVABLES AND OTHER ASSETS				
13.1 Trade receivables				
	Non-current		Current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured, considered good	—	—	4.10	1.22
			4.10	1.22
Other receivables				
- Unsecured, considered good	—	—	505.10	448.25
	—	—	505.10	448.25
	—	—	509.20	449.47
13.2 Other current assets				
	Non-current		Current	
	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions	As at 31.12.2013 Rs. millions	As at 31.12.2012 Rs. millions
Unsecured, considered goods unless stated otherwise				
Bank balances (note 14)	—	10.92	15.25	—
(B)	—	10.92	15.25	—
Others				
Interest accrued on fixed deposits	—	0.37	89.25	54.45
Insurance claims	—	—	7.71	13.92
	—	11.29	112.21	68.37
14. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
-On current & cash credit accounts	—	—	422.61	288.60
-On unpaid dividend account	—	—	11.66	6.73
Cheques/drafts on hand	—	—	—	5.00
Unpaid matured deposits	—	—	—	0.12
Cash on hand	—	—	78.98	31.51
	—	—	513.25	331.96
Other bank balances				
Deposits with original maturity for more than 12 months	—	10.92	15.25	0.61
Deposits with original maturity for more than 3 months but less than 12 months*	—	—	2,044.27	1,544.28
	—	10.92	2,059.52	1,544.89
Amount disclosed under non-current / current assets (note 13.2)	—	(10.92)	(15.25)	—
	—	—	2,557.52	1,876.85

*Includes deposit pledged with banks of Rs.14.27 millions (Previous year Rs.14.27 millions).

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

15. REVENUE FROM OPERATIONS

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
<u>Revenue from operations</u>		
Sale of products		
Finished goods	20,972.18	18,705.46
Other operating revenue		
Others (including export incentives, scrap sales etc.)	11.88	12.08
Revenue from operations (gross)	20,984.06	18,717.54
Less: Excise duty *	332.32	293.01
Revenue from operations (net)	20,651.74	18,424.53

* Excise duty on sales amounting to Rs. 332.32 millions (Previous year: Rs. 293.01 millions) has been reduced from sales in statement of profit & loss and differential excise duty on opening and closing stock of manufactured finished goods amounting to Rs. 27.15 millions (Previous Year: Rs. 44.80 millions) has been adjusted from (increase)/decrease in inventories in note 18.

Details of products sold

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Footwear	19,847.71	17,767.58
Others	1,124.47	937.88
	20,972.18	18,705.46

16. OTHER INCOME

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
<u>Interest income on</u>		
- Bank deposits	181.18	118.22
- Others	3.37	11.10
Gain on Foreign Exchange Fluctuations (Net)	7.29	6.76
Provision no Longer Required Written Back	2.71	31.34
Insurance Claim Received	0.76	9.61
Other Non-Operating Income	119.61	123.54
	314.92	300.57

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

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Inventory at the beginning of the year	239.91	173.05
Add: Purchases	3,335.51	3,019.05
	3,575.42	3,192.10
Less: inventory at the end of the year	229.56	239.91
Cost of raw material and components consumed	3,345.86	2,952.19
<u>Details of raw material and components consumed</u>		
Leather (natural and synthetic)	555.02	447.06
Rubber	208.10	207.64
Textiles	255.77	204.62
Chemical	613.72	561.39
Packaging	210.46	260.14
Job processing charges	343.87	270.39
Other Materials	1,158.92	1,000.95
	3,345.86	2,952.19
<u>Details of inventory</u>		
Raw materials and components		
Leather (natural and synthetic)	61.36	46.30
Rubber	24.46	34.58
Textiles	29.59	33.33
Chemical	42.63	50.97
Packaging	5.04	5.29
Other Materials	66.48	69.44
	229.56	239.91

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

18. (INCREASE) / DECREASE IN INVENTORIES	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions	(Increase)/ decrease Rs. millions
<u>Inventories at the end of the year</u>			
Finished goods	5,261.69	4,113.23	(1,148.46)
Work-in-progress	322.36	257.62	(64.74)
	<u>5,584.05</u>	<u>4,370.85</u>	<u>(1,213.20)</u>
<u>Inventories at the beginning of the year</u>			
Finished goods	4,113.23	3,494.95	(618.28)
Work-in-progress	257.62	236.33	(21.29)
	<u>4,370.85</u>	<u>3,731.28</u>	<u>(639.57)</u>
	<u>(1,213.20)</u>	<u>(639.57)</u>	
(Increase)/decrease of excise duty on change in inventories	27.15	44.80	
Total (increase)/decrease	<u>(1,186.05)</u>	<u>(594.77)</u>	
<u>Details of purchase of traded goods</u>			
	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions	
Footwear	6,866.76	5,916.55	
Others	461.90	406.46	
	<u>7,328.66</u>	<u>6,323.01</u>	
<u>Details of inventory</u>			
Finished goods			
Footwear	5,050.94	3,930.99	
Others	210.75	182.24	
	<u>5,261.69</u>	<u>4,113.23</u>	
Work-in-progress			
Footwear	322.36	257.62	
	<u>322.36</u>	<u>257.62</u>	
19. EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus	1,894.45	1,727.02	
Contribution to provident and other funds	127.30	117.87	
Gratuity expense (refer note 33)	21.69	21.47	
Staff welfare expenses	89.68	92.97	
	<u>2,133.12</u>	<u>1,959.33</u>	

BATA INDIA LIMITED (GROUP)

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

20. OTHER EXPENSES

	Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
Consumption of stores and spares	32.62	31.92
Power and fuel	512.28	446.00
Freight	428.87	407.34
Rent (net) [Refer note 27] (Including impact of straight lining of lease rent Rs. 243.16 millions (Previous year: Rs. 163.95 millions))	2,618.81	2,152.71
Rates and taxes	173.46	130.06
Insurance	70.16	67.49
Repairs and maintenance		
Plant and machinery	31.02	31.04
Buildings	47.04	46.84
Others	24.87	20.67
Advertising and sales promotion	139.48	156.90
Sales commission	642.19	564.64
Legal and professional fees*	104.57	139.43
Technical collaboration fee	207.58	178.71
Provision for doubtful debt, loans, advances etc.	12.25	11.25
Loss on sale/discard of fixed assets (net)	38.78	8.34
Bank charges	118.21	109.59
Miscellaneous expenses	608.32	531.87
	5,810.51	5,034.80
*Payment to auditor (under legal & professional fees)		
As auditor	5.83	5.88
In other capacity:		
Other services (certification fees)	0.23	0.45
Reimbursement of expenses	2.03	0.81
	8.09	7.14

21. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets	596.07	519.64
Amortization of intangible assets	1.87	1.21
	597.94	520.85
Less: recoupment from revaluation reserve	5.75	6.88
	592.19	513.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. FINANCE COSTS

Interest

Year ended 31.12.2013 Rs. millions	Year ended 31.12.2012 Rs. millions
12.99	10.32
12.99	10.32
100.77	—
100.77	—

23. EXCEPTIONAL ITEM

VRS expenses
(refer note 2.3 m(vi))

During the year, the Parent Company had announced a Voluntary Retirement Scheme (VRS) for the workmen of its Mokameh Unit and incurred the above amount on those who have opted for the scheme.

24. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Year ended 31.12.2013	Year ended 31.12.2012
1,909.04	1,720.84
64,263,770	64,263,770
29.71	26.78

25. Note 19 includes R&D expenses of Rs.43.89 millions (Previous year Rs. 29.48 millions) and Note 20 includes R&D expenses of Rs. 20.96 millions (Previous year Rs. 16.34 millions).

26. The Parent Company entered into a joint venture agreement for the development of the township at Batanagar with Riverbank Developers Private Limited (RDPL) in earlier years. In April 2010, while retaining the legal title over the land at Batanagar Project and shares in the erstwhile Joint Venture Company (RDPL), the Parent Company restructured its agreements with revised terms and conditions for the development of the modern integrated township project at Batanagar.

As per the order of the Government of West Bengal (GOWB), the total obligation on the Parent Company towards development of employee housing colony was Rs. 650.00 millions, the Parent Company had recorded a liability of Rs. 216.24 millions for obligation yet to be fulfilled towards the balance 325,000 square feet of employee housing colony in earlier years (also refer note 31 (b) & (c)). As per the above-mentioned agreement, any liability arising on account of non-compliance of terms and conditions of GOWB order will be borne by the erstwhile JV Company.

During the year, the Parent Company has signed an addendum to the development agreement whereby the Parent Company will now receive constructed area of 332,030 square feet against 325,000 square feet from RDPL.

The Parent Company alongwith RDPL approached the GOWB for extension of the time limit, which has been principally agreed by GOWB and the revised order is awaited. The Parent Company does not expect any variation from principally agreed terms and conditions and consequently no impact on the financial statements.

27. 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 payables are charged as 'Rent' in Note 20.

BATA INDIA LIMITED (GROUP)

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

The future minimum lease payments under non-cancellable operating leases are as follows:

Lease rentals	(Rs. million)	
	31-Dec-13	31-Dec-12
Within one year	62.63	38.87
After one year but not more than five years	3.49	2.74
More than five years	—	—

28. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE, WHICH ARE NOT INTENDED FOR TRADING OR SPECULATION PURPOSE

Forward Contract outstanding as at balance sheet date

Particulars of Forward Contracts	Currency	2013	2012	Purpose
Purchase	USD	1,086,043.32	488,024.66	Hedge of Trade Payable

Particulars of Unhedged foreign currency exposure as at the balance sheet date.

Particulars of Unhedged foreign currency exposure	Amount in Foreign Currency			Amount in Indian Currency (Rs. millions)	
	Currency	2013	2012	2013	2012
Trade payables	USD	408,861.08 @ Rs. 62.26	428,968.60 @ Rs. 55.16	25.46	23.66
	EURO	—	26,170.00 @ Rs. 73.09	—	1.91
Advance for Import purchases	USD	373,335.43 @ Rs. 61.42	112,458.47 @ Rs. 54.34	22.93	6.11
	EURO	—	608.25 @ Rs. 71.59	—	0.04
Advance from Customer	USD	6,577.00@ Rs. 62.26	20,000.00 @ 55.16	0.41	1.10
Trade receivables	USD	282,078.40 @ Rs. 61.42	95,196.80 @ Rs. 54.34	17.33	5.17

29. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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A. PRIMARY SEGMENT DISCLOSURE

Rs. millions

Particulars	Footwear & Accessories		Surplus Property Development		Total	
	2013	2012	2013	2012	2013	2012
REVENUE						
External Turnover	20,651.74	18,424.53	—	—	20,651.74	18,424.53
Other income*	130.37	171.24	—	—	130.37	171.25
RESULT	2,665.13	2,414.40	—	—	2,665.13	2,414.40
Unallocated Corporate Expenses					(8.09)	(7.14)
Operating Profit					2,657.04	2,407.26
Interest Expenses					(12.99)	(10.32)
Interest Income					184.56	129.32
Income Taxes					(919.58)	(805.41)
Net Profit					1,909.03	1,720.85
OTHER INFORMATION						
Segment assets	12,914.36	10,683.29	—	—	12,914.36	10,683.29
Unallocated corporate assets					905.86	611.99
Total assets					13,820.22	11,295.28
Segment liabilities	4,562.73	3,540.41	216.24	216.24	4,778.97	3,756.65
Unallocated corporate liabilities					642.51	548.22
Total liabilities					5,421.48	4,304.87
Capital expenditure	817.24	856.85	—	—	817.24	856.85
Depreciation	590.32	512.76	—	—	590.32	512.76
Amortisation	1.87	1.21	—	—	1.87	1.21
Non-cash expenses other than depreciation and amortisation	12.25	11.25	—	—	12.25	11.25

* Other income as reported does not include the interest income amounting to Rs.129.32 millions (Previous year Rs. 91.31 millions)

B. INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Sundry Debtors as per Geographical Markets

Rs. millions

Particulars	Revenue		Trade Receivables	
	2013	2012	2013	2012
India	20,504.67	18,274.71	492.25	441.96
Outside India	147.07	149.82	16.95	7.51
Total	20,651.74	18,424.53	509.20	449.47

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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30. A. Related Party Transactions		(Rs. in millions)											
		Nature of Transaction		Holding Company		Fellow Subsidiaries		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		
Sales (Refer 30B(ii))	2013	-	-	21.45	4.24	-	-	-	-	21.45	4.24		
	2012	-	-	20.74	1.38	-	-	-	-	20.74	1.38		
Purchases (Refer 30B(ii))	2013	-	-	1.34	-	-	-	1.34	-	-	-		
	2012	-	-	2.53	-	-	-	2.53	-	-	-		
Reimbursement of Expenses to (Refer 30B(iii))	2013	-	-	2.89	0.04	-	-	2.89	0.04	-	-		
	2012	-	-	4.62	0.24	-	-	4.62	0.24	-	-		
Reimbursement of Expenses from (Refer 30B(iv))	2013	-	-	32.86	9.67	-	-	32.86	9.67	-	-		
	2012	-	-	26.91	6.66	-	-	26.91	6.66	-	-		
Technical Fee (Refer 30B (v))	2013	-	-	185.00	33.84	-	-	185.00	33.84	-	-		
	2012	-	-	160.00	32.00	-	-	160.00	32.00	-	-		
Royalty (Refer 30B (vi))	2013	-	-	5.79	4.49	-	-	5.79	4.49	-	-		
	2012	-	-	0.69	-	-	-	0.69	-	-	-		
Remuneration (Refer 30B(vii))	2013	-	-	-	-	52.85	-	-	-	52.85	-		
	2012	-	-	-	-	44.02	-	-	-	44.02	-		
Dividend Paid (Refer 30B(viii))	2013	200.55	-	-	-	-	-	200.55	-	-	-		
	2012	200.55	-	-	-	-	-	200.55	-	-	-		

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

30.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. millions)	Outstanding Balance (Rs. millions)
Bata Shoe of Thailand Public Company Limited	2013	2.39	–
	2012	–	–
Futura Footwear Ltd.	2013	2.86	1.31
	2012	–	–
Bata Shoe Co. (Bangladesh) Ltd.	2013	15.00	2.18
	2012	14.81	0.91
Bata Shoe Co. of Ceylon Ltd.	2013	–	–
	2012	3.91	0.47

ii. Purchase of Goods:

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

Name of the Party	Year	Transaction Value (Rs. millions)	Outstanding Balance (Rs. millions)
Bata Industrials Europe	2013	–	–
	2012	1.79	–
Bata Shoe Co. (Kenya) Ltd.	2013	1.34	–
	2012	–	–
P.T. Sepatu Bata Tbk	2013	–	–
	2012	0.74	–

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. millions)	Outstanding Balance (Rs. millions)
Bata Shoe Singapore Pte Ltd.	2013	0.79	–
	2012	0.46	–
Bata Malaysia SDN. BHD.	2013	1.15	0.04
	2012	1.58	0.24
Global Footwear Services Pte Ltd.	2013	0.55	–
	2012	1.08	–
Euro Footwear Holdings S.a.r.l.	2013	0.40	–
	2012	0.97	–
Compass Limited	2013	–	–
	2012	0.53	–

BATA INDIA LIMITED (GROUP)

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

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. millions)	Outstanding Balance (Rs. millions)
Bata Shoe (Singapore) Pte Ltd.	2013	4.14	1.01
	2012	2.54	1.24
Euro Footwear Holdings S.a.r.l.	2013	13.64	5.63
	2012	14.73	3.16
International Footwear Investment B.V.	2013	13.19	2.85
	2012	–	–
Global Footwear Services Pte Ltd.	2013	1.41	–
	2012	0.43	–
Footwear Distributors BV	2013	–	–
	2012	9.05	2.19

v. Technical Collaboration Fees:

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

Name of the Party	Year	Transaction Value (Rs. millions)	Outstanding Balance (Rs. millions)
Global Footwear Services Pte Ltd.	2013	185.00	33.84
	2012	160.00	32.00

vi. Royalty:

Details of Royalty paid/payable to Fellow Subsidiaries:

Name of the Party	Year	Transaction Value (Rs. millions)	Outstanding Balance (Rs. millions)
Bata Brands S.a.r.l.	2013	5.79	4.49
	2012	0.69	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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vii. Remuneration to Directors *:

Name of the Director	Year	Transaction Value (Rs. millions)
Rajeev Gopalakrishnan	2013	39.35
	2012	28.57
Ranjit Mathur	2013	13.51
	2012	6.82
Gigi Abraham	2013	–
	2012	6.18
Fadzilah Mohd. Hussein	2013	–
	2012	2.45

* As the liabilities for provident fund, 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.millions)
BATA (BN) B.V. The Netherlands, Amsterdam	2013	200.55
	2012	200.55

30. C. Related Party Disclosure

I. Where Control Exists:

Nature of Relationship

Name

- A. Holding Company : BATA (BN) B.V. The Netherlands, Amsterdam

II. Where Control Does Not Exists:

Nature of Relationship

Name

- A. Key Management Personnel : Rajeev Gopalakrishnan - Managing Director
Ranjit Mathur - Director Finance w.e.f. 29.02.2012
Fadzilah Mohd. Hussein - Director Finance upto 15.02.2012
Gigi Abraham - Group Brands Director w.e.f. 26.07.2012 to 19.12.2012

BATA INDIA LIMITED (GROUP)

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

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

Company Name

Bata Shoe (Singapore) Pte. Ltd.
Global Footwear Services Pte Ltd.
Bata Malaysia SDN. BHD.
Bata Shoe Co. (Kenya) Ltd.
Euro Footwear Holdings S.a.r.l.
Bata Shoe Co. of Ceylon Ltd.
Empresas Commercials S.A.

Company Name

Bata Shoe Co. (Bangladesh) Ltd.
International Footwear Investment B.V.
Bata Shoe of Thailand Public Company Limited
Bata Brands S.a.r.l.
Futura Footwear Ltd.
Bata Brands S.A.

31. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

a) Claims against Parent Company not acknowledged as debts includes :

Nature	2013 (Rs. millions)	2012 (Rs. millions)
Excise and Customs Cases	148.40	158.74
Sales Tax Cases	21.80	34.20
Others*	211.50	279.68
Income Tax Cases**	291.87	-
Total	673.57	472.62

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

** During earlier years, 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. 230.55 millions on the Parent Company. The Parent Company during the previous year had received favourable from the ITAT Kolkata. However Income Tax Department had filed an appeal with the High Court against the said order.

During the year, the Parent Company has received an order of Commissioner of Income Tax under section 263 of the Income Tax Act, 1961 directing the Assessing Officer for re-computation of consideration adopted by Parent Company for computation of long term capital gain for A.Y. 2007-08 on transfer of development rights of Batanagar land to River Bank Holding Private Ltd (erstwhile JV company). The amount of tax liability is not mentioned in the order. The Parent Company has filed an appeal to Income Tax Appellate Tribunal against the said order. The Parent Company on the basis of consultant's advice believes that it has a good case and hence no provision there against is considered necessary. As per the agreement, liability of income tax on such transfer, if any, will be borne by the erstwhile JV company.

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

b) Future obligations imposed by the Govt. of West Bengal in respect of property project are Rs.28.53 millions (Previous year: Rs. 42.13 millions).

c) The erstwhile JV company will fulfil the obligation of development of 88 acres (Previous Year: 88 acres) of land for social and economic purposes as per conditions imposed on the Parent Company by Government of West Bengal. The transaction value is not ascertainable at this point of time. Parent Company has taken bank guarantee from RDPL of Rs. 240.00 millions (Previous year: Rs. 240 millions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs. 169.01 millions (Previous year: Rs. 83.51 millions).

33. (a) **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 summarize the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the defined benefit gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Gratuity expense) :

	(Rs. millions)	
	Gratuity	
	2013	2012
Current service cost	18.78	18.07
Interest cost on benefit obligation	28.08	26.91
Expected return on plan assets	(32.34)	(31.05)
Net actuarial (gain) / loss recognised in the year	7.16	7.54
Past Service Cost	—	—
Net benefit expense	<u>21.68</u>	<u>21.47</u>

Balance sheet

Details of Provision for gratuity

	(Rs. millions)	
	Gratuity	
	2013	2012
Defined benefit obligation	388.62	360.44
Fair value of plan assets	414.08	397.61
	25.46	37.17
Plan asset / (liability)	<u>25.46</u>	<u>37.17</u>

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

	(Rs. millions)	
	Gratuity	
	2013	2012
Opening defined benefit obligation	360.44	348.68
Interest cost	18.78	18.07
Current service cost	28.08	26.91
- Plan Amendments	—	—
Benefits paid	(44.38)	(64.14)
Actuarial (gains) / losses on obligation	25.68	30.92
Closing defined benefit obligation	<u>388.62</u>	<u>360.44</u>

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

Changes in the fair value of plan assets are as follows :	(Rs. millions)	
	Gratuity	
	2013	2012
Opening fair value of plan assets	397.61	387.31
Expected return	32.34	31.05
Contributions by employer	10.00	20.00
Benefits paid	(44.38)	(64.14)
Actuarial gains / (losses)	18.52	23.39
Closing fair value of plan assets	<u>414.08</u>	<u>397.61</u>

The Defined benefit obligation amounting to Rs.388.62 millions is funded by assets amounting to Rs.414.08 millions and Group has contributed Rs.25.46 millions excess during the year 2013. The Group expects to contribute Rs.25 millions (Previous Year Rs.20.00 millions) during the year 2014.

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

	Gratuity	
	2013	2012
	%	%
Investments	100.00	100.00
– With Insurer	47.14	48.90
– With Government securities and Bonds	4.14	4.06
– With Special deposit scheme	48.72	47.04

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 and leave encashment obligations for the Group's plans are shown below:

	2013	2012
	%	%
Discount rate	9.00	8.30
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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:

(Rs. millions)

	Experience History	2013	2012	2011	2010	2009
1	Defined Benefit Obligation at end of the period	(388.62)	(360.46)	(348.70)	(346.55)	(346.94)
2	Plan Assets at end of the period	414.08	397.61	387.31	352.18	353.21
3	Funded Status	25.46	37.15	38.62	5.63	6.27
4	Experience Gain/(Loss) adjustments on plan liabilities	(45.58)	(25.67)	(40.92)	(55.33)	(35.52)
5	Experience Gain/(Loss) adjustments on plan assets	18.52	23.39	24.29	(04.98)	(09.95)
6	Actuarial Gain/(Loss) due to change on assumptions	19.89	05.25	6.57	06.78	28.80

Contribution to Defined Contribution Plans:

	2013 (Rs.millions)	2012 (Rs.millions)
Pension fund	2.23	1.73

(b) Provident Fund

The Provident Fund (where administered by a Trust) is a defined benefit scheme whereby the Group deposits an amount determined 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 conform to the interest rate declared by the government for the Employees Provident Fund. As per the Actuarial Society of India guidance note (GN21) for measurement of provident fund liabilities, the actuary has accordingly provided a valuation and based on the below provided assumptions, there is no shortfall as at 31st December, 2013.

	31st December 2013 (Rs. millions)	31st December 2012 (Rs. millions)
Contribution to provident and other funds	122.74	116.14

The detail of fund and plan asset position as at 31st December, 2013 is given below:

	31st December 2013 (Rs. millions)	31st December 2012 (Rs. millions)
Plan assets at fair value	3,669.06	3,630.39
Present value of the defined benefit obligation	3,187.91	3,297.62
Asset recognized in the balance sheet	NIL	NIL

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. 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	2013 (Rs. millions)	2012 (Rs. millions)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year reported in Current Trade Payables		
	Principal Amount Unpaid	64.08	72.02
	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	472.08	530.46
	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	—	—

35. VALUE OF IMPORTS ON CIF BASIS (on accrual basis)

	31.12.2013 (Rs.millions)	31.12.2012 (Rs.millions)
Raw Materials	37.49	43.39
Stores & Spare	3.58	1.28
Capital Goods	272.33	50.27
Finished Goods	1,104.82	984.82
	1,418.22	1,079.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36. (a) Consumption of Raw Materials & Components	31.12.2013		31.12.2012	
	<u>(Rs.millions)</u>	<u>% of total Consumption</u>	<u>(Rs.millions)</u>	<u>% of total Consumption</u>
Imported	34.98	1.05	42.57	1.44
Indigenous	3,310.88	98.95	2,909.62	98.56
	<u>3,345.86</u>	<u>100.00</u>	<u>2,952.19</u>	<u>100.00</u>
(b) Consumption of Stores and Spare	31.12.2013		31.12.2012	
	<u>(Rs.millions)</u>	<u>% of total Consumption</u>	<u>(Rs.millions)</u>	<u>% of total Consumption</u>
Imported	2.70	8.28	2.87	8.98
Indigenous	29.92	91.72	29.05	91.02
	<u>32.62</u>	<u>100.00</u>	<u>31.92</u>	<u>100.00</u>
37. FOREIGN CURRENCY INCOME & EXPENDITURE	31.12.2013		31.12.2012	
	<u>(Rs.millions)</u>	<u>(Rs.millions)</u>	<u>(Rs.millions)</u>	<u>(Rs.millions)</u>
Income - Exports (F.O.B. value)		147.07		149.82
Expenditure				
Royalty	130.57		86.06	
Technical Collaboration Fees	185.00		160.00	
Others	18.53	334.10	25.80	271.86
38. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND	31.12.2013		31.12.2012	
		<u>(Rs. millions)</u>	<u>(Rs. millions)</u>	<u>(Rs. millions)</u>
Dividend on Equity Shares* (Rs. millions)		200.55		200.55
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		33,424,100
* Dividend of Rs. 200.55 millions pertains to year 2012 (2011: Rs. 200.55 millions)				

BATA INDIA LIMITED (GROUP)

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

39. Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal

Partner

Membership No.: 94549

Place : Gurgaon

Date : February 12, 2014

For and on behalf of the Board of Directors

Ranjit Mathur

Director Finance
DIN: 03551291

Rajeev Gopalakrishnan

Managing Director
DIN: 03438046

Maloy Kumar Gupta

Company Secretary

Uday Khanna

Chairman
DIN: 00079129

NOTES

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NOTES

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BATA STORE VIVIANA MALL, THANE

Retail Network of more than 1400 stores

- More than 2 million Sq. Ft. of retail space
- Average store size 3000 Sq. Ft.

The retail expansion strategy continues at Bata; with approx 100 new stores opening and existing stores being renovated during the year. In the year 2013, the number of new Bata Stores opened & renovated were 178. The growth of the retail business with penetration in newer markets and expansion in existing markets is the focus for Bata India. All the new stores are created on large international retail formats, which offer an incomparable footwear shopping experience to the customers. The renovated stores are also modeled on the same format, promising a great shopping experience.



BATA STORE VIVIANA MALL, THANE

RETAIL Division



HUSH PUPPIES STORE - ELANTE MALL



HUSH PUPPIES STORE - LULU MALL

HUSH PUPPIES

- Retail Network of 35 Exclusive Stores
- 41 Shop-in-Shop Stores

Hush Puppies – Bata India's offering in the premium segment, is also on an aggressive growth path and has reached new heights with 35 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 Bata stores and its dealers, across the metros. Hush Puppies is observed as one of the fastest growing casual footwear brand in India.



FOOTIN STORE - PACIFIC MALL

Footin

- Casual Footwear for Men & Women
- Affordable Fashion

Bata India's offering to the young & trendy, with new range of footwear focusing on affordable fashion. Bright, colorful & attractive price points play a key role here. These stores are totally unique and different in terms of display and ambience from the other shoe retailers in India.

Seeing the current market scenario of increasing organized retailing and with more and more malls coming up in mini metros and developing cities, the brand is on an aggressive growth path.

COLLECTION Contemporary and Aspirational

With a wide variety and great prices, Bata continued to be the customer's Most Preferred Footwear Brand. The trendy & fashionable designs continued to delight millions of customers & were well received by the modern day young customer, the new designs are specially aimed at increasing the market share of the youth segment.



marie claire. launches new trendy designs in vibrant colors, metallic stories and animal prints. The youth focused brand of **NORTH STAR** and specialty outdoor brand **WEINBRENNER** show good response, the new designs offered are trendy and focus on casual styles. The premium brand of **Hush Puppies** treated the customers with playful, colorful and laid back styles. Design inspiration blends modern trends with Hush Puppies' distinct heritage.

With the growing popularity of sports category in the country, the sports category **POWER** continues to grow its share with an upgraded and professional shoe line.

The **Bubbles** brand remains the favourite amongst young children and several new attractive designs for young boys and girls were launched.



Bata
where life meets style.

The new dress shoe collection under its famous **ambassador** & **Mocassino** brands has been in great demand with Bata's traditional customers. New offerings in vibrant colours of the popular **Sandak** and **Bata and I** labels continued to offer trendy and lightweight all-weather footwear.

Scholl and **Bata COMFIT** launched many new styles catering to the young audience with new designs and great quality continuing to lure customers.

sundrops new premium range of comfortable footwear for Women continues to offer high quality and comfortable women shoes with a stylish twist.

The non footwear range continues to grow with new styles added to the range, clutches and valets have been well received by the young customer.



Bata
where life meets style

CORPORATE Social Responsibility (CSR)



BCP INDIA LAUNCHED EACH ONE TEACH ONE CAMPAIGN

BCP - India launched an employee volunteering programme - *Each One Teach One* in Govt. Girls Primary School, Gurgaon adopted by Bata India.

The school has **280 underprivileged children** who otherwise cannot afford to go to private schools due to financial constraints. In order to bridge the yawning gap between formal and informal education, the volunteers decided to put their best foot forward and focus these desperately needed talents on social challenges as they went back to their school days for nurturing the career of our future generation.

As part of the program, each volunteer **dedicated 4-6 hours every month** to teach both curricular and extra-curricular subjects towards the holistic development of these students. The volunteers also taught

different sports to boost their confidence and instill in them values like teamwork, concentration and integrity.

The volunteers also initiated hygiene campaigns such as **Know your body camp, Nail-cutting camp, Dentistry camp, Health Check-up, Health Week & Nutrition Camp** in the school so that the students have fewer risks of diseases, lead healthier adult lives, act as stewards of the environment and achieve their highest potential. Our success in these campaigns has been touching lives of these children and helping to transform the lives of their families as well.



BCP INDIA ORGANISED TREE PLANTATION DRIVE AT ARAVALI BIO-DIVERSITY PARK, GURGAON

BCP - India organised a **Tree Plantation Drive at Aravali Bio-diversity Park** in order to sensitize the young minds about the diversity of nature and the need to protect and nurture our flora and fauna.

As part of Bata's social responsibility and environmental caring programs, this event was held on July 25th and saw a great participation of more than **100 volunteers and over 40 school students from Sector – 17C Govt. Girls Primary School in Gurgaon** in the age group of 7-12 years who gathered to plant well **over 700 trees** of different species. It

provided an excellent opportunity for children to contribute towards making their city clean and green along with making them more aware about the importance of trees in preserving the environment. Their love for nature was evident as they planted the saplings with much enthusiasm and perfection.

As "**A Corporate Citizen of Planet Earth,**" Bata India pledged to preserve the Earth's environment by helping to mitigate global warming and preserve our rich biodiversity.

BCP INDIA ORGANISED BLOOD DONATION CAMP ACROSS INDIA

Blood cannot be manufactured in factories; it can only come from generous donors. One unit saves 3 lives and India faces a shortage of approx. 6 million units of blood every year. This sometimes leads to illegal activities such as trade/sale of blood.

In June 2013, a nation-wide **Blood Connect Drive** was launched by **BCP – India** in collaboration with **Rotary Blood Bank** to counter the problem of blood shortage across India. The objective was to raise awareness on the importance of blood donation and act as a channel connecting voluntary blood donors with those who need blood.





Bata

Bata India Limited

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