

Date: August 9, 2016

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Wing,
Rotunda Building,
P J Towers, Dalal Street, Fort,
Mumbai - 400001

Dear Sirs,

Subject: Annual Report 2015-16 of the Company

We wish to inform you that the 83rd Annual General Meeting (AGM) of the Members of Bata India Limited ('the Company') was held at KALAMANDIR, 48, Shakespeare Sarani, Kolkata - 700017 on Thursday, August 4, 2016 at 10:00 a.m.

The Annual Report 2015-16 comprising of Audited Financial Statements of the Company for the financial year ended March 31, 2016 (both Standalone and Consolidated basis), Reports of the Auditor's thereon and the Board's Report alongwith all the Annexure have been duly approved and adopted by the Members of the Company at the aforesaid AGM.

In compliance with the requirements under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are hereby enclosing a copy of Annual Report 2015-16 of the Company for your records.

Kindly acknowledge receipt.

Thanking you.

Yours faithfully,
for **BATA INDIA LIMITED**



MALOY KUMAR GUPTA
Company Secretary

Encl.: As above.

(1) The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051

(2) The Secretary
The Calcutta Stock Exchange Limited
7, Lyons Range,
Kolkata - 700001

BATA INDIA LIMITED

CIN : L19201WB1931PLC007261

Registered Office : 27B, Camac Street, 1st Floor, Kolkata-700016 || Tel : (033) 3980 2001 || Fax : (033) 2289 5748
E-mail : corporate.relations@bata.com || Website : www.bata.in



STYLE. COMFORT. BATA.

BATA INDIA LIMITED
ANNUAL REPORT 2015-16

Bata.





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STYLE. COMFORT. BATA.



India has fast emerged as a preferred market for fashion and lifestyle products of all kinds. Not without reasons, as the brand conscious Indian consumers are fast refining their fashion consciousness as well. Disposable income, middle class populace, overall consumption, access to organised retail, all continue to head northwards. Add to this the sheer volume of young consumers, who remain high on aspiration, preference, confidence and consumption, and the queuing up of global brands and marketers becomes demystified.

When it comes to meet the evolving taste and preference of Indian youth in footwear and accessories, Bata India stands foremost. We have been undertaking a slew of measures, including the introduction of season's collection, transformational revamp of our major brands, refreshing the shopping experience, expanding our accessories range and extending a 24x7 omni-channel shopping platform. All these to mass enable the style quotient of the ever-expressive Indian youth.

Having symbolised 'Choice and Trust' in Indian footwear markets for well over eight decades, at Bata India, we are headed to fortify our 'Style and Comfort' quotients.



VALUES

SERVE WITH PASSION We are passionate about delighting our customers. Serving their individual needs defines everything we do. It is this passion for what we do that sets us apart from our competitors. We are proud and energized by being part of a family company with deeply held values. We have all invested something of ourselves in the company and act as if the company was our own. We like to win but not at all costs. We take responsibility for how we impact the many and diverse communities in which we operate.

BE BOLD We are pioneers. We value individuals with the courage to change, and to be prepared to fail sometimes. We have a healthy dissatisfaction for the status quo. We encourage creativity. We recognize curiosity and original thought. Innovation is the foundation stone of our company. We embrace the future but take time to learn from the past. We do what we say we will do and do not rest on our laurels. We celebrate success and value everyone's unique contribution towards achieving the goal.

COUNT ON ME We lead by example and follow when called. We value those who take accountability for their successes and failures. We take responsibility for our own performance and the performance of those around us. We encourage and support others to do their best. We place great importance on developing ourselves and those around us and we believe that feedback is the breakfast of champions. We share openly with others and we act with integrity in all that we do.

EXCEED CUSTOMER EXPECTATIONS Whether it is products, processes, or people, we are uncompromising when it comes to quality. We strive to create products that are easy to buy, exciting to wear, and exceptional value. We strive to be the most responsible and efficient in all that we do in order to deliver the best value to our customers. We operate where design, comfort and value meet. Delighting the diverse needs and preferences of our customers is our lifelong mission.

IMPROVING LIVES Making people's lives better has been at the core of the company's philosophy for over 120 years. We do this by displaying respect for our customers, suppliers, employees and the communities we touch. We believe that we can make a difference in the lives of everyone we touch through openness and tolerance to race, religion or cultural differences. We offer an inclusive and supportive work environment to our employees where individuality is valued, where people can 'be themselves', and where everyone is encouraged to grow.

BATA INDIA IN BRIEF

VISION

To make great shoes accessible to everyone!

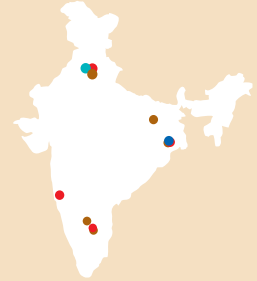
MISSION

- We help people to look and feel good...
...by continuously focusing on product quality, innovation and value
- We become the customers' destination of choice...
...by offering a personalised shopping experience to create long-standing customer relationships
- We attract and retain the best people...
...by showing great leadership, a passion for high standards, our respect for diversity and a commitment to create exceptional opportunities for professional growth
- We remain the most respected footwear company...
...by being socially responsible and ethical in everything we do and giving back to every community in which we operate

BATA INDIA IN NUMBERS

- 5 state-of-the-art manufacturing units [Batanagar (Kolkata), Bataganj (Patna), Faridabad, Bangalore and Hosur]
- Capacity to produce more than 21 million pairs every year
- Annual sales of over 50 million pairs of footwear
- Over 150,000 customers served every day
- Over 2,500 styles of Footwear and Accessories
- 18 world class brands catering to diverse needs of customers
- More than 1,265 retail stores located in over 500 cities across India - 1,121 Bata, 102 Hush Puppies and 42 Footin Stores
- Employs more than 7,700 people
- Imparted over 12,900 man-days of training in FY15-16
- Pan India presence with over 2,650,000 Sq. Ft. of Retail Space

Our Presence



| Retail offices | Corporate office | Manufacturing Unit |
|--|------------------|--|
| Bangalore Delhi Kolkata Thane | Gurgaon | Bangalore Bataganj (Patna) Batanagar (Kolkata) Faridabad Hosur |
| Registered office Kolkata | | |

BATA SHOE ORGANIZATION

Headquartered in Lausanne, Switzerland, Bata Shoe Organisation is a family-owned global footwear and fashion accessory manufacturer and retailer. It is structured into three business units namely Bata Europe, based in Italy; Bata Emerging Market (Asia, Pacific, Africa and Latin America), based in Singapore and Bata Protective (worldwide B2B operations), based in The Netherlands.

GLOBAL FOOTPRINT

- Presence in more than 70 countries
- Operates over 5,000 Stores
- 26 production facilities in 18 countries
- Serves more than 1,000,000 customers every day
- Employs more than 30,000 people





Mr. Uday Khanna
Chairman and
Independent Director

Mr. Uday Khanna is currently the Non-Executive Chairman of Bata India Ltd. He also serves on the Boards of Castrol India Ltd., Pfizer Ltd., DSP BlackRock Investment Managers Pvt. Ltd., Pidilite Industries Ltd. and NRB Bearings Ltd.

Mr. Khanna was the Managing Director and CEO of Lafarge India from July 1, 2005 to July 2011 and subsequently its Non-Executive Chairman till September 24, 2014. He joined the Lafarge Group in Paris on June 1, 2003 as the Senior Vice President for Group Strategy, after a long stint of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles, both nationally and internationally.

Mr. Khanna's last position before joining Lafarge was as 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. Khanna is a B.Com and a Chartered Accountant (FCA). He was the President of the Indo-French Chamber of Commerce & Industry in 2008 and 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. Khanna is also the Joint Managing Trustee and Treasurer of the Indian Cancer Society.

PROFILE OF DIRECTORS

Mr. Rajeev Gopalakrishnan holds a degree in 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 the organisation. With a rich experience of over 26 years, Mr. Gopalakrishnan has earlier held positions of Director-Wholesale Channels, Sales and 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. A self-driven professional, Mr. Gopalakrishnan has taken Bata India on a high growth trajectory. His strategic bent of mind and penchant for spotting opportunities like the rapid growth of e-commerce, has helped him strengthen the Company's e-commerce business with a reach of 1400 cities across India in 2015, growing from just 750 in 2013. He has changed the retail landscape of Bata India with most modern store outlook and service. People development in the organization is his passion which has seen many employees getting promoted in their career.

Mr. Gopalakrishnan's contribution to the industry has been acknowledged at several renowned platforms, being conferred with 'Udyog Ratna Award' and 'Certificate of Excellence and Gold Medal' by The Institute of Economic Studies in 2014, becoming the 'Retail Professional of the Year' in CMO Asia Summit at the 2015 Asia Retail Conference and most recently awarded the prestigious EY Entrepreneur of the Year 2015 (Finalist Award).



Mr. Rajeev Gopalakrishnan
Managing Director and
Chief Executive Officer



Mr. Ram Kumar Gupta
Director Finance and
Chief Financial Officer

Mr. Ram Kumar Gupta is a Bachelor in Commerce with Honors [B.Com (Hons.)] and a Chartered Accountant (FCA) with over 30 years of experience in different positions in Bata Shoe Organization (BSO). Mr. Gupta joined Bata India in July-1986 and had an extremely successful and rewarding career. Mr. Gupta was on the Board of Bata Properties Limited and Coastal Commercial & Exim Limited, the wholly owned subsidiaries of Bata India Limited and has also served as a Nominee Director of Bata India Limited on the Board of Riverbank Developers Private Limited, the erstwhile 50:50 Joint Venture Company of Riverbank Holding Private Limited and Bata India Limited. His last assignment in Bata India was as Senior Vice President-Finance from January-2011 till January-2013.

Mr. Gupta was assigned a challenging role as Finance Director- Bata Shoe Company Kenya Ltd. in February 2013, a position which he held till his relocation to India in July-2015. In this overseas assignment, in addition to Bata-Kenya, he was also made responsible for the finance operations of Bata Shoe Company Uganda Limited and Bata Shoe Company Tanzania Limited. The companies in India, Kenya, Tanzania and Uganda have reported record profits and improved profit margins through various cost control techniques and innovative methods during his tenure.

Mr. Gupta has attended various courses in BSO including *Adminco and Bata Finance-E Learning*.

Mr. Christopher Kirk is a British Citizen and holds a Degree of Bachelor in Science with Honors from University of Wales, United Kingdom. Mr. Kirk had started his career in April-1981 with SGS Group, the World's largest Testing and Inspection Company and later became the General Manager of the Company's operations in New Zealand and held a number of senior positions in Thailand, Ghana, Singapore and Australia. He was appointed to the Operations Council in 2002, which is the management body of SGS Group and was subsequently appointed as the Chief Operating Officer of South East Asia / Pacific Region and then in 2003 as Executive Vice President, Minerals and Environment Services based in Geneva. Mr. Kirk was also responsible for the cross-sectorial Collateral Management Business.

Mr. Kirk became the Chief Executive Officer (CEO) of the SGS Group in November-2006 and held the position till his retirement in March-2015. The SGS Group has over 80,000 personnel in 150 countries worldwide. As CEO, Mr. Kirk had varied international experience with a focus on Europe, Africa and Asia. He had key leadership experience in both regional and business line roles. He was also part of the senior leadership team tasked with restructuring the Group. As CEO, Mr. Kirk re-organized, re-energized and led changes throughout the entire organization resulting in significantly improved profitability, a flatter structure and faster, cleaner lines of communication. Under his leadership the Company had 24 direct reports on the Operations Council. Improvements in growth and margin, including organic growth of almost 8% p.a. were reported during his tenure of 8.5 years. After retiring as CEO, Mr. Kirk was elected to the Board of Directors of SGS.

Mr. Kirk joined the Board of Compass Limited of Bata Shoe Organization 3 years ago at the request of Thomas G. Bata and accepted the position as Chairman of the Compass Board as of July 2015.



Mr. Christopher Kirk
Non-Executive Director



Mr. Ravi Dhariwal
Independent Director

Mr. Ravi Dhariwal is the Senior Advisor of TPG India and possesses a rich experience of more than 39 years in building consumer business all over the world.

Mr. Dhariwal is an Engineer from IIT-Kanpur and an MBA from IIM-Calcutta. Just prior to joining TPG, Mr. Dhariwal was the CEO of Bennett & Coleman, India's largest media company, with diversified media platforms including Radio Mirchi, Times Television Network, Times Internet, Times OOH and the world's largest selling English Newspaper, The Times of India. Prior to joining Bennett & Coleman, Mr. Dhariwal has also worked with PepsiCo for 12 years. As the first employee of Pepsi in India, he has helped build a successful business for the Company in India. Mr. Dhariwal also led the Beverage Business in India, Africa and South East Asia.

Mr. Dhariwal was also the world-wide President of International News Media Association from 2011-2013.

Ms. Anjali Bansal is Partner and Managing Director with TPG, a leading global private equity fund. She is based in Mumbai. Prior to this she was the founder and Managing Director of Spencer Stuart's India business and co-led the firm's Asia Pacific Board and CEO practice, working in various geographies across the United States, Europe and Asia, advising companies on Board governance and CEO succession planning. Earlier, Ms. Bansal was a strategy consultant with McKinsey & Company, based in New York and Mumbai.

Ms. Bansal serves on the Boards of Voltas - A Tata Enterprise and GlaxoSmithKline (GSK) Pharmaceuticals India and is on the Managing Committee of the Bombay Chamber of Commerce & Industry. She is on the Advisory Board of Columbia University Global Centers, South Asia, the United Way of Mumbai and Enactus. Ms. Bansal has been listed as one of the 'Most Powerful Women' in Indian Business by India's leading publication, *Business Today*.

She has also been named as one of the 'Most Powerful Women' in Business in India by Fortune Magazine. Ms. Bansal received a Master's Degree in International Affairs, with distinction, from Columbia University, where she majored in International Finance and Business, as well as a Bachelor's Degree in Computer Engineering from Gujarat University.



Anjali Bansal
Independent Director



Mr. Akshay Chudasama
Independent Director

Mr. Akshay Chudasama is the Managing Partner of Shardul Amarchand Mangaldas & Co. and heads the Firm's practice in the Mumbai Region. Mr. Chudasama has a wide corporate commercial practice with expertise in cross-border M&A and Private Equity across a range of sectors, particularly, real estate. Mr. Chudasama advises both foreign companies entering India and Indian companies in their outbound acquisitions.

Mr. Chudasama holds a Degree in Bachelors of Arts from St. Xavier's College (University of Bombay) and is a Law Graduate from the London School of Economics (University of London), UK. Mr. Chudasama is enrolled as an Advocate with the Bar Council of Maharashtra and Goa, and as a Solicitor with the Law Society (England and Wales). Mr. Chudasama is also enrolled in the Bombay Bar Association, International Bar Association, Inter-Pacific Bar Association, Entrepreneurs Organization, Young Presidents' Organization, American Bar Association (Associate Member).

Mr. Chudasama has been practicing law since 1994. Mr. Chudasama was a Partner at AZB & Partners for over 3 years and thereafter at J. Sagar Associates (JSA) for almost 10 years. Mr. Chudasama has addressed several prestigious domestic and international seminars and conferences on various aspects related to his practice. Mr. Chudasama serves as a Director on the Boards of Apollo Tyres Ltd., PTL Enterprise Ltd., etc.

Mr. Shaibal Sinha is the Group Operations Finance Controller for Bata International based out of Singapore. Mr. Sinha holds a Degree in Bachelors of Commerce (B.Com) and is a Chartered Accountant (ACA) with more than 29 years of post-qualification experience in different positions in finance across the globe based out of India, Singapore, United Kingdom and Middle East.

Just before joining Bata, Mr. Sinha was working with Reckitt Benckiser (a multinational consumer goods company dealing in Household, Personal Care, Health and Hygiene products). Mr. Sinha worked with them at various levels in finance in India and United Kingdom for eight years. Mr. Sinha joined Bata India Limited in November 2004 as Executive Director - Finance based in Gurgaon, and worked till September 2010.

Mr. Sinha moved to Singapore in 2011 to a Bata group company as the "Chief Financial Officer" of Bata Emerging Market (South-Asia, Asia Pacific, Africa and Latin America). Mr. Sinha then took over as Senior Vice President - Finance and Development of Bata Emerging Markets in March 2014 based out of Singapore. Mr. Sinha is also a member of the Board of Directors of GFS Singapore, China Footwear Services, Bata Indonesia, Bata Malaysia, Bata Thailand, Bata Sri Lanka and Bata Bangladesh.



Mr. Shaibal Sinha
Non-Executive Director



BUSINESS HIGHLIGHTS

- Expanded full range of light and sporty Bubblegummers shoes for children in 200 stores
- Extended Disney Flip Flop to 200 stores
- Continued expanding our E-Commerce with sales of USD 6 million and over 3.70 lacs pairs
- Membership in customer service and loyalty program increased to 6.67 million
- Expansion to reach closer to our consumers with 21 new Bata stores, 14 new Hush Puppies stores and 7 Footin stores
- Stronger reach to the youth and newer audiences through better collections, in store activation and digital campaigns

FY15-16 HIGHLIGHTS

AWARDS AND RECOGNITIONS

- Dun & Bradstreet Corporate Awards - 2015
- The Most Trusted Brand – Brand Trust Report, India Study 2015
- Entrepreneur of the Year 2015 - Conferred by EY to Mr. Rajeev Gopalakrishnan, Group Managing Director, South Asia, Bata Emerging Markets (Finalist Award)
- Best Footwear Brand 2015 – Brand with outstanding e-Retail Performance and re-design/re-launch of the Year by Franchise India

Notable awards from earlier years

- Most Trusted Brand and Best Brand Award - by Economic Times in 2014
- Platinum Award 2014 - at Reader's Digest Trusted Brands by India Today
- Dun & Bradstreet Corporate Awards - 2014
- Udyog Rattan Award conferred to Mr. Rajeev Gopalakrishnan, and Certificate of Excellence and Gold Medal awarded to the Company by The Institute of Economics Studies in 2014
- Master Brand Awards - 2014 by CMO Asia



Reader Digest Trusted Brand



Footwear brand with outstanding eRetail performance



Pitch Top 50 Brands



Dun & Bradstreet Corporate Awards



Top Most Trusted Brands

BATA INDIA LIMITED
(CIN: L19201WB1931PLC007261)

CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|---------------------------|---|
| Mr. Uday Khanna | Chairman and Independent Director |
| Mr. Ravi Dhariwal | Independent Director <i>(since May 27, 2015)</i> |
| Mr. Akshay Chudasama | Independent Director |
| Ms. Anjali Bansal | Independent Director |
| Mr. Christopher Kirk | Non-Executive Director <i>(since February 10, 2016)</i> |
| Mr. Shaibal Sinha | Non-Executive Director <i>(since May 27, 2015)</i> |
| Mr. Rajeev Gopalakrishnan | Managing Director |
| Mr. Ram Kumar Gupta | Director Finance <i>(since August 19, 2015)</i> |

AUDIT COMMITTEE

| | |
|----------------------|----------|
| Mr. Ravi Dhariwal | Chairman |
| Mr. Uday Khanna | Member |
| Mr. Akshay Chudasama | Member |
| Ms. Anjali Bansal | Member |
| Mr. Christopher Kirk | Member |
| Mr. Shaibal Sinha | Member |

STAKEHOLDERS RELATIONSHIP COMMITTEE

| | |
|---------------------------|----------|
| Mr. Uday Khanna | Chairman |
| Mr. Rajeev Gopalakrishnan | Member |
| Mr. Ram Kumar Gupta | Member |

NOMINATION AND REMUNERATION COMMITTEE

| | |
|----------------------|-------------|
| Ms. Anjali Bansal | Chairperson |
| Mr. Uday Khanna | Member |
| Mr. Ravi Dhariwal | Member |
| Mr. Akshay Chudasama | Member |
| Mr. Christopher Kirk | Member |
| Mr. Shaibal Sinha | Member |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

| | |
|---------------------------|----------|
| Mr. Akshay Chudasama | Chairman |
| Mr. Ravi Dhariwal | Member |
| Mr. Rajeev Gopalakrishnan | Member |
| Mr. Ram Kumar Gupta | Member |

MANAGEMENT COMMITTEE

(Constituted w.e.f. August 5, 2015)

| | |
|---------------------------|----------|
| Mr. Rajeev Gopalakrishnan | Chairman |
| Mr. Ravindra Dhariwal | Member |
| Mr. Ram Kumar Gupta | Member |

RISK MANAGEMENT COMMITTEE

(Constituted w.e.f. August 19, 2015)

| | |
|---------------------------|--|
| Mr. Rajeev Gopalakrishnan | Chairman |
| Mr. Ravindra Dhariwal | Member |
| Mr. Ram Kumar Gupta | Member |
| Mr. Christopher Kirk | Member |
| Mr. Sanjay Kanth | Member <i>(Senior Vice President - Manufacturing)</i> |
| Mr. Vikas Bajjal | Member <i>(Senior Vice President - Human Resource)</i> |
| Mr. Vinod Kumar Mangla | Member <i>(Chief Internal Auditor)</i> |

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Maloy Kumar Gupta

EXECUTIVE COMMITTEE

Mr. Rajeev Gopalakrishnan
Mr. Ram Kumar Gupta
Mr. Enrico Tonolli
Mr. Inderpreet Singh
Mr. Sanjay Kanth
Mr. Vikas Bajjal
Mr. Vikas Anand
Mr. Vijay Gogate
Mr. Matteo Lambert
Ms. Kiran Joshi
Mr. Kumar Sambhav

CHIEF INTERNAL AUDITOR

Mr. Vinod Kumar Mangla

INVESTOR RELATIONS MANAGER

Mr. J. Banerjee
Share Department
27B, Camac Street, 1st Floor, Kolkata - 700016
Telephone : (033) 2289 5796; (033) 3980 2021
E-mail : share.dept@bata.co.in

CORPORATE OFFICE

Bata House
418/02, M. G. Road, Sector - 17
Gurgaon - 122002
Telephone : (0124) 3990100 / 3990115
Fax : (0124) 3990116 / 118
E-mail : customer.service@bata.co.in

REGISTERED OFFICE

(w.e.f. January 1, 2015)

27B, Camac Street, 1st Floor, Kolkata - 700016
Telephone : (033) 3980 2001
Fax : (033) 2289 5748
E-mail : corporate.relations@bata.com

BANKERS

State Bank of India
HDFC Bank Limited

AUDITORS

M/s. S. R. Batliboi & Co. LLP
Chartered Accountants
Golf View Corporate Tower-B
Sector - 42, Sector Road
Gurgaon - 122002

SECRETARIAL AUDITOR

M/s. P. Sarawagi & Associates
Narayani Building
Room No. 107, First Floor
27, Brabourne Road
Kolkata - 700001

COMPANY SECRETARY IN WHOLE-TIME PRACTICE

M/s. S. M. Gupta & Co.
Company Secretaries
P - 15, Bentinck Street
Kolkata - 700001

REGISTRAR & SHARE TRANSFER AGENT

R & D Infotech Private Limited
Unit : BATA INDIA LIMITED
7A, Beltala Road, 1st Floor
Kolkata - 700026
Telephone : (033) 2419 2641 / 2642
Fax : (033) 2419 2642
E-mail : rd.infotech@vsnl.net; bata@rdinfotech.in

BATA INDIA LIMITED

CIN: L19201WB1931PLC007261

Registered Office: 27B Camac Street, 1st Floor, Kolkata - 700016

Telephone: +91 33 3980 2001; Fax: +91 33 2289 5748

E-mail: corporate.relations@bata.com; Website: www.bata.in

NOTICE CONVENING ANNUAL GENERAL MEETING

NOTICE is hereby given that the 83rd Annual General Meeting of the Members of Bata India Limited ('the Company') will be held at '**KALAMANDIR**' 48, **Shakespeare Sarani, Kolkata - 700017 on Thursday, August 4, 2016 at 10:00 a.m.**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 (both Standalone and Consolidated basis), together with the Reports of the Auditors thereon and the Board's Report.
2. To declare a Dividend for the financial year ended March 31, 2016. The Board recommended a Dividend of Rs. 3.50 per Equity Share of Rs. 5/- each, fully paid-up.
3. To appoint a Director in place of Mr. Shaibal Sinha (DIN: 00082504), who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration and to pass, the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Registration No.: 301003E issued by the Institute of Chartered Accountants of India), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company."

"FURTHER RESOLVED THAT the Audit Committee of the Board of Directors of the Company be and is hereby authorized to determine the remuneration payable to the Auditors."

SPECIAL BUSINESS:

5. **Appointment of Mr. Christopher MacDonald Kirk as a Director of the Company, liable to retire by rotation**

To appoint Mr. Christopher MacDonald Kirk as a Director of the Company and in this regard to consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Christopher MacDonald Kirk (DIN: 07425236) who was appointed as an Additional Director on the Board of Directors of the Company on February 10, 2016 to hold office up to the date of this Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company."

6. **Re-appointment of Mr. Rajeev Gopalakrishnan as the Managing Director of the Company and fixing his remuneration**

To re-appoint Mr. Rajeev Gopalakrishnan as the Managing Director of the Company and to fix his remuneration and in this regard to consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 2(54), 196, 197 and 198 read with Schedule V to the Companies Act, 2013, consent of the Company be and is hereby accorded to the re-appointment of Mr. Rajeev

Gopalakrishnan (DIN: 03438046), as the Managing Director of the Company (with such designation or designations as the Board of Directors may determine and deem fit to confer to Mr. Rajeev Gopalakrishnan, from time to time) for a period of five consecutive years with effect from February 23, 2016 on the terms and conditions contained in the Agreement executed by and between Mr. Rajeev Gopalakrishnan and the Company, salient features of which are specified in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to this Notice, with liberty to the Board of Directors to vary the terms including increase in remuneration within the limits prescribed under the Act and as may be mutually agreed between Mr. Rajeev Gopalakrishnan and the Company from time to time.”

7. Appointment of Mr. Ram Kumar Gupta as a Director of the Company

To appoint Mr. Ram Kumar Gupta as a Director of the Company and in this regard to consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Ram Kumar Gupta (DIN: 01125065) who was appointed as an Additional Director on the Board of Directors of the Company on August 19, 2015 to hold office up to the date of this Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company.”

8. Appointment of Mr. Ram Kumar Gupta as a Whole-time Director of the Company and fixing his remuneration

To approve the appointment of Mr. Ram Kumar Gupta as a Whole-time Director of the Company and to fix his remuneration and in this regard to consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 2(94), 196, 197 and 198 read with Schedule V to the Companies Act, 2013, consent of the Company be and is hereby accorded to the appointment of Mr. Ram Kumar Gupta (DIN: 01125065), as a Whole-time Director of the Company designated as Director Finance (with such other designation or designations as the Board of Directors may determine and deem fit to confer to Mr. Ram Kumar Gupta from time to time) for a period of five consecutive years with effect from August 19, 2015 on the terms and conditions contained in the Agreement executed by and between Mr. Ram Kumar Gupta and the Company, salient features of which are specified in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to this Notice, with liberty to the Board of Directors to vary the terms including increase in remuneration within the limits prescribed under the Act and as may be mutually agreed to between Mr. Ram Kumar Gupta and the Company from time to time.”

By Order of the Board

Maloy Kumar Gupta
Company Secretary
ACS-24123

Place : Gurgaon
Date : May 30, 2016

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Rules framed thereunder, in respect of the Special Business under Item Nos. 5 to 8 of the accompanying Notice are annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EIGHTY THIRD ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS BEHALF, ONLY ON A POLL. A PROXY NEED NOT BE A MEMBER. PROXY(IES), IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

In terms of Section 105 of the Companies Act, 2013 and Rules framed thereunder, a person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total paid-up share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Pursuant to Section 113 of the Companies Act, 2013 and Rules framed thereunder, the corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution and Power of Attorney, if any, authorizing their representative(s) to attend and vote, on their behalf, at the Meeting.
4. Pursuant to Section 91 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 42(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Share Transfer Books and Register of Members of the Company will remain closed from Thursday, July 21, 2016 to Thursday, August 4, 2016 (both days inclusive).
5. 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.
6. Members who hold shares in dematerialized form, are requested to bring their Depository Participant (D.P.) I.D. and Client I.D. No(s). for easier identification to record attendance at the Meeting.
7. Pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rules framed thereunder, Members are informed that they may nominate at any time, in the prescribed manner, a person to whom their shares in the Company shall vest in the unfortunate event of their death. Nomination Form SH-13 and SH-14 are available on the website of the Company at www.bata.in in "Download Forms" under "Investor Relations".
8. A Member desirous of receiving any information on the Financial Statements 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.
9. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof i.e., electricity / telephone bill, driving license or a copy of passport and bank particulars to the Company or its Registrar & Share Transfer Agents (RTA) and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participant(s) and not to the Company / RTA without any delay.
10. In all correspondence with the Company, Members having physical shareholding are requested to quote their account / folio numbers and in case their shares are held in the dematerialized form, they must quote their Depository Participant (D.P.) I.D. and Client I.D. No(s).
11. 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 Registrar and Share Transfer Agents (RTA) within a period of 15 days from the date of generation of the Demat Request Number (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 and Central Depository Services (India) Limited 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.
12. 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, Nizam Palace, 234/4, A.J.C. Bose Road, Kolkata - 700020, by submitting an application in the prescribed Form.

- ii. Consequent upon amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining unpaid 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 (IEPF) set up by the Government of India. It may be noted that once the unclaimed / unpaid amount of dividend is transferred to the IEPF, the same cannot be claimed by the Members therefrom.
- iii. No dividend has been declared for the financial year ended from December 31, 2002 to December 31, 2006.
- iv. The Company has requested the Members *vide* letter dated April 11, 2016 who have not encashed their dividend warrant for the financial year ended December 31, 2008 onwards, to claim the amount of dividend from the Company immediately. Unclaimed / unpaid dividend for the financial year ended December 31, 2008 will be transferred to IEPF in the month of July, 2016.
- v. During the financial year ended March 31, 2016, the Company has deposited a sum of Rs. 6,76,440 (Rupees Six Lacs Seventy Six Thousand Four Hundred and Forty only) to the IEPF of the Government of India, on account of unclaimed / unpaid dividend for the financial year ended December 31, 2007.

The due dates for transfer of the unpaid/unclaimed dividend to IEPF are as follows:

| Dividend for the year ended | Due date for transfer to IEPF |
|------------------------------------|--------------------------------------|
| Year ended 31 Dec 2008 | 30.06.2016 |
| Year ended 31 Dec 2009 | 01.07.2017 |
| Year ended 31 Dec 2010 | 02.08.2018 |
| Year ended 31 Dec 2011 | 04.07.2019 |
| Year Ended 31 Dec 2012 | 09.07.2020 |
| Year Ended 31 Dec 2013 | 26.06.2021 |
| Year Ended 31 Mar 2015 | 09.09.2022 |

13. Dividend on Equity Shares as recommended by the Board of Directors of the Company for the financial year ended March 31, 2016, if declared at the Annual General 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 / Registrar and Share Transfer Agents on or before July 20, 2016.
 - 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 and Central Depository Services (India) Limited, at the end of business hours on July 20, 2016.
14. Pursuant to Regulation 12 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule I to the said Regulations, it is made mandatory for all the companies to use bank details furnished by the investors for distributing dividends, interests, redemption or repayment amounts to them through National / Regional / Local Electronic Clearing Services (ECS) or Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), wherever ECS / RTGS / NEFT and bank details are available. In the absence of electronic facility, the companies are required to mandatorily print the bank details of the investors on the 'payable-at-par' warrants or cheques for distribution of dividends or other cash benefits to the investors. In addition to that, if bank details of investors are not available, the companies shall mandatorily print the address of the investor on such payment instruments. Therefore, Members holding shares in physical mode are requested to provide their bank details to the Company / Registrar and Share Transfer Agents. Members holding shares in demat mode are requested to record the ECS mandate with their Depository Participant(s) concerned.

15. As per Regulation 40(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copy of their Income Tax Permanent Account Number (PAN). Additionally, for securities market transactions and / or for off market / private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copy of PAN Card to the Company / Registrar and Share Transfer Agents for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s).
16. The Ministry of Corporate Affairs (MCA), Government of India has introduced a 'Green initiative in 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 20 of the Companies Act, 2013 and Rules framed thereunder.

In case you have not registered your correct e-mail ID, please communicate the same to our Registrar and Share Transfer Agents (RTA) - 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, 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 despatched three written communications to Members on July 15, 2011, November 18, 2011 and March 14, 2013 requesting them to register their designated email ID with the Company / RTA. However, Members who are desirous of obtaining physical copy of the Notices, Annual Reports and other documents may forward their written request to the Company / RTA for the same.

17. As required under the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, a route map, including a prominent landmark, showing directions to reach the AGM venue is annexed hereto.

18. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to facilitate its Members to transact business at the Eighty Third Annual General Meeting (AGM) of the Company by voting through electronic means. The Company has engaged the services of National Securities Depository Limited (NSDL) as the Agency to provide remote e-voting services and voting at the AGM venue through electronic voting system.
- II. The facility for voting through electronic means shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through electronic voting system.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The instructions / procedure for remote e-voting are as under:
 - A. In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participant(s)]:
 - (i) Open e-mail and open PDF file viz.: "BataIndiaLimited_e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and password / PIN for remote e-voting. Please note that the password is an initial password;

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>;
 - (iii) Click on 'Shareholder - Login';
 - (iv) Put User ID and password as 'Initial Password'/ PIN noted in step (i) above. Click 'Login';
 - (v) Password change menu will appear. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: 'Active Voting Cycles';
 - (vii) Select 'EVEN' of Bata India Limited;
 - (viii) Now you are ready for remote e-voting as 'Cast Vote' page opens;
 - (ix) Cast your vote by selecting appropriate option and click on 'Submit' and also 'Confirm' when prompted;
 - (x) Upon confirmation, the message 'Vote cast successfully' will be displayed;
 - (xi) Once you have voted on a Resolution, you will not be allowed to modify your vote.
 - (xii) Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to pawan@sarawagi.in with a copy marked to evoting@nsdl.co.in.
- B.** In case a Member receives physical copy of the Notice of AGM [for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided, as below, at the bottom of the Admission Slip for the AGM:

| EVEN (Remote E-Voting Event Number) | USER ID | PASSWORD / PIN |
|--|----------------|-----------------------|
|--|----------------|-----------------------|

- (ii) Please follow all steps from Sl. No. (ii) to (xii) above, to cast your vote electronically.
- V.** In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the 'Downloads' section of www.evoting.nsdl.com or call on toll free no.: 1800 222 990.
- VI.** If you are already registered with NSDL for remote e-voting then you can use your existing User ID and Password / PIN for casting your vote.
- VII.** You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- VIII.** The remote e-voting period commences on Monday, August 1, 2016 (09:00 A.M.) and ends on Wednesday, August 3, 2016 (05:00 P.M.). During this period, the Members of the Company, holding shares either in physical or dematerialized form, as on the cut-off date of July 28, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IX.** The voting rights of the Member shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date i.e., July 28, 2016.

- X.** Any person, who acquires shares of the Company and become a Member of the Company after despatch of the Notice of the AGM and holding shares as of the cut-off-date i.e., July 28, 2016, may obtain the login User ID and password / PIN by sending a request at evoting@nsdl.co.in or share.dept@bata.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password / PIN for casting your vote. If you have forgotten your password, you can reset the password using 'Forgot User Details / Password' option available on www.evoting.nsdl.com or contact NSDL at the given toll free no.: 1800 222 990
- XI.** A person whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through electronic means.
- XII.** Mr. Pawan Kumar Sarawagi of M/s. P. Sarawagi & Associates, Company Secretaries, Kolkata (Membership No.: 3381 and C.P. No. 4882), has been appointed by the Board of Directors as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XIII.** The Chairman at the AGM shall allow voting, with the assistance of Scrutinizer, by use of electronic means for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV.** The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through electronic voting system provided at the AGM venue and remote e-voting in the presence of at least two witnesses, not in the employment of the company and make, not later than three days of conclusion of the Meeting, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the results of the voting forthwith.
- XV.** The results declared along with the report of the scrutinizer shall be placed on the Company's website www.bata.in and on the website of NSDL immediately after the results are declared. The same shall be communicated by the Company to BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The results shall also be made available on the Notice Board of the Company at its Registered Office and Corporate Office.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members of the Company without payment of fees at the Registered Office of the Company at 27B, Camac Street, 1st Floor, Kolkata - 700016. Copies of the said documents shall also be available for inspection at the Corporate Office of the Company at Bata House, 418/02, Mehrauli Gurgaon Road, Sector - 17, Gurgaon - 122002, Haryana. Inspection by the Members can be done on any working day between 11:00 a.m. and 1:00 p.m., up to and including the date of and at the venue of the Eighty Third Annual General Meeting of the Company.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No. 5**

Mr. Christopher MacDonald Kirk (Mr. Kirk) (DIN: 07425236), aged about 59 years, was appointed as an Additional Director of the Company at the Board Meeting held on February 10, 2016. In terms of Section 161 of the Companies Act, 2013, he holds office up to the date of the Eighty Third Annual General Meeting.

The Board of Directors approved the aforesaid appointment of Mr. Kirk, based on the recommendation of the Nomination and Remuneration Committee, pursuant to Section 178 of the Companies Act, 2013 and Rules framed thereunder and also in terms of the Nomination and Remuneration Policy of the Company.

The Company has obtained from Mr. Kirk his consent in Form DIR-2 to act as a Director and also received intimation in Form DIR-8 to the effect that he is not disqualified to be appointed as a Director in any Company. The Company has received Notice in writing under Section 160 of the Companies Act, 2013, from a Member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Kirk, as a Director of the Company.

Brief resume of Mr. Kirk, nature of his expertise in specific functional areas, names of companies in which he holds Directorships and Membership / Chairmanship of Board Committees, etc., are separately annexed hereto. Mr. Kirk does not hold any Equity Share in the Company.

Mr. Kirk is presently the Chairman of Bata Group and the Board considers that association of Mr. Kirk will be of immense benefit to the Company and it would be prudent to appoint Mr. Kirk on the Board of Directors of the Company. As a Director of the Company, Mr. Kirk shall be liable to determination by retirement of Directors by rotation at Annual General Meetings. Accordingly, the Board recommends Resolution No. 5 for approval by the Members.

Except Mr. Kirk, no other Director or Key Managerial Personnel of the Company or their relatives is concerned or interested in Resolution No. 5 as contained in the Notice.

Item No. 6

Mr. Rajeev Gopalakrishnan (Mr. Gopalakrishnan)(DIN: 03438046), aged about 51 years, was appointed as an Additional Director and the Managing Director-Bata Stores of the Company at the Board Meeting held on February 23, 2011. At the Seventy Eighth Annual General Meeting of the Company held on June 28, 2011, appointment of Mr. Gopalakrishnan as the Managing Director-Bata Stores of the Company was approved by the Members of the Company for a period of five years commencing from February 23, 2011. Subsequently, in terms of a Resolution passed in circulation by the Board of Directors on August 29, 2011, he was re-designated as the Managing Director of the Company with effect from October 1, 2011.

The five year term of Mr. Gopalakrishnan as the Managing Director of the Company expired on February 22, 2016. Based on the recommendation of the Nomination and Remuneration Committee of the Board pursuant to the provisions of Section 178 of the Companies Act, 2013, the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the Companies Act, 2013 and the Nomination and Remuneration Policy of the Company, the Board of Directors, at its Meeting held on February 10, 2016, re-appointed Mr. Gopalakrishnan as the Managing Director (also as the Chief Executive Officer and a Key Managerial Person) of the Company with a revised remuneration for a further period of five consecutive years with effect from February 23, 2016, subject to approval of the Members of the Company at the forthcoming Annual General Meeting.

Pursuant to the provisions contained in Article 107 of the Articles of Association of the Company, the period of office of Mr. Gopalakrishnan as the Managing Director of the Company shall not be liable to determination by retirement of directors by rotation at the Annual General Meetings.

The Company has obtained from Mr. Gopalakrishnan his consent to be re-appointed as the Managing Director of the Company and also received intimation in Form DIR-8 to the effect that he is not disqualified to be appointed as a Director in any Company.

Accordingly, the Company has entered into an Agreement dated March 14, 2016 with Mr. Gopalakrishnan containing therein, *inter alia*, the remuneration and authority, power, rights and obligations of Mr. Gopalakrishnan during his tenure as Managing Director of the Company. The remuneration of Mr. Gopalakrishnan may be revised from time to time by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, within the specified limits under the Act., for which the Company shall enter into Supplementary Agreements with Mr. Gopalakrishnan.

In terms of the Agreement entered into between Mr. Gopalakrishnan and the Company on March 14, 2016 containing the terms of his re-appointment as the Managing Director of the Company, Mr. Gopalakrishnan shall be paid the following remuneration:

| | |
|-------------------------------|--|
| Basic Salary | : Rs. 19,250,000/- per annum, payable monthly. |
| Cash Allowances | : Rs. 9,071,000/- per annum, payable monthly. |
| Variable Pay | : Short Term Incentive Plan (STIP) with a target payout of 50% of the Annual Basic Salary, or STIP of Rs. 9,625,000/-. |
| House Allowance | : Rs. 2,800,000/- per annum, payable monthly. |
| Non Cash Allowances: | |
| a) House Utilities & Services | : Rs. 237,600/- per annum. |
| b) Maintenance of Company Car | : Rs. 770,000/- per annum. |
| c) Cost of Driver | : Rs. 286,200/- per annum. |
| d) Education of Children | : Rs. 700,000/- per annum. |
| e) Leave Travel Allowances | : The maximum annual contribution by the Company would be not exceeding an amount equivalent to USD 3,000. |
| Retirement Benefits | : As per Rules of the Company. |
| Leave Entitlement | : As per Rules of the Company. |
| Notice Period | : Six Months. |

The aforesaid remuneration of Mr. Gopalakrishnan falls within the maximum ceiling limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder read with Schedule V to the Companies Act, 2013.

A copy of the aforesaid Agreement shall be available for inspection without payment of fees by any Member of the Company at the Registered Office of the Company at 27B, Camac Street, 1st Floor, Kolkata - 700016 and also at the Corporate Office of the Company at Bata House, 418/02, Mehrauli Gurgaon Road, Sector-17, Gurgaon-122002, on any working day between 11:00 A.M. and 1:00 P.M., up to and including the date of and at the venue of the Eighty Third Annual General Meeting of the Company.

Brief resume of Mr. Gopalakrishnan, nature of his expertise in specific functional areas, names of companies in which he holds Directorships and Membership / Chairmanship of Board Committees, etc., are separately annexed hereto. Mr. Gopalakrishnan does not hold any Equity Share in the Company.

While re-appointing Mr. Gopalakrishnan as the Managing Director & CEO of the Company, the Board of Directors considered his knowledge, experience in the field of management and immense contribution to the overall progress of the Company. The Board is of the opinion that the Company should continue to avail the services of Mr. Gopalakrishnan to achieve better performances in the future. Accordingly, the Board recommends Resolution No. 6 for approval by the Members.

Except Mr. Gopalakrishnan, no other Director or Key Managerial Personnel of the Company or their relatives is concerned or interested in Resolution No. 6 as contained in the Notice.

Item Nos. 7 & 8

Mr. Ram Kumar Gupta (Mr. Gupta) (DIN: 01125065), aged about 57 years, was appointed as an Additional Director of the Company at the Board Meeting held on August 19, 2015. In terms of Section 161 of the Companies Act, 2013, he holds office up to the date of the Eighty Third Annual General Meeting. At the said Meeting, based on the recommendation of the Nomination and Remuneration Committee of the Board pursuant to the provisions of Section 178 of the Companies Act, 2013, the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the Companies Act, 2013 and the Nomination and Remuneration Policy of the Company, the Board also appointed Mr. Gupta as a Whole-time Director of the Company designated as Director Finance (Chief Financial Officer and a Key Managerial Person), for a period of five consecutive years with effect from August 19, 2015, subject to approval of the Members of the Company at the forthcoming Annual General Meeting. Also, pursuant to Clause 49 of the erstwhile Listing Agreement with the Stock Exchanges read with Section 177 of the Companies Act, 2013, the Audit Committee of the Board had approved appointment of Mr. Gupta as the Director Finance and Chief Financial Officer of the Company.

Pursuant to the provisions contained in Article 107 of the Articles of Association of the Company, the period of office of Mr. Gupta as a Whole-time Director of the Company shall be liable to determination by retirement of directors by rotation at the Annual General Meetings.

The Company has obtained from Mr. Gupta his consent in Form DIR-2 to act as a Director and also received intimation in Form DIR-8 to the effect that he is not disqualified to be appointed as a Director in any Company. The Company has received Notice in writing under Section 160 of the Companies Act, 2013, from a Member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Gupta, as a Director of the Company.

The Company has entered into an Agreement dated August 20, 2015 with Mr. Gupta containing therein, *inter alia*, the remuneration and authority, power, rights and obligations of Mr. Gupta during his tenure as a Whole-time Director of the Company. The said remuneration of Mr. Gupta has been revised with effect from April 1, 2016 based on the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors at the Board Meeting held on May 30, 2016, as detailed below:

| | |
|--------------------------|--|
| Basic Salary | : Rs. 83,46,000/- per annum, payable monthly. |
| House Rent Allowance | : Rs. 20,08,500/- per annum, payable monthly. |
| Special Allowance | : Rs. 34,50,700/- per annum, payable monthly. |
| Variable Pay | : Rs. 24,80,400/- per annum, based on the performance of the Company. |
| Perquisites & Allowances | : This will include insurance & medical expenses, cost of Company provided car, maintenance, driver salary and leave travel allowance, as per Rules of the Company and in accordance with the applicable provisions of the Companies Act, 2013 (to the extent applicable), the Income Tax Act, 1961 and the Rules framed under these Acts. |

| | |
|---------------------|--------------------------------|
| Retirement Benefits | : As per Rules of the Company. |
| Leave Entitlement | : As per Rules of the Company. |
| Notice Period | : Six Months. |

The aforesaid remuneration of Mr. Gupta falls within the maximum ceiling limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder read with Schedule V to the Companies Act, 2013. The Company shall enter into a Supplementary Agreement with Mr. Gupta for his revision in remuneration with effect from April 1, 2016, draft whereof was approved at the aforesaid Board Meeting held on May 30, 2016.

Copies of the Agreements mentioned above shall be available for inspection without payment of fees by any Member of the Company at the Registered Office of the Company at 27B, Camac Street, 1st Floor, Kolkata - 700016 and also at the Corporate Office of the Company at Bata House, 418/02, Mehrauli Gurgaon Road, Sector-17, Gurgaon-122002, on any working day between 11:00 A.M. and 1:00 P.M., up to and including the date of and at the venue of the Eighty Third Annual General Meeting of the Company.

Brief resume of Mr. Gupta, nature of his expertise in specific functional areas, names of companies in which he holds Directorships and Membership / Chairmanship of Board Committees, etc., are separately annexed hereto. Mr. Gupta holds 56 Equity Shares of Rs. 5/- each, fully paid-up in the Company.

The Board considered the knowledge, experience and expertise of Mr. Gupta in the field of finance and management and his long association with Bata India Limited and is of the opinion that appointment of Mr. Gupta as a Whole-time Director of the Company shall be of immense benefit to the Company. Accordingly, the Board recommends Resolution Nos. 7 and 8 for approval by the Members.

Except Mr. Gupta, no other Director or Key Managerial Personnel of the Company or their relatives is concerned or interested in Resolution Nos. 7 and 8 as contained in the Notice.

By Order of the Board

Maloy Kumar Gupta

Company Secretary

ACS-24123

Place : Gurgaon

Date : May 30, 2016

Information relating to the appointment / re-appointment of Director(s) at the Eighty Third Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Item No. 3: Re-appointment of Mr. Shaibal Sinha as a Director of the Company, liable to retire by rotation

Mr. Shaibal Sinha (Mr. Sinha), aged 53 years, is a Bachelor of Commerce (B. Com) and Chartered Accountant (ACA) with more than 29 years of post-qualification experience in different positions in Finance across the globe based out of India, Singapore, United Kingdom and Middle East. Just before joining Bata, he was working with Reckitt Benckiser (a multinational consumer goods company dealing in Household, Personal Care, Health and Hygiene products). He worked with them at various levels in finance in India and United Kingdom for eight years.

He joined Bata India Limited in November 2004 as Executive Director - Finance based in Gurgaon, and worked till September 2010. He moved to Singapore in 2011 to a Bata group company as the “Chief Financial Officer” of Bata Emerging Market (South-Asia, Asia Pacific, Africa and Latin America). He then took over as Senior Vice President - Finance and Development of Bata Emerging Markets in March 2014 based out of Singapore.

Currently, he is the “Group Operations Finance Director” for Bata International based out of Singapore. He is also a Member of the Board of Directors of GFS Singapore, China Footwear Services, Bata Indonesia, Bata Malaysia, Bata Thailand, Bata Sri Lanka and Bata Bangladesh.

Name of the Companies in which Mr. Sinha holds Directorship other than Bata India Limited:

| Serial No. | Name of the Company | Designation |
|------------|---|---------------------------------|
| 1. | Global Footwear Services Pte. Ltd. | Director |
| 2. | Bata Shoe Company of Ceylon Limited | Director |
| 3. | Bata Exports (Pvt.) Ltd. | Director |
| 4. | Bata Shoe Company (Bangladesh) Limited | Director |
| 5. | China Footwear Services Ltd. | Supervisory Director |
| 6. | Bata (Thailand) Limited | Director |
| 7. | BT Holding Company Limited | Director |
| 8. | Bata (Malaysia) Sdn Bhd | Company Director |
| 9. | Global Footwear Services (Malaysia) Sdn Bhd | Company Director |
| 10. | PT. Sepatu Bata Tbk. | Member of Board of Commissioner |

Mr. Sinha does not hold Directorship in any company in India other than Bata India Limited. Mr. Sinha is a Member of the Audit Committee and the Nomination and Remuneration Committee of Bata India Limited.

There is no inter-se relationship between Mr. Sinha and other Directors and Key Managerial Personnel of the Company.

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

Item No. 5: Appointment of Mr. Christopher MacDonald Kirk as a Director of the Company, liable to retire by rotation

Mr. Christopher MacDonald Kirk (Mr. Kirk), aged 59 years, is British Citizen and holds a degree of Bachelor in Science with Honors from the University of Wales, United Kingdom. Mr. Kirk had started his career in April-1981 with SGS Group, the World's largest testing and Inspection Company and later became the General Manager of the Company's operations in New Zealand and held a number of senior positions in Thailand, Ghana, Singapore and Australia. He was appointed to Operations Council in 2002, which is the management body of SGS Group and was subsequently appointed as the Chief Operating Officer of South East Asia / Pacific Region and then in 2003 as Executive Vice President - Minerals & Environment Services based in Geneva. Mr. Kirk was also responsible for the cross-sectorial Collateral Management business.

Mr. Kirk became the Chief Executive Officer (CEO) of the SGS Group in November-2006 and held the position till his retirement in March-2015. The SGS Group has over 80,000 personnel in 150 countries worldwide. As CEO, Mr. Kirk had varied international experience with a focus on Europe, Africa and Asia. He had key leadership experience in both regional and business line roles. As CEO, Mr. Kirk re-organized, re-energized and led changes throughout the entire organization resulting in significantly improved profitability, a flatter structure and faster, cleaner lines of communication. Under his leadership the Company had 24 direct reports on the Operations Council. Improvements in growth and margin, including organic growth of almost 8% p.a. were reported during his tenure of 8.5 years. After retiring as CEO, Mr. Kirk was elected to the Board of Directors of SGS.

Mr. Kirk joined the Board of Compass Limited of Bata Shoe Organization 3 years ago at the request of Mr. Thomas G. Bata and accepted the position as the Chairman of the Board of Directors of Compass Limited since July-2015.

Name of the Companies in which Mr. Kirk holds Directorship other than Bata India Limited:

| Serial No. | Name of the Company | Designation |
|------------|---------------------|-------------|
| 1. | Compass Limited | Chairman |
| 2. | SGS SA | Director |

Mr. Kirk does not hold Directorship in any company in India other than Bata India Limited. Mr. Kirk is a Member of the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee of Bata India Limited.

There is no inter-se relationship between Mr. Kirk and other Directors and Key Managerial Personnel of the Company. Mr. Kirk does not hold any share in the Company.

Item No. 6: Re-appointment of Mr. Rajeev Gopalakrishnan as the Managing Director of the Company

Mr. Rajeev Gopalakrishnan (Mr. Gopalakrishnan), aged 51 years, has been with Bata Shoe Organization (BSO) for more than a quarter of a century. A Mechanical Engineer, Mr. Gopalakrishnan joined BSO in 1990, where he served at various senior positions including Managing Director - Bata Thailand, Managing Director - Bata Bangladesh and Managing Director - Retail of Bata India before becoming the Managing Director of Bata India Limited in 2011.

Today, Bata India enjoys a strong pan India retail network of over 1,265 stores including 1,121 Bata, 102 Hush Puppies, and 42 Footin stores, in over 500 cities. Mr. Gopalakrishnan introduced the 'Footin' retail format in 2012 to sell affordable footwear and accessories targeted at young adults. The network of Bata India today comprises of more than 300 distributors and over 15,000 independent footwear dealers across the country.

Mr. Gopalakrishnan's achievements and vision have earned him the 'Retail Professional of the Year' in CMO Asia Summit at the Asia Retail Conference in 2015. He was also honored with the 'Udyog Ratna Award' and 'Certificate of Excellence and Gold Medal' by The Institute of Economic Studies in 2014. Recently, Mr. Gopalakrishnan was awarded the EY Entrepreneur of the Year 2015 (Finalist Award).

Name of the Companies in which Mr. Gopalakrishnan holds Directorship other than Bata India Limited:

| Serial No. | Name of the Company | Designation |
|------------|--|-------------|
| 1. | China Footwear Services Limited | Chairman |
| 2. | Bata Shoe Company (Bangladesh) Limited | Chairman |
| 3. | Bata Properties Limited | Director |
| 4. | Bata Shoe Company of Ceylon Limited | Director |
| 5. | Way Finders Brands Limited | Director |

Mr. Gopalakrishnan does not hold Directorship in any listed company in India other than Bata India Limited. Mr. Gopalakrishnan does not hold any membership in any committee of the Board of Directors of the aforesaid Companies. Mr. Gopalakrishnan is a Member of the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee and the Chairman of the Risk Management Committee of Bata India Limited.

Number of Board Meetings attended by Mr. Gopalakrishnan and details of his last drawn salary are provided in the Corporate Governance Section of this Annual Report.

There is no inter-se relationship between Mr. Gopalakrishnan and other Directors and Key Managerial Personnel of the Company.

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

Item Nos. 7 & 8: Appointment of Mr. Ram Kumar Gupta as a Whole-time Director of the Company

Mr. Ram Kumar Gupta (Mr. Gupta), aged 57 years, is a Bachelor of Commerce with Honors and a Chartered Accountant (FCA) with over 30 years of experience in different positions in Bata Shoe Organization (BSO). Mr. Gupta joined Bata India in July-1986 and had an extremely successful and rewarding career. His last assignment in Bata India was as Senior Vice President-Finance from January 2011 till January 2013.

Mr. Gupta was assigned a challenging role as Finance Director-Bata Shoe Company Kenya Ltd. in February 2013, position which he held till his relocation to India in July 2015. In this overseas assignment, in addition of Bata-Kenya, he was also made responsible for the finance operations in Bata Shoe Company Uganda Limited and Bata Shoe Company Tanzania Limited. The Companies in India, Kenya, Tanzania and Uganda have recorded record profits and improved profit margins through various cost control techniques and innovative methods during his tenure. Mr. Gupta has attended various courses in BSO including *Adminco* and *Bata Finance-E Learning*.

Name of the Companies in which Mr. Gupta holds Directorship other than Bata India Limited:

| Serial No. | Name of the Company | Designation |
|-------------------|-----------------------------------|--------------------|
| 1. | Bata Properties Limited | Director |
| 2. | Coastal Commercial & Exim Limited | Director |
| 3. | Way Finders Brands Limited | Director |

Mr. Gupta does not hold Directorship in any listed company in India other than Bata India Limited. Mr. Gupta does not hold any membership in any committee of the Board of Directors of the aforesaid Companies. Mr. Gupta is a Member of the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee and the Risk Management Committee of Bata India Limited.

There is no inter-se relationship between Mr. Gupta and other Directors and Key Managerial Personnel of the Company.

Mr. Gupta holds 56 Equity Shares of Rs. 5/- each, fully paid-up in the Company.



FINANCIAL HIGHLIGHTS 2006-2016

| (Rs. in million) | 2006 | 2007 | 2008 |
|--|------------------------|------------------------|------------------------|
| PROFIT & APPROPRIATIONS | | | |
| Sales & Other Income | 8,219.79 | 9,038.05 | 10,235.32 |
| Profit before Depreciation, Tax & Prior Period Items | 628.00 | 711.61 | 908.41 |
| Depreciation | 136.17 | 160.11 | 190.01 |
| Profit before Tax & Prior Period Items | 491.82 | 551.50 | 718.40 |
| Taxation | 90.31 | 40.62 | 111.03 |
| Profit after Tax & Prior Period Items | 401.51 | 510.88 | 607.37 |
| Prior Period Items | - | 36.44 | - |
| Net Profit | 401.51 | 474.44 | 607.37 |
| Dividend & Dividend Distribution Tax | - | 150.37 | 187.96 |
| Retained Earnings | 401.51 | 324.07 | 419.40 |
| ASSETS EMPLOYED | | | |
| Fixed Assets - Gross | 3,076.87 | 3,251.91 | 3,506.48 |
| - Net | 802.47 | 1,042.33 | 1,178.80 |
| Investments | 172.43 | 172.48 | 172.48 |
| Net Current Assets | 1,750.39 | 1,805.05 | 1,930.06 |
| Other Non Current Assets (Includes DTA & Long term loans & advances) | - | - | - |
| | <u>2,725.30</u> | <u>3,019.87</u> | <u>3,281.34</u> |
| FINANCED BY | | | |
| Equity Shares | 642.64 | 642.64 | 642.64 |
| Reserves | 1,477.35 | 1,859.22 | 2,192.40 |
| Shareholder's Funds | 2,119.98 | 2,501.86 | 2,835.04 |
| Loan Funds | 605.32 | 518.01 | 446.30 |
| Non-current liabilities | - | - | - |
| | <u>2,725.30</u> | <u>3,019.87</u> | <u>3,281.34</u> |

| 2009 | 2010 | 2011 | 2012 | 2013 | Fifteen months ended 31.03.2015 | Year ended 31.03.2016 |
|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|-----------------------|
| 11,210.11 | 12,923.42 | 16,959.91 | 19,017.06 | 21,297.54 | 27,808.31 | 24,813.43 |
| 1,281.87 | 1,755.08 | 3,605.04 | 3,033.39 | 3,418.21 | 4,079.01 | 3,736.68 |
| 279.23 | 325.10 | 411.01 | 513.75 | 591.97 | 792.34 | 752.48 |
| 1,002.63 | 1,429.97 | 3,194.03 | 2,519.64 | 2,826.24 | 3,286.68 | 2,984.20 |
| 330.36 | 476.45 | 935.64 | 803.61 | 918.81 | 974.96 | 796.72 |
| 672.27 | 953.52 | 2,258.39 | 1,716.03 | 1,907.43 | 2,311.72 | 2,187.48 |
| - | - | - | - | - | - | - |
| 672.27 | 953.52 | 2,258.39 | 1,716.03 | 1,907.43 | 2,311.72 | 2,187.48 |
| 225.56 | 299.00 | 447.14 | 448.13 | 491.68 | 488.70 | 555.38 |
| 446.72 | 654.52 | 1,811.25 | 1,267.90 | 1,415.75 | 1,823.02 | 1,632.10 |
| 3,754.87 | 4,178.77 | 5,084.40 | 5,793.97 | 6,252.34 | 7,436.45 | 7,703.22 |
| 1,309.17 | 1,534.39 | 2,270.66 | 2,594.66 | 2,699.42 | 3,548.56 | 3,211.51 |
| 172.48 | 172.48 | 48.51 | 48.51 | 48.51 | 49.51 | 49.51 |
| 2,096.40 | 2,413.23 | 3,423.89 | 3,482.26 | 4,590.48 | 4,961.96 | 6,795.32 |
| - | - | - | 1,438.97 | 1,864.35 | 2,639.02 | 2,802.60 |
| 3,578.06 | 4,120.11 | 5,743.05 | 7,564.40 | 9,202.76 | 11,199.05 | 12,858.94 |
| 642.64 | 642.64 | 642.64 | 642.64 | 642.64 | 642.64 | 642.64 |
| 2,684.93 | 3,339.73 | 5,100.42 | 6,360.66 | 7,767.37 | 9,578.81 | 11,187.60 |
| 3,327.57 | 3,982.37 | 5,743.05 | 7,003.30 | 8,410.01 | 10,221.45 | 11,830.24 |
| 250.49 | 137.74 | - | - | - | - | - |
| - | - | - | 561.10 | 792.75 | 977.60 | 1,028.71 |
| 3,578.06 | 4,120.11 | 5,743.05 | 7,564.40 | 9,202.76 | 11,199.05 | 12,858.95 |

SIGNIFICANT RATIOS 2006-2016

| | | | 2006 | 2007 | 2008 |
|-------------------------------------|--|---------|--------|--------|--------|
| MEASURES OF INVESTMENTS | | | | | |
| Return on Equity | $\frac{\text{Profit after Tax}}{\text{Shareholders' Funds}}$ | (%) | 18.94 | 20.42* | 21.42 |
| Earnings per Share**** | $\frac{\text{Net Profit}}{\text{No. of Shares}}$ | (Rs.) | 3.13 | 3.69 | 4.73 |
| Dividend Cover | | (times) | - | 3.69 | 3.78 |
| Dividend | | (%) | - | 20.00 | 25.00 |
| Book Value of an Equity Share**** | $\frac{\text{Shareholders' Funds}}{\text{No. of Shares}}$ | (Rs.) | 16.50 | 19.47 | 22.06 |
| MEASURES OF PERFORMANCE | | | | | |
| Profitability | a) $\frac{\text{Profit before Tax}}{\text{Sales}}$ | (%) | 6.19 | 6.19* | 7.10 |
| | b) $\frac{\text{Profit after Tax}}{\text{Sales}}$ | (%) | 5.05 | 5.74* | 6.00 |
| Capital Turnover | $\frac{\text{Sales}}{\text{Total Funds}}$ | (times) | 2.92 | 2.95 | 3.09 |
| Stock Turnover | $\frac{\text{Sales}}{\text{Stocks}}$ | (times) | 2.88 | 2.93 | 3.46 |
| Working Capital Turnover | $\frac{\text{Sales}}{\text{Net Current Assets}}$ | (times) | 4.54 | 4.93 | 5.25 |
| MEASURES OF FINANCIAL STATUS | | | | | |
| Debt Equity Ratio | $\frac{\text{Loan Funds}}{\text{Shareholders' Funds}}$ | (times) | 0.29:1 | 0.21:1 | 0.16:1 |
| Current Ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | (times) | 1.93:1 | 1.77:1 | 1.71:1 |
| Fixed Assets to Shareholders' Funds | $\frac{\text{Net Fixed Assets}}{\text{Shareholders' Funds}}$ | (times) | 0.38:1 | 0.42:1 | 0.42:1 |

* Without Considering Prior Period Items

** Without considering Gains from Surplus Property Development

*** All ratios are calculated as per revised schedule VI

**** Calculated based on Equity Shares of Rs. 5/- each, as sub-divided w.e.f. October 8, 2015.

| 2009 | 2010 | 2011 | 2012*** | 2013*** | Fifteen months ended 31.03.2015*** | Year ended 31.03. 2016*** |
|--------|--------|---------|---------|---------|------------------------------------|---------------------------|
| 20.20 | 23.94 | 24.74** | 24.50 | 22.68 | 19.37** | 14.86** |
| 5.23 | 7.42 | 11.06** | 13.35 | 14.84 | 15.40** | 13.68** |
| 3.49 | 3.71 | 3.68** | 4.45 | 4.57 | 4.74** | 3.91** |
| 30.00 | 40.00 | 60.00 | 60.00 | 65.00 | 65.00 | 70.00 |
| 25.89 | 30.98 | 44.69 | 54.49 | 65.43 | 79.53 | 92.04 |
| 9.01 | 11.20 | 13.42** | 13.46 | 13.47 | 10.79** | 12.17** |
| 6.04 | 7.47 | 9.08** | 9.17 | 9.09 | 7.23** | 7.17** |
| 3.11 | 3.10 | 2.73 | 2.67 | 2.50 | 2.68 | 2.07 |
| 4.01 | 4.27 | 4.00 | 4.05 | 3.60 | 3.88 | 3.61 |
| 5.31 | 5.29 | 4.57 | 5.38 | 4.57 | 5.52 | 3.61 |
| 0.08:1 | 0.03:1 | - | - | - | - | - |
| 1.72:1 | 1.53:1 | 2.00:1 | 1.93:1 | 1.99:1 | 1.96:1 | 2.48:1 |
| 0.39:1 | 0.39:1 | 0.40:1 | 0.37:1 | 0.32:1 | 0.35:1 | 0.27:1 |

BOARD'S REPORT TO THE MEMBERS

Your Directors are pleased to present the 83rd Annual Report covering the operational and financial performance of your Company along with the Audited Financial Statements for the year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

| Particulars | Year ended on March 31, 2016 | Fifteen month period ended on March 31, 2015 | Twelve month period ended on March 31, 2015 |
|---|---------------------------------|--|---|
| | (Audited) | (Audited) | * |
| Gross Turnover | 24,512.59 | 27,375.98 | 22,318.41 |
| Less: Excise Duty on Turnover | 332.05 | 436.03 | 329.68 |
| Net Turnover | 24,180.54 | 26,939.95 | 21,988.73 |
| Other Income | 300.84 | 432.33 | 355.79 |
| Total | 24,481.38 | 27,372.28 | 22,344.52 |
| Profit/(Loss) before Exceptional item, Depreciation and Taxation | 2,989.61 | 3,763.77 | 3,034.91 |
| Exceptional item - Income/(Loss) | 747.07 | 315.25 | 315.25 |
| Profit/(Loss) before Depreciation and Taxation | 3,736.68 | 4,079.02 | 3,350.16 |
| Less: Depreciation | 752.48 | 792.34 | 655.88 |
| Profit / (Loss) before Taxation | 2,984.20 | 3,286.68 | 2,694.28 |
| Provision for Taxation: | | | |
| -Current Tax | 927.51 | 1,170.24 | 945.77 |
| -Deferred Tax Charge/ (Credit) (Net) | -130.79 | -195.28 | -169.17 |
| Net Profit | 2,187.48 | 2,311.72 | 1,917.68 |
| Profit available for Appropriation | 9,673.37 | 8,205.76 | 8,205.76 |

* Based on Limited Review by the Auditors as published in compliance with Clause 41 of the erstwhile Listing Agreement with the Stock Exchanges.

BUSINESS OPERATIONS

During the financial year ended March 31, 2016, your Company recorded a gross turnover of Rs.24,512.6 Million as compared to gross turnover of Rs. 27,376.0 Million during the fifteen month period ended March 31, 2015. The Net Profit of your Company for the financial year ended March 31, 2016 stood at Rs. 2,187.5 Million as compared to Net Profits of Rs.2,311.7 Million for the fifteen month period ended March 31, 2015. The Net Profits of your Company for the financial year ended March 31, 2016 includes Exceptional Income amounting to Rs.747.1 Million (as per details mentioned in Note No. 23 of the Notes to Financial Statements of the Company attached herewith).

On a consolidation basis, your Company recorded a gross turnover of Rs. 24,585.7 Million during the financial year ended March 31, 2016 and achieved consolidated Net Profits of Rs. 2,185.4 Million for the said financial year.

Your Company closed its previous financial year on March 31, 2015 covering a period of fifteen months as compared to the last financial year ended on March 31, 2016 covering a period of twelve months. Since the financial performance of your Company for the previous period is not comparable, your Board, therefore, considered it prudent to include the financial performance for the twelve month period ended March 31, 2015 for better understanding of year-wise performance, by all the stakeholders of your Company.

Your Company's turnover during the year ended March 31, 2016 recorded a growth of approx. 9.8% as compared to the twelve month period ended March 31, 2015. The Net Profits during the year ended March 31, 2016 registered a growth of approx. 14.1% as compared to the Net Profits achieved by your Company during the twelve month period ended March 31, 2015.

As informed in the last Annual Report, your Company had to overcome the unexpected challenges in implementation of new supply chain IT system which led to disruption and delay in supply of footwear from the factories and warehouses to the retail stores during the beginning of the financial year 2015-16 impacting the volume of footwear sold and also loss of market share. During the year under review, several corrective measures have been taken in order to overcome such challenges including focus on same store growth, replenishment of stock in retail stores based on store requirement/sales, liquidating inventory level through various schemes and also cost reduction initiatives. Your Board is happy to inform that the Company is slowly re-gaining its lost market share and also started registering volume growth from the third quarter of the financial year 2015-16.

During the last year we saw considerable changes in the external business environment. While commodity prices and inflation were under control, the second continuous monsoon failure and resulting drought reduced rural demand in several areas of the Country. In addition, competition from both foreign and national players continued to be aggressive. In this scenario your Company continued to focus on delivering value to the customers.

In order to maintain its leadership position in the organized footwear market in India, your Company has been continuously improving its collection of various range of footwear across all categories - men, women and children. During the year under review, your Company introduced various new designs of footwear which are contemporary, stylish and also affordable. The retail stores of your Company now provide a world class store ambience and delightful shopping experience to the customers. Recently, your Company has initiated a new campaign - Bata Club, which is a mobile based customer loyalty initiative. The Bata Club has approx.6.7 Million memberships and is growing rapidly, resulting in incremental revenue generation for your Company.

Modernization of the factories and manufacturing processes of your Company continued during the year under review. Various initiatives to introduce Six Sigma in Batanagar factory are at different stages of implementation. Your Company has also taken various measures to introduce eco-friendly manufacturing processes including energy saving measures and consumption of minimum natural resources. The manufacturing unit of your Company in Batanagar is an ISO 9001 & ISO 14001 certified Unit. Your Company shall continue to make additional investments in its manufacturing units across the Country for modernization of infrastructure and manufacturing process in order to achieve improved productivity and cater to the emerging customer segments.

Your Company has decided to shift its focus from opening new retail stores to ensuring same store growth. In order to achieve volume growth your Company shall continue its penetration into Tier-2 and Tier-3 cities and other potential markets based on customer-centric market surveys and insights. An appropriate marketing campaign to re-ignite growth is also under preparation. Your Company is confident of maintaining its leadership position in the organized sector of Indian Footwear Industry and shall strengthen its position at the top in the years to come.

SHARE CAPITAL AND SUB-DIVISION OF EQUITY SHARES

Pursuant to approval of the Shareholders obtained at the Eighty Second Annual General Meeting, your Company has sub-divided the face value of its equity shares of Rs. 10/- each, fully paid-up into two equity shares of Rs. 5/- each, fully paid-up. The Share Split Committee of your Board of Directors had fixed October 8, 2015 as the 'Record Date' for the purpose of ascertaining the eligible Shareholders for receiving the aforesaid sub-divided equity shares. Subsequent to the aforesaid Record Date, new share certificates have been despatched to the Shareholders who held shares in physical mode and also credited to the respective demat account who held shares in electronic mode.

Accordingly, the Authorized Share Capital of your Company stands re-classified at Rs.700,000,000/- divided into 140,000,000 equity shares of Rs.5/- each. At present, the Issued Share Capital of your Company is Rs. 642,850,000/- divided into 128,570,000 equity shares of Rs. 5/- each and the Subscribed and Paid-up Share Capital is Rs. 642,637,700/- divided into 128,527,540 equity shares of Rs. 5/- each, fully paid-up.

DIVIDEND

Your Board has recommended a dividend of Rs.3.50 per share (i.e., 70% on an Equity Share of Rs. 5/- each) for the financial year ended March 31, 2016, as against Rs.6.50 (i.e., 65% on an Equity Share of Rs. 10/- each) for the fifteen month period ended March 31, 2015 paid last year. The payment of aforesaid dividend is subject to approval of the Members at the forthcoming Annual General Meeting and if declared, shall be paid to the eligible Members from August 18, 2016 onwards.

TRANSFER OF UNPAID AND UNCLAIMED DIVIDENDS

During the year under review, the unclaimed / unpaid dividend of Rs.6,76,440/- (Rupees Six Lacs Seventy Six Thousand Four Hundred and Forty only) pertaining to the dividend for the financial year ended December 31, 2007 was transferred to Investor Education and Protection Fund (IEPF) of Government of India. The details including last date of claiming of unclaimed / unpaid dividend amount are given at the end of the Notice convening the Eighty Third Annual General Meeting of the Company.

DEPOSITS

Your Company has no unclaimed / unpaid matured deposit or interest thereon since December 31, 2013. Presently, the Company is not accepting any deposits covered under 'Chapter V - Acceptance of deposits by Companies' of the Companies Act, 2013.

CREDIT RATINGS

During the year under review, ICRA Limited (ICRA) has revised the Credit Ratings of your Company. ICRA has reaffirmed the Credit Rating of '[ICRA]AA+' (pronounced as ICRA double A plus) for the Non-Fund Based Facilities of your Company. The outlook on the Long Term Rating is 'Stable'. ICRA has withdrawn the Credit Rating of '[ICRA]AA+' (pronounced as ICRA double A plus) assigned to the Fund Based Facilities of your Company, as there is no amount outstanding against this instrument. ICRA has also withdrawn the Credit Rating of '[ICRA]A1+' (pronounced as ICRA A one plus) assigned to the Commercial Paper programme of your Company, as the said instrument has not been placed by your Company and as such, there is no amount outstanding against this instrument.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

In terms of Section 186 of the Companies Act, 2013 and Rules framed thereunder, details of the Loans given (Note no. 11) and Investments made (Note no. 9) by your Company during the year have been disclosed in the Audited Standalone Financial Statements. Your Company has not given any guarantee or provided security during the year under review.

RELATED PARTY TRANSACTIONS

During the financial year ended March 31, 2016, your Company's transactions with all the Related Parties as defined under the Companies Act, 2013 read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length' basis. Your Company does not have a material unlisted subsidiary as defined under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, your Company did not have any Related Party Transaction which required prior approval of the Shareholders.

All Related Party Transactions are placed before the Audit Committee for its prior approval. There has been no materially significant Related Party Transactions during the year under review, having potential conflict with the interest of the Company. Necessary disclosures required under the Accounting Standards (AS-18) have been made in the Notes to Financial Statements.

EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form No. MGT-9 as on March 31, 2016 is annexed to this Board's Report and marked as *Annexure I*.

AUDITORS

i) Statutory Auditors

The Statutory Auditors of your Company - M/s. 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 received a certificate from them confirming their eligibility to be re-appointed as Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The proposal for their re-appointment has been included in the Notice convening the Eighty Third Annual General Meeting of the Members of the Company.

ii) Secretarial Auditor

In terms of the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a Secretarial Audit Report in the prescribed format, obtained from a Company Secretary in practice, is required to be annexed to the Board's Report. In view thereof, your Board at its Meeting held on February 10, 2016 re-appointed M/s. P. Sarawagi & Associates, Company Secretaries, 27, Brabourne Road, Kolkata - 700001 as the Secretarial Auditors of your Company to conduct the Secretarial Audit and to submit Secretarial Audit Report thereon for the financial year ended March 31, 2016. The Secretarial Audit Report in Form No. MR-3 is annexed to this Board's Report and marked as *Annexure II*.

QUALIFICATION, RESERVATION OR ADVERSE REMARK IN STATUTORY AUDIT REPORT AND SECRETARIAL AUDIT REPORT

There is no qualification, reservation or adverse remark made by the Statutory Auditors in their Auditors' Report to the Financial Statements or by the Secretarial Auditor in its Secretarial Audit Report for the financial year ended March 31, 2016.

RESEARCH & DEVELOPMENT ACTIVITIES AND ENERGY CONSERVATION

Your Company's Research & Development activities during the year under review continued to emphasize on creating a pollution-free and a safe work environment. Technological improvement in product development, material development, introduction of new footwear moulds, process improvement, etc. were the key focus area, in order to improve quality of footwear and productivity in manufacturing. During the year under review, an expenditure of approx. Rs.62.2 Million was incurred on Research & Development (including product development initiatives), as against Rs.61 Million during the year 2014-15. Your Company has adopted a series of energy conservation measures like replacing conventional tubes with energy efficient LED lights, installation of energy efficient screw compressors, etc. at its Manufacturing Units across India. Such energy saving measures led to a savings of energy cost worth approx. Rs. 11.3 Million during the year under review, as against the same savings during 2014-15. Your Company shall continue to invest on Research & Development activities and energy saving measures in its manufacturing units in the future as well.

EFFORTS ON REDUCING ENVIRONMENTAL IMPACT AND SUSTAINABILITY

Your Company is conscious and committed to maintain environmental and ecological balances of this planet and makes its conduct subject to environment audit practices. Across all manufacturing units, effluent treatment plants are working effectively and efficiently. Since Batanagar and Bataganj factories are located at the bank of River Ganges, water discharge to the River Ganga meets the norms of the "Clean Ganga" initiatives of the Central Government. All the factories are complying with stack emission qualities and ambient air qualities. Special thrusts are given on waste management, conservation of energy and water and natural resources.

On Water Conservation initiatives, Rain Water Harvesting Plant was established at the factory at Bangalore during the year 2010 and it is working efficiently and effectively towards utilization of rain water. On Energy Conservation initiatives, Batanagar factory introduced Bio-fuel Briquette fired boiler by replacing fossil fuel oil fired boiler and introduced various low energy sensitive equipments and lamps by replacing high energy consumed devices. Further, in all factories your Company has moved to Water Based (WB) adhesives from petroleum Solvent Based (SB) adhesives.

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

A Statement containing information on conservation of energy, technology absorption and foreign exchange earnings & outgo of the Company, in the prescribed format, under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed to this Board's Report and marked as *Annexure III*.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) continues to be a commitment of your Company in order to create a good impact in the society it belongs. Your Company endorses the idea of improving quality of lives of people in the communities in which it operates because the society is an essential stakeholder. Your Company believes that giving back to the society through CSR activities is its moral duty.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Regulations, 2014, a report on CSR Activities, in the prescribed format, is annexed to this Board's Report, marked as *Annexure IV* and the same forms an integral part of the Annual Report.

SUBSIDIARY COMPANIES

Bata Properties Limited and Way Finders Brands Limited continue to be wholly-owned subsidiaries of your Company. Coastal Commercial & Exim Limited continues to be the only step down wholly-owned subsidiary of your Company.

The Annual Reports of the abovementioned Subsidiaries for the financial year ended March 31, 2016 shall be provided to the Members of the Company upon receipt of written requests from them. The Annual Reports of these Subsidiary Companies will also be made available for inspection by the Members of the Company at the Registered Office of the Company at 27B, Camac Street, 1st Floor, Kolkata - 700016 between 11:00 a.m. and 1:00 p.m. on any working day. Annual Reports along with the Audited Financial Statements of each of the Subsidiaries of your Company are also available on the website of the Company at www.bata.in.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of the aforesaid Subsidiaries, in Form AOC-1, is attached to the Financial Statements of your Company for the year ended March 31, 2016.

The Consolidated Financial Statements of your Company for the financial year ended March 31, 2016, as prepared in terms of the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India are also forming part of this Annual Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND DATE OF REPORT

There has been no material change and commitment affecting financial position between end of the financial year and the date of this Board's Report.

The Ministry of Corporate Affairs, Government of India *vide* its Notification dated February 16, 2015 has issued the Companies (Indian Accounting Standards) Rules, 2015 which lays down a roadmap for companies for implementation of Indian Accounting Standards (*Ind AS*). Every listed company and their holding and subsidiary companies (other than banking companies, insurance companies and non-banking financial companies) are required to comply with *Ind AS* in the preparation of their financial statements for accounting periods beginning on or after April 1, 2016, with the comparatives for the periods ending March 31, 2016. In pursuance of the above Notification, your Company and its subsidiaries have adopted *Ind AS* with effect from April 1, 2016. Your Company has assessed its current financial reporting framework taking into consideration *Ind AS* and has identified major points of differences. Your Company has devised a robust implementation plan for adoption of *Ind AS*.

SIGNIFICANT AND MATERIAL ORDERS

During the year under review, your Company has amicably settled its protracted litigations with Relaxo Footwear Limited relating to 'SPARX' Trademark. Necessary consent terms have been filed with the appropriate Trademarks Authorities and before the Hon'ble Delhi High Court. Except this, there has been no 'material' litigation outstanding as on March 31, 2016. Details of litigation on tax matters are disclosed in the Auditors' Report and Financial Statements which are forming part of this Annual Report.

AWARDS AND RECOGNITION

Your Board is pleased to inform that your Company has been able to maintain its leadership position in the organized footwear market by bagging several awards and recognitions. During the year under review, your Company received several Awards and Recognitions, which include the following:

- The Most Trusted Brand - In 2015, Bata was awarded with the title of the most trusted brand according to the Brand Trust Report, India Study 2015.
- Best Footwear Brand - Known as the brand with outstanding e-Retail Performance and re-design/ re-launch of the Year by Franchise India in 2015.
- Delhi NCR's Hot 50 brands by Hindustan Times co-hosted by LinkedIn
- Child's Most popular Award by CHILD Magazine.

SUPPORT FROM BATA SHOE ORGANIZATION

Your Company continues to receive assistance and benefits of technical research and innovative programs 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 1, 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 technical services fee of Rs. 237.4 Million to GFS for the financial year ended March 31, 2016, equivalent to approx. 1% of the Net Turnover of your Company.

STATUS OF BATANAGAR PROJECT

As reported in the earlier Annual Reports, in terms of the Order of the Government of West Bengal dated August 25, 2014 as amended vide Memorandum dated November 28, 2014, completion of the remaining obligations with regard to development of an Integrated Township Project at Batanagar, West Bengal would be the sole responsibility of Riverbank Developers Private Limited (RDPL) - the erstwhile Joint Venture Company of the Company and the obligations of your Company stand satisfied. RDPL has been given time up to March 31, 2017 to fulfill the requirements as stipulated in the aforesaid Memorandum issued by the Government of West Bengal.

As mutually agreed *inter alia*, between RDPL and the Company vide New Development Agreement dated April 28, 2010 read with Addendum Agreement dated December 5, 2013, your Company received approx. 1,36,955 sq. ft. of constructed space in the Project during the previous year. In terms of the said Agreement, your Company took possession of the remaining 1,95,075 sq. ft. of constructed space in the said Project, during the year under review. Accordingly, RDPL's obligation to handover 3,32,030 sq. ft. of constructed space to the Company has been completed.

In view of the above, your Company had written back provision for contingent liability amounting to Rs. 93 Million in the previous year. The remaining provision amounting to Rs. 123.2 Million has been written back in the financial year ended March 31, 2016 as no longer required.

Notwithstanding anything contained in the Order and Memorandum as aforesaid issued by the Government of West Bengal, your Company is committed to invest in the development and modernization of manufacturing units in Batanagar and also shall continue to take all necessary steps to rejuvenate and improve lifestyles of its employees in the State of West Bengal.

BOARD OF DIRECTORS AND BOARD MEETINGS

Your Company has a duly constituted Board of Directors which is in compliance with the requirements of the Companies Act, 2013, Schedules thereto and Rules framed thereunder and also in terms of the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and provisions of the Articles of Association of the Company. Your Board has been constituted with requisite diversity, wisdom and experience commensurate to the scale of operations of your Company.

A total of five Meetings of the Board of Directors of your Company were held during the year under review, i.e., on May 27, 2015; August 5, 2015; August 19, 2015; November 4, 2015 and February 10, 2016. The maximum interval between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013, Clause 49 of the erstwhile Listing Agreements with the Stock Exchanges and in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of all Board / Committee Meetings are given in the Corporate Governance Report which forms part of this Annual Report.

AUDIT COMMITTEE

Your Board has a duly constituted Audit Committee in terms of Section 177 of the Companies Act, 2013 read with the Rules framed thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The term of reference of the Audit Committee has been approved by the Board. The Composition of the Audit Committee, no. of meetings held during the year under review, brief terms of reference and other details have been mentioned in the Corporate Governance Report section which is annexed to this Annual Report. All the recommendations made by the Audit Committee were accepted by your Board.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy formulated by the Nomination and Remuneration Committee of the Board of Directors and approved by your Board provides for criteria for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP). The Policy provides for criteria for the Nomination and Remuneration Committee and the Board for fixing remuneration of the Directors, KMP, SMP as well as other employees of the Company. The Policy also provides points of reference for performance evaluation of the Board of Directors, the Committees of Directors and individual Directors of the Company. Performance evaluation of all the KMP, SMP and other employees are carried out based on the individual evaluation of Key Result Area (KRA). The Policy enumerates the powers, roles and responsibilities of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee oversees the Company's nomination process for Directors and in that reference identifies, screens and review individuals qualified to be appointed as a Director on the Board of Directors of the Company. Your Board, on the recommendations of the Nomination and Remuneration Committee, appoints Director(s) of the Company based on his / her eligibility, experience and qualifications and such appointment is approved by the Members of the Company at General Meetings. Generally, the Managing Director and Whole-time Directors (Executive Directors) are appointed for a period of five years. The Non-executive Directors (other than Independent Directors) are liable to retire by rotation at Annual General Meeting and if eligible, may seek approval of the Members for their re-appointment. Independent Directors of the Company are appointed to hold their office for a term up to five consecutive years on the Board of the Company. Based on their eligibility for re-appointment for another term of five consecutive years, the outcome of their performance evaluation and based on the recommendation by the Nomination and Remuneration Committee, the Independent Directors may be re-appointed by the Board, subject to approval of the Members of the Company. The Directors, KMP and SMP shall retire as per the applicable provisions of the Companies Act, 2013 and the policy of the Company. Your Board has the discretion to retain the Directors, KMP and SMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance of all applicable legislations.

While determining remuneration of the Directors, KMP, SMP and other employees, the Nomination and Remuneration Committee ensures that the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate them and insure the quality required to run the Company successfully; the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and the remuneration to Directors, KMP, SMP and other employees comprises a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Company follows a compensation mix of fixed pay, benefits, allowances, perquisites, performance linked incentives and retirement benefits for its Executive Directors, KMP, SMP and other employees. Performance Linked Incentive is determined by overall business performance of the Company. Annual increments are decided by the Nomination and Compensation Committee within the salary scale approved by the Board and Members of the Company. The Company pays remuneration to Independent Directors by way of sitting fees and commission on the net profits of the Company. Non-Executive Non-Independent Directors of your Company do not receive any remuneration from the Company. Remuneration to Directors is paid within the limits as prescribed under the Companies Act, 2013 and the limits as approved by the Members of the Company, from time to time.

The aforesaid Nomination and Remuneration Policy is available on the website of the Company at www.bata.in and same is available at the link: http://bata.in/0/pdf/Remuneration-Policy_2015.pdf.

BOARD EVALUATION

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and provisions of Schedule IV to the Act as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has carried out a performance evaluation programme for the Board of Directors, Committees of the Board and individual Directors for the financial year ended March 31, 2016.

Such performance evaluation process was formulated in consultation with the Nomination and Remuneration Committee and approved by your Board. The performance evaluation, thus, included the following:

- (i) Board Assessment;
- (ii) Assessment of each of the Committees constituted by the Board;
- (iii) Self-assessment by each Director;
- (iv) Peer Assessment by each Director.

Your Directors were circulated performance evaluation sheets with various parameters on a rating scale and to communicate the same to the Chairman of the Board of Directors and the Chairman / Chairperson of the respective Committees of the Board in confidential envelopes. The outcome of such performance evaluation was discussed at a separate meeting of the Independent Directors, held on May 3, 2016 and at the Board Meeting held on May 30, 2016. Based on the aforesaid performance evaluation, it was decided to continue the terms of the appointed Independent Directors and also to seek approval of the shareholders at the forthcoming Annual General Meeting to the proposals of appointment / re-appointment of the Directors concerned.

DISCLOSURES ON REMUNERATION OF DIRECTORS AND EMPLOYEES OF THE COMPANY

Information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Board's Report and marked as *Annexure V*.

A Statement containing Information on particulars of employees of the Company drawing remuneration of not less than Rs.60 Lac per annum or Rs. 5 Lac per month when employed for part of the year as specified under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in the prescribed format, is annexed to this Board's Report and marked as *Annexure VI*.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177 of the Companies Act, 2013, Rules framed thereunder and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has a vigil mechanism in place for the Directors and Employees of the Company through which genuine concerns regarding various issues relating to inappropriate functioning of the organization can be communicated. For this purpose, your Board has a Whistle Blower Policy and the same has been uploaded on the website of the Company at <http://bata.in/0/pdf/Whistle-Blower-Policy.pdf>. A Vigil Mechanism Committee under the Chairmanship of the Audit Committee Chairman has been constituted. The Policy provides access to the Head of Legal Department of the Company and to the Chairman of the Audit Committee in certain circumstances.

No person has been denied an opportunity to have access to the Vigil Mechanism Committee including the Audit Committee Chairman. However, during the year under review, there has been no incidence reported which requires action by the Vigil Mechanism Committee.

POLICY ON PREVENTION OF INSIDER TRADING

Your Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in equity shares of the Company by the Directors and designated employees of the Company. The said Code of Conduct is available on the website of the Company at www.bata.in. The Code requires pre-clearance for dealing in Company's shares and prohibits purchase or sale of shares in your Company by the Directors and designated employees, while they are in possession of unpublished price sensitive information and also during the period when the Trading Window remains closed.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company is committed to provide a safe and secure environment to its women employees across its functions and other women stakeholders, as they are considered as integral and important part of the Organization.

Your Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

An Internal Complaints Committee (ICC) with requisite number of representatives has been set up to redress complaints relating to sexual harassment, if any, received from women employees and other women associates. All employees (permanent, contractual, temporary, trainees) are covered under this policy, which also extends to cover all women stakeholders of the Company.

The following is a summary of sexual harassment complaints received and disposed off during the financial year ended March 31, 2016:

- No. of Complaints received : NIL
- No. of Complaints disposed off : Not Applicable

Your Company has been conducting awareness campaign across all its manufacturing units, warehouses, retail stores and office premises to encourage its employees to be more responsible and alert while discharging their duties.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company operates through definitive Chart of Authorities (COAs) and Standard Operating Procedures (SOPs) in respect of its operations including financial transactions. Such COAs and SOPs are regularly monitored and if required, modified from time to time depending on business requirements.

Your Company has an adequate system of internal financial controls commensurate with its size and scale of operations which includes policies and procedures pertaining to maintenance of records containing reasonable details, accurate and fair reflections of financial transactions and dispositions of the assets of the Company. Such practice provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that the same are well within the COAs and SOPs, without exception. Your Company also monitors through its Internal Audit Team the requirements of processes in order to prevent or timely detect unauthorized acquisition, use or disposition of the Company's Assets which could have a material effect on the Financial Statements of the Company.

The Audit Committee of your Board has devised a Risk Management Policy, approved by your Board, which outlines the risk management framework for the functions involved within your Company. As per the said Policy, Risk Management Committee of your Board has been entrusted with the role and responsibilities to formulate, monitor and review risk management plans of your Company.

Your Company's internal financial control ensures that all assets of the Company are safeguarded and protected, proper prevention and detection of frauds and errors and 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 a regular basis. Your Company has been maintaining a separate Internal Audit Team headed by the Chief Internal Auditor appointed by the Audit Committee of your Board.

Your Board has also constituted a Risk Management Committee comprising of the Directors and Senior Executives of the Company under the chairmanship of the Managing Director of the Company. The Terms of Reference of the Risk Management Committee and a Risk Management Policy of the Company have also been approved and adopted. The Risk Management Committee held their first meeting on May 30, 2016.

Your Board considers that the Internal Financial Controls, affecting the Financial Statements of your Company are adequate and are operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Board at its meeting held on May 27, 2015 appointed Mr. Ravindra Dhariwal and Mr. Shaibal Sinha as Additional Directors with effect from May 27, 2015. Subsequently, at the Eighty Second Annual General Meeting of your Company held on August 5, 2015, appointment of Mr. Shaibal Sinha was approved by the Members of the Company as a Director of the Company, whose period of office is liable to determination by retirement of directors by rotation at the Annual General Meetings. In terms of the requirements of Section 149 of the Companies Act, 2013 read with Schedule IV to the Act and Rules framed thereunder, the Members of the Company at the aforesaid Annual General Meeting appointed Mr. Ravindra Dhariwal as an Independent Director of your Company for a term of five consecutive years, effective from May 27, 2015. Your Company has formalized the appointment of Mr. Ravindra Dhariwal as an Independent Director of your Company by issuing an Appointment Letter to him and the same is available on the website of the Company, www.bata.in.

Subsequent to his attaining superannuation, Mr. Jorge Carbajal stepped down as a Non-Executive Director of your Company with effect from August 19, 2015. Mr. Ranjit Mathur, Director Finance & Chief Financial Officer, Mr. Kumar Nitesh, Managing Director-Retail and Mr. Jack G. N. Clemons, Non-Executive Director resigned from the Board of Directors of your Company with effect from August 19, 2015, November 4, 2015 and November 12, 2015, respectively. Your Board places on record its deep appreciation for the contributions made by Mr. Jorge Carbajal, Mr. Ranjit Mathur, Mr. Kumar Nitesh and Mr. Jack G. N. Clemons during their tenure as Directors of the Company and wishes them success in their future endeavours.

Consequent upon resignation of Mr. Ranjit Mathur, at the Board Meeting held on August 19, 2015, your Board appointed Mr. Ram Kumar Gupta as an Additional Director of the Company with effect from August 19, 2015 to hold office up to the date of the forthcoming Annual General Meeting. At the said Board Meeting, pursuant to Section 196 of the Companies Act, 2013 read with applicable Rules, Mr. Ram Kumar Gupta has also been appointed as a Whole-time Director designated as the Director Finance of the Company for a period of five years with effect from August 19, 2015, subject to approval of the Shareholders at the ensuing Annual General Meeting. In terms of Section 152(6) of the Companies Act, 2013 read with the provisions of the Articles of Association of the Company, Mr. Ram Kumar Gupta shall be liable to retire by rotation at Annual General Meetings. At the same Board Meeting, pursuant to Section 203 of the Companies Act, 2013, Mr. Ram Kumar Gupta was also appointed as the Chief Financial Officer and a Key Managerial Person of the Company for a period of five consecutive years with effect from August 19, 2015.

At the Board Meeting held on February 10, 2016, your Board appointed Mr. Christopher Kirk, Chairman of Bata Shoe Organization as an Additional Director of the Company with effect from February 10, 2016 to hold office up to the date of the forthcoming Annual General Meeting. Your Board recommends appointment of Mr. Christopher Kirk as a Non-Executive Director of the Company at the ensuing Annual General Meeting, whose period of office would be liable to determination by retirement of directors by rotation.

Your Directors welcome Mr. Christopher Kirk and Mr. Ram Kumar Gupta on the Board and wishes a successful association with them during their tenure as the Directors of the Company.

The Company has received Notices under Section 160 of the Companies Act, 2013 from Members of the Company along with requisite deposits signifying the candidature of Mr. Christopher Kirk and Mr. Ram Kumar Gupta for their respective appointments as Directors of the Company at the ensuing Annual General Meeting.

Mr. Rajeev Gopalakrishnan, Managing Director was appointed for a period of five years with effect from February 23, 2011, in terms of the Shareholders approval obtained at the Seventy Eighth Annual General Meeting held on June 28, 2011 and accordingly held office till February 22, 2016. Your Board at its Meeting held on February 10, 2016, in accordance with Sections 196, 203 and applicable provisions of the Companies Act, 2013 and Schedule V thereto read with Rules framed thereunder, re-appointed Mr. Rajeev Gopalakrishnan as the Managing Director, a Key Managerial Person, of the Company with revised remuneration for a period of five consecutive years with effect from February 23, 2016, subject to approval of the Members of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Rules framed thereunder and the Articles of Association of your Company, Mr. Shaibal Sinha, Director is due to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Your Board is of the opinion that continued association of Mr. Rajeev Gopalakrishnan and Mr. Shaibal Sinha with the Board will be of immense benefit to your Company and, therefore, recommends their re-appointment.

In terms of Section 102 of the Companies Act, 2013, Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, brief profiles of Mr. Christopher Kirk, Mr. Rajeev Gopalakrishnan, Mr. Ram Kumar Gupta and Mr. Shaibal Sinha have been annexed to the Notice convening the Eighty Third Annual General Meeting of the Members of the Company and the same form an integral part of this Annual Report.

Mr. Uday Khanna, Mr. Ravindra Dhariwal, Mr. Akshay Chudasama and Ms. Anjali Bansal, Independent Directors of your Company, have declared to the Board of Directors that they meet the criteria of Independence in terms of Section 149(6) of the Companies Act, 2013 and that there is no change in their status of Independence.

Your Board has appointed Mr. Rajeev Gopalakrishnan, Managing Director (Chief Executive Officer), Mr. Ram Kumar Gupta, Director Finance (Chief Financial Officer) and Mr. Maloy Kumar Gupta, Company Secretary & Compliance Officer as the Key Managerial Personnel of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 of the Companies Act, 2013, your Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; &
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry structure and developments

The Global Footwear Market, by geography, is divided into four regions: North America, Europe, Asia Pacific and Rest of the World. In terms of volume, Asia Pacific is the largest contributor to the market, accounting for a market share of approximately 40%. The major reason is attributed to increasing middle class population and rapid expansion of footwear industry in emerging countries such as China and India among others. Presently, in terms of revenue, Global Footwear Market is valued at approx. USD 210 Billion and is expected to grow at a CAGR of 2.5% from 2015 to 2023. In terms of volume, Global Footwear Market is approx. 10 Billion pairs, which may cross 12 Billion pairs in 2023 by growing at a CAGR of 2.3%.

India is the second largest producer of footwear in the world, next to China and has an ever-growing domestic market. Annually, India produces about 2.1 Billion pairs and it is estimated that production of footwear will exceed 4 Billion pairs by 2020. The per capita consumption of footwear in India is set to grow rapidly from its existing level of 1.7 pairs per annum. The global average per capita consumption of footwear is 3 pairs per annum, whereas the same for developed countries in the World is more than 5 pairs per annum.

The footwear industry is an important driver in the economic growth of India and is a significant segment of the leather industry. The Indian Footwear Market is divided into organized and unorganized segment, where the latter occupies about 65% of the overall market. In the recent past, the organized footwear sector has witnessed a faster growth and is expected to grow at 15% over the next few years.

The Government of India now allows 100% Foreign Direct Investment (FDI) in Footwear manufacturing sector through the Automatic Route. The Indian Government is also boosting the Footwear Industry by reducing excise duty on certain category of footwear. Government of India in its Finance Budget 2016, has proposed reduction in excise duty for rubber sheets for soles and heels from 12.5% to 6% and an increase in abatement from retail sales price for calculating excise duty for footwear from 25% to 30%. Such step by the Government is creating a conducive investment climate towards attracting overseas investments and increasing employment potential within the Country.

(b) Opportunities and Threats

While India is the second largest footwear manufacturers of the World, only 10% footwear produced in India are being exported and the remaining 90% of the production are sold within the Country for domestic consumption. China continues to be leading country in the World as an exporter. Indian footwear industry is exploring ways to increase exports and the growth in export of footwear will depend on quality and cost competitiveness.

India is attracting various established fashion brands of the World as well as retailers who are re-orienting their focus on the domestic footwear market, which has led to a significant increase in the number of retail outlets nationwide. Furthermore, growing fashion consciousness and increasing demand for innovation in design and technology of footwear products is increasing competitiveness in the Markets.

Your Company has enjoyed a presence in the Indian Footwear Industry for more than eight decades and has established an integrated manufacturing, supply chain and distribution network. Your Company understands the latest trends in footwear industry and will exploit its leadership position in the organized footwear industry and take appropriate steps to overcome the challenges in the footwear industry to achieve its objectives.

(c) 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.

Performances of major business categories and key brands of your Company during the financial year ended March 31, 2016 are highlighted below:

Retail Business

During the twelve month period ended March 31, 2016, your Company opened 26 new retail stores across India.

The new stores are larger in size and are based on global design, making them look complete and enticing with adequate space to display the products. Your Company plans to add around 30 new retail stores every year to increase its presence in the Malls and High Street Markets and 30 new Franchisee stores also in the Tier-2 and Tier-3 cities across India. Your Company plans to open 5 destination stores each year to provide a unique shopping experience with wide collection to the consumers. Such destination stores will comprise of very large retail space located at the outskirts of the cities with all amenities like ample parking space, children's play area and food-court. In addition, your Company shall continue to make investment on renovating existing stores hence creating a delightful shopping experience for the customers by improving store layouts and creating an emphasis on key products within the retail stores.

India has witnessed exponential growth in e-commerce business with customers preferring to shop online. This leads to a lesser footfall and decreasing conversion rate, impacting the retail business across the Country. Your Company believes that the present business model of e-commerce players offering huge discount is not sustainable in the long run and expects the customers' footfall in retail store shall increase. In order to cater to the customers who prefer online shopping, your Company has been exploring various plans to facilitate their shopping choices through on-line kiosks from the retail stores of the Company.

Digital Multi-Channel Business

The business world is being digitized rapidly adding value to the customers on existing product offerings. Technical innovations and web-based transactions have become the key to success. Your Company's Digital Multi-Channel Business has quickly adopted these changes in consumer buying pattern and invested in strengthening this segment of business.

Your Company's online business has grown well during the year under review. Your Company sold more than 3.8 lacs pairs of footwear through online channels achieved a turnover of approx. Rs.360 Million. Your Company's e-commerce presence has penetrated in more than 2000 cities across India.

During the year under review, your Company's e-commerce Division mainly focused on increasing its customer database by reaching out to new set of target audience and also establishing successful association with many reputed companies and banks, e.g., HDFC Bank, Standard Chartered Bank, State Bank of India, Deutsche Bank, Samsung, SpiceJet Airlines, etc. Such alliances helped your Company increase its brand awareness and customer database. Your Company's products continued to be sold through its partners' websites including Amazon, Myntra, Jabong, Flipkart, etc. Your Company has launched a 'Click and Collect' service for its Stores in Delhi NCR Region. The customers can now shop the entire range of products available online with the click of a button and have their preferred footwear or accessories delivered to the local Bata retail store of their choice. Your Company has launched online exclusive product lines for both Spring-Summer Season and Autumn-Winter Season generating a good response from the customers.

The website of the Company has been made more user-friendly in order to provide better interface. The website now provides facilities like easy navigation, simplistic designs, effortless checkout process and effective product shots. Your Company has also launched Bata Mobile Application with interactive user-interface which has also been well accepted in the market. Your Company has strengthened its e-commerce team and had recently launched Bata Blog, which acts as a style inspiration for the young audience and also provides frequent online customer surveys and customer feedback for improved services. Going forward, your Company shall expand its Digital Multi-Channel Business through various measures including placement of online kiosks in major retail stores, tie-up with payment banks and also increasing the presence of its product offerings through partners' websites.

Hush Puppies

Your Company's international premium brand 'Hush Puppies' continues to live up to its brand image of comfort, quality and style. The year 2015-16 was a milestone year for Hush Puppies as your Company sold over a Million pair in the year 2015 itself. In addition to being available through the retail stores, wholesale network and e-commerce channel of your Company, the brand has been expanding its presence through 68 exclusive stores and 37 shop- in-shops in premium departmental stores. During the year under review, Hush Puppies embarked on a journey of re-positioning itself as an International Premium Lifestyle Casual Footwear brand. Your Company shall continue to focus on offering unique products under this brand, which will be more comfortable with contemporary fashionable style, making 'Hush Puppies' the most desired lifestyle footwear brand in India.

Footin

Recognizing needs of the young consumers, your Company's new retail concept - Footin was created in the year 2012. It is a new business model with a different approach to cater to the young customers who are style conscious and trend-savvy shoppers and need quality merchandise at affordable price. Footin has become the source for current fashionable footwear at great value. Footin business is fast growing, featuring new and exciting store environments, trendy shoes and accessories designs at the right price. At present, your Company has 35 exclusive Footin stores across the Country, which are strategically located to cater to the target group of young shoppers.

Bubblegummers and Disney

In order to cater to the children category of customers, your Company has been introducing many new designs and innovative footwear for the children. Through Bubblegummers brand of footwear, your Company has always been striving to make quality shoes with uncompromising comfort and features that safeguard their little feet. Bubblegummers is retailed through all Bata stores across the Country and has been the first point of contact to start our consumers' journey and long term association with Bata. With 18% of the Country's population below the age of 10 years, potential to grow in the children category of footwear is huge. Therefore, it is one of the key focus areas for your Company today. With a revamped collection, a dedicated team to drive this brand, experience of being associations with brands like Angry Birds in the past and Walt Disney at present, your Company has robust plans to make Bubblegummers the best children footwear brand in the Country.

Your Company has established an association with The Walt Disney Company India Pvt. Ltd. and working with a set of designers from Disney, to create a complete collection covering all types of footwear ranging from casual shoes, canvas shoes and ballerinas to everyday-wear sandals and chappals. Your Company has been exploring the possibilities to create exclusive 'Disney Corners' in some of the key retail stores across major cities in India to highlight the collection and add value to the children category of footwear range. Your Company is confident that the young little customers will be excited and thrilled to see their favorite characters on their favorite shoes.

Non-Retail Business

Your Company's urban wholesale business has recorded a good growth in turnover and profitability during the year under review. The urban wholesale business of your Company has been penetrating the markets through a wide network of more than 325 distributors across India. Your Company offers various incentive / loyalty rewards to its existing and new distributors for promoting the Company's brands of footwear in the areas where the Company does not have retail presence of its own. During the year under review, your Company has strengthened its urban wholesale business monitoring team and efforts are being made to increase its market share in the wholesale footwear business.

During the year under review, your Company's Industrial business division has recorded a good growth in turnover and is now recognized as one of the foremost suppliers in the safety footwear market catering to the requirements of different industries in India. The division has expanded its coverage in the market and also continues to remain focused towards upgrading the market with newer technology products. The product range has been refreshed by launching new designs and new sole patterns as well as new PU-Rubber sole collection. Your Company provides more than 100,000 pairs of safety shoes for Indian Navy and other defence services.

Your Company's Institutional business has recorded better results during the financial year ended March 31, 2016 as compared to the previous financial period. The focus is to cater to segments like defense, aviation, education, corporate, etc. 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

Your Company has a dedicated customer care team with a toll free number to attend customer grievances and to resolve the same amicably. In the financial year 2014-15, your Company introduced a new initiative of customer loyalty program viz., 'The Bata Club'. During the year under review, this loyalty program has been introduced in more than 800 retail stores across 47 cities in India. Since its introduction, approx. 6.7 Million Club Memberships have already been added to 'The Bata Club'. These Club members are communicated on priority about various new marketing offers and promotions as and when planned by your Company. Several personalized offers have been customized for these 'The Bata Club' Members on the basis of their purchase behaviour and trends, e.g., *Raksha Bandhan* Campaign, Naturalizer product promotion, Pay less - Get more Offer, etc. Your Company aims to provide best in class support to its customers by addressing their queries and feedback through a dedicated helpdesk.

(d) Outlook

Despite a challenging retail environment and increase in competitive intensity, your Company continued to deliver steady improvement in its performance.. Your Company is taking appropriate steps to leverage its position to achieve good growth in terms of volumes and profitability. Your Company has been investing to strengthen its Digital Multi-Channel Business Division along with Logistics Division with due importance for delivery of footwear and accessories to the customers through 'delivery services', 'cash on delivery' and 'click and collect' services.

India has a good potential for the footwear industry in view of rapid change in lifestyle, increase in disposable income of middle-class people and continuous growth in number of working women. Customers' preference for branded products is providing a better opportunity to the players in organized footwear markets in India.

(e) Risks and concerns

Your Company through its Audit Committee and recently constituted Risk Management Committee monitors its major risks and concerns at regular intervals. Appropriate steps are taken in consultations with all concerned to mitigate such risks. In addition to the business risks, some of the major risks and concerns are summarized as under:

i. Globally competitive business environment

Ever increasing competition from local and overseas players in the footwear industry remains a major challenge for your Company.

In addition to the above, your Company is concerned about the current sluggish retail growth and slow infrastructural development in India. Many of your Company's retail stores are large format stores located in Malls. Increases in rental costs and high cost of raw materials may negatively impact business performance of your Company. In order to overcome these risks and concerns, your Company has taken appropriate measures, e.g., long term lease agreement for retail stores, alternative sources of raw materials, ensuring availability of skilled laborers, etc. Your Company believes such measures are adequate to mitigate the aforesaid risks and concerns.

ii. Risk related to changes in law and regulations

Your Company operates in a complex regulatory environment and fully abides by the laws and regulations of the Country it operates in. Any change in the laws and regulations governing the leather and footwear industry may affect the business and financial performance of your Company.

iii. Contingent Liabilities involving Litigations

During the normal course of its business operations, your Company has been subjected to several legal cases in connection with or incidental thereto. These litigations include civil cases, excise and customs related cases, etc. filed by and against the Company. These cases are being pursued with due importance and in consultation with 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. 949.43 Million as on March 31, 2016 as compared to Rs. 767.15 Million as on March 31, 2015. Attention of the Shareholders is drawn to the explanations mentioned in point no. 31 of the Notes to Financial Statements as attached.. In view of the present status and based on legal advice received, your Board is of the opinion that no provision is required to be made against these Contingent Liabilities during the year under review.

iv. Trade Unions related risks

Your Company has several recognized Trade Unions and enjoys harmonious relationship with all its employees. During the year under review, your Company has entered into long term agreements with its Workers' Unions at Manufacturing Units. During the year, your Company successfully negotiated Long Term Settlements with the Workers' Union at Bataganj and with the Shop Employees' Union. The industrial relations at all the units of the Company have been harmonious and peaceful with active involvement of the employees in the collective bargaining process.

(f) 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 a regular basis. Your Company has been maintaining a separate Internal Audit Team headed by the Chief Internal Auditor.

(g) Discussion on financial performance

Your Company has been able to achieve profitable growth continuously for a decade now and believes that this is sustainable, barring unforeseen circumstances.

The Earning per Share (EPS) (Basic and Diluted) of your Company for the financial year ended March 31, 2016 was at Rs. 17.02. The EPS for the fifteen month period ended March 31, 2015 - the previous financial year of the Company was Rs. 17.99. The EPS for the twelve month period ended March 31, 2015 was approx. Rs. 14.92. As informed through earlier Annual Reports, your Company does not have any Bank Borrowings since April-2010 and the entire capital expenditure has been funded through internal sources.

Capital Expenditure incurred during the year under review amounted to Rs.794.41 Million as compared to Rs.1538.77 Million during the fifteen month period ended March 31, 2015.

(h) Material developments in human resource / industrial relations front, including number of people employed

Industrial Relations and Personnel

Your Company has been continuously working to improve human resources skills, competencies and capabilities in the Company, which is critical to achieve results as per our strategic business ambitions. Some key initiatives have been taken in the year 2015-16 in this direction. These are summarized below:

(i) Building up the best team in all functional areas

During the year, your Company has hired over 25 middle and senior level Executives in various functional areas like Retail Operations, Non Retail and Merchandising. These professionals come with rich and varied domain experience within and across industries. Addition of these skills and competencies will address the gaps and take the Company towards further growth.

(ii) Creating bench strength and building up capability for future growth

Management Training Program

Your Company has put in place a structured Management Training program for roles in Retail Operations, Merchandising and Product Design. As part of the program, the Company has recruited design and fashion professionals as well as Management Graduates from well-known Institutes. After a 12 month long training under the mentorship of experienced leaders, these Management Trainees are now ready for independent responsibilities. Your Company continues to recruit Summer Interns who worked on very specific business impact initiatives.

(iii) Training and Development

Retail Training Academy

Your Company had set up a Retail Training Academy in February -2014. The Academy designs and delivers specialized courses for different roles like Sales Promoters, Store Managers, District Managers and Retail Managers. The courses have been designed to ensure comprehensive learning of Product as well as Business operations. In the year 2015-16 the Retail Training Academy trained:

- 31 District Managers and Retail Managers under 13.5 weeks duration Advanced District Administration Professional Training (ADAPT) program
- 109 Store Managers under 7.5 weeks duration Store Managers Advance Retail Training (SMART) program
- 204 experienced Store Managers under a week long Fully Integrated Retail Store Training (FIRST) program

Currently, the Academy conducts programs at Gurgaon, Bangalore, Kolkata and Mumbai.

'Passion to Serve' Training to Store Employees and Store Managers

In order to improve customer experience at our Stores, your Company rolled out 'Passion to Serve' Program across Stores in key metro cities. The objective of the program is to retain and grow existing customers as well as attract new customers. The Store Managers and the Sales Promoters along with District Managers were trained in this two days' training session. The training was also followed by mystery shopping in order to assess the impact. As part of the program a career path was also laid out for a performing Sales Promoter. During the year, over 100 Store Managers and 1011 Sales Promoters were trained.

Product Training

Retail Training Academy (RTA) imparts in-store Product Category specific training program to Sales Promoters across stores. Currently three different programs namely Power Champs, Comfort Champs and Non-Footwear Products Champs are being conducted that covers all technologies and products available in the Stores. So far more than 300 Sales Promoters were trained under the Champs Training Program. This program helps Sales Promoters understand products, technologies and any special features thus acquiring the product specific selling skills.

People employed

As on March 31, 2016, there were 4,796 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 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 labor negotiations.

CORPORATE GOVERNANCE

In compliance with the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations, the Corporate Governance Report of your Company and a Certificate on Corporate Governance Compliance received from M/s. S. R. Batliboi & Co., LLP, Chartered Accountants, the Statutory Auditors of your Company, are annexed to this Annual Report.

ACKNOWLEDGEMENTS

Your Board acknowledges the support and co-operation received from all its stakeholders including our dear shareholders as well as regulatory authorities of the Central Government and all State Governments in India as they endeavour to create an enabling environment for industry and commerce to prosper.

Your Board continues to remain thankful to Bata Shoe Organization for their continuous support, guidance and co-operation in conducting the business operations of the Company in India.

Your Board wishes to place on record its deep appreciation of the Independent Directors. All of them, despite their busy schedule and other exigencies, immensely contribute to the Company through their strategic guidance and valuable suggestions in improving the business performance of the Company.

Your Board appreciates the relentless effort of the Management Team lead by the Managing Director who steers the Company in achieving better performances year-on-year. Our employees are our biggest strength and we gratefully acknowledge their contribution to the Company in achieving its objectives to serve our customers.

For and on behalf of the Board of Directors

UDAY KHANNA
Chairman
(DIN: 00079129)

Place : Gurgaon
Date : May 30, 2016

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | |
|---|---|
| CIN | L19201WB1931PLC007261 |
| Registration Date | 23.12.1931 |
| Name of the Company | Bata India Limited |
| Category / Sub-Category of the Company | Public Company limited by Shares |
| Address of the Registered Office and contact details | 27B, Camac Street, 1st Floor, Kolkata - 700016 Telephone: (033) 3980 2001; Fax: (033) 2289 5748 |
| Whether listed company | Yes |
| Name, address and contact details of Registrar and Transfer Agent | R & D Infotech Private Limited 7A, Beltala Road, 1st Floor, Kolkata - 700026 Telephone: (033) 2419 2641/2642; Fax: (033) 2419 2642 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

| Serial No. | Name and Description of main Products / Services | NIC Code of the Product / Service | % to total turnover of the Company |
|------------|--|-----------------------------------|------------------------------------|
| 1. | FOOTWEAR | 47713 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Name & Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|--------------------------------------|----------------------------------|------------------|--------------------|
| Bata (BN) BV Prins Bernhardplein200 1097 JB, Amsterdam, The Netherlands | Company Registration No. 33155481 | Holding | 52.96 | 2(46) |
| Bata Properties Limited 6A, S. N. Banerjee Road Kolkata - 700013 | U70101WB1987PLC042839 | Subsidiary | 100 | 2(87) |
| Coastal Commercial & Exim Limited 16A, Shakespeare Sarani Kolkata - 700071 | U51311WB1991PLC053364 | Subsidiary | 100 | 2(87) |
| Way Finders Brands Limited 204, Rashbehari Avenue Kolkata - 700029 | U51909WB2014PLC204637 | Subsidiary | 100 | 2(87) |

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year* | | | | % Change during the year |
|---|---|----------|----------|-------------------|--|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (A)(1): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporate | 34032757 | 0 | 34032757 | 52.96 | 68065514 | 0 | 68065514 | 52.96 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (A)(2): | 34032757 | 0 | 34032757 | 52.96 | 68065514 | 0 | 68065514 | 52.96 | 0 |
| Total Shareholding of Promoters (A) = (A)(1)+(A)(2) | 34032757 | 0 | 34032757 | 52.96 | 68065514 | 0 | 68065514 | 52.96 | 0 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds / UTI | 6376255 | 1401 | 6377656 | 9.92 | 17044226 | 2302 | 17046528 | 13.26 | 3.34 |
| b) Banks / FI | 87468 | 943 | 88411 | 0.14 | 105380 | 2048 | 107428 | 0.08 | -0.06 |
| c) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 938748 | 250 | 938998 | 1.46 | 6810293 | 300 | 6810593 | 5.30 | 3.84 |
| g) FIs | 11380418 | 512 | 11380930 | 17.71 | 11540959 | 824 | 11541783 | 8.98 | -8.73 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (B)(1): | 18782889 | 3106 | 18785995 | 29.23 | 35500858 | 5474 | 35506332 | 27.63 | -1.61 |
| (2) Non-Institutions | | | | | | | | | |
| (a) Bodies Corporate | | | | | | | | | |
| i) Indian | 2796253 | 7463 | 2803716 | 4.36 | 7584735 | 14884 | 7599619 | 5.91 | 1.55 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh | 6589761 | 1088417 | 7678178 | 11.95 | 14179871 | 2004477 | 16184348 | 12.59 | 0.64 |
| ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh | 958124 | 0 | 958124 | 1.49 | 1161671 | 0 | 1161671 | 0.90 | -0.59 |
| (c) Others (specify) | | | | | | | | | |
| Directors and relatives | 5000 | 0 | 5000 | 0.01 | 10056 | 0 | 10056 | 0.01 | 0 |
| Sub-Total (B)(2): | 10349138 | 1095880 | 11445018 | 17.81 | 22936333 | 2019361 | 24955694 | 19.41 | 1.60 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 29132027 | 1098986 | 30231013 | 47.04 | 58437191 | 2024835 | 60462026 | 47.04 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 63164784 | 1098986 | 64263770 | 100.00 | 126502705 | 2024835 | 128527540 | 100.00 | 0 |

* After taking into consideration sub-division of face value of equity shares of the Company of Rs. 10/- each into two equity shares of Rs. 5/- each w.e.f. October 8, 2015.

ii) Shareholding of Promoters

| Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year* | | | % change in shareholding during the year |
|--------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|--|
| | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | |
| BATA (BN) B.V. | 34032757 | 52.96 | 0 | 68065514 | 52.96 | 0 | 0 |
| Total | 34032757 | 52.96 | 0 | 68065514 | 52.96 | 0 | 0 |

* After taking into consideration sub-division of face value of equity shares of the Company of Rs. 10/- each into two equity shares of Rs. 5/- each, w.e.f. October 8, 2015.

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| BATA (BN) B.V., AMSTERDAM, THE NETHERLANDS | | | | |
| At the beginning of the year | 34032757 | 52.96 | | |
| Date wise increase / decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc.) | Please see note below | | | |
| At the end of the year | | | 68065514 | 52.96 |

Note: After taking into consideration sub-division of face value of equity shares of the Company of Rs. 10/- each into two equity shares of Rs. 5/- each, w.e.f. October 8, 2015.

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| For Each of the Top 10 Shareholders | | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|--|---|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. LIFE INSURANCE CORPORATION OF INDIA | | | | | |
| At the beginning of the period | | 766175 | 1.19 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 10.04.2015 | Buy | 73460 | 0.11 | 839635 | 1.31 |
| 17.04.2015 | Buy | 109438 | 0.17 | 949073 | 1.48 |
| 24.04.2015 | Buy | 8602 | 0.01 | 957675 | 1.49 |
| 08.05.2015 | Buy | 85200 | 0.13 | 1042875 | 1.62 |
| 15.05.2015 | Buy | 209414 | 0.33 | 1252289 | 1.95 |
| 05.06.2015 | Buy | 29293 | 0.05 | 1281582 | 1.99 |
| 17.07.2015 | Buy | 10164 | 0.02 | 1291746 | 2.01 |
| 24.07.2015 | Buy | 10000 | 0.02 | 1301746 | 2.03 |
| 31.07.2015 | Buy | 163317 | 0.25 | 1465063 | 2.28 |
| 18.09.2015 | Buy | 25930 | 0.04 | 1490993 | 2.32 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 23.10.2015 | Buy | 95000 | 0.07 | 3076986 | 2.39 |
| 30.10.2015 | Buy | 544216 | 0.42 | 3621202 | 2.82 |
| 06.11.2015 | Buy | 360784 | 0.28 | 3981986 | 3.10 |
| 20.11.2015 | Buy | 318809 | 0.25 | 4300795 | 3.35 |
| 27.11.2015 | Buy | 141976 | 0.11 | 4442771 | 3.46 |
| 04.12.2015 | Buy | 179106 | 0.14 | 4621877 | 3.60 |
| 11.12.2015 | Buy | 351854 | 0.27 | 4973731 | 3.87 |
| 01.01.2016 | Buy | 193650 | 0.15 | 5167381 | 4.02 |
| 08.01.2016 | Buy | 33909 | 0.03 | 5201290 | 4.05 |
| 15.01.2016 | Buy | 341362 | 0.27 | 5542652 | 4.31 |
| 22.01.2016 | Buy | 404686 | 0.31 | | |
| At the end of the period | | | | 5947338 | 4.63 |
| 2. AXIS MUTUAL FUND TRUSTEE LIMITED A/C. AXIS MUTUAL FUND A/C. AXIS LONG TERM EQUITY FUND | | | | | |
| At the beginning of the period | | 714301 | 1.11 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 08.05.2015 | Buy | 30000 | 0.05 | 744301 | 1.16 |
| 22.05.2015 | Buy | 13300 | 0.02 | 757601 | 1.18 |
| 05.06.2015 | Buy | 20000 | 0.03 | 777601 | 1.21 |
| 12.06.2015 | Buy | 30000 | 0.05 | 807601 | 1.26 |
| 19.06.2015 | Buy | 50000 | 0.08 | 857601 | 1.33 |
| 10.07.2015 | Buy | 50000 | 0.08 | 907601 | 1.41 |
| 14.08.2015 | Buy | 70000 | 0.11 | 977601 | 1.52 |
| 04.09.2015 | Buy | 100000 | 0.16 | 1077601 | 1.68 |
| 18.09.2015 | Buy | 200000 | 0.31 | 1277601 | 1.99 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 06.11.2015 | Buy | 340000 | 0.26 | 2895202 | 2.25 |
| 13.11.2015 | Buy | 100000 | 0.08 | 2995202 | 2.33 |
| 18.03.2016 | Buy | 100000 | 0.08 | | |
| At the end of the period | | | | 3095202 | 2.41 |

| For Each of the Top 10 Shareholders | | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|---|---|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 3. FIL INVESTMENTS (MAURITIUS) LTD. | | | | | |
| At the beginning of the period | | 1573962 | 2.45 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 04.09.2015 | Sell | -39051 | -0.06 | 1534911 | 2.39 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 23.10.2015 | Sell | -413179 | -0.32 | 2656643 | 2.07 |
| 30.10.2015 | Sell | -107132 | -0.08 | | |
| At the end of the period | | | | 2549511 | 1.98 |
| 4. M/S VIDYA INVESTMENT AND TRADING CO. PVT. LTD. | | | | | |
| At the beginning of the period | | 413827 | 0.64 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 27.11.2015 | Buy | 53000 | 0.04 | 880654 | 0.69 |
| 04.12.2015 | Buy | 100000 | 0.08 | 980654 | 0.76 |
| 18.12.2015 | Buy | 177300 | 0.14 | 1157954 | 0.90 |
| 05.02.2016 | Buy | 688404 | 0.54 | 1846358 | 1.44 |
| 12.02.2016 | Buy | 202905 | 0.16 | | |
| At the end of the period | | | | 2049263 | 1.59 |
| 5. ICICI PRUDENTIAL LONG TERM EQUITY FUND (TAX SAVING) | | | | | |
| At the beginning of the period | | 61992 | 0.10 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 22.05.2015 | Buy | 5867 | 0.01 | 67859 | 0.11 |
| 29.05.2015 | Buy | 72597 | 0.11 | 140456 | 0.22 |
| 05.06.2015 | Buy | 152560 | 0.24 | 293016 | 0.46 |
| 12.06.2015 | Buy | 108214 | 0.17 | 401230 | 0.62 |
| 26.06.2015 | Buy | 60275 | 0.09 | 461505 | 0.72 |
| 30.06.2015 | Buy | 1555 | 0.00 | 463060 | 0.72 |
| 14.08.2015 | Buy | 20207 | 0.03 | 483267 | 0.75 |
| 04.09.2015 | Buy | 27210 | 0.04 | 510477 | 0.79 |
| 02.10.2015 | Buy | 30000 | 0.05 | 540477 | 0.84 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 09.10.2015 | Buy | 8156 | 0.01 | 1089110 | 0.85 |
| 16.10.2015 | Buy | 23820 | 0.02 | 1112930 | 0.87 |
| 06.11.2015 | Buy | 90896 | 0.07 | 1203826 | 0.94 |
| 13.11.2015 | Buy | 179542 | 0.14 | 1383368 | 1.08 |
| 04.12.2015 | Buy | 180346 | 0.14 | 1563714 | 1.22 |
| 11.12.2015 | Sell | -60000 | -0.05 | 1503714 | 1.17 |
| 08.01.2016 | Buy | 55000 | 0.04 | 1558714 | 1.21 |
| 05.02.2016 | Buy | 5000 | 0.00 | | |
| At the end of the period | | | | 1563714 | 1.22 |

| For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Shareholding at the end of the year | | |
|--|---|----------------------------------|-------------------------------------|----------------------------------|------|
| | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company | |
| 6. FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA PLUS | | | | | |
| At the beginning of the period | 216661 | 0.17 | | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 18.12.2015 | Buy | 835733 | 0.65 | 1052394 | 0.82 |
| 25.12.2015 | Buy | 111771 | 0.09 | 1164165 | 0.91 |
| 08.01.2016 | Buy | 117636 | 0.09 | 1281801 | 1.00 |
| 15.01.2016 | Buy | 18199 | 0.01 | 1300000 | 1.01 |
| 22.01.2016 | Buy | 200000 | 0.16 | 1500000 | 1.17 |
| 12.02.2016 | Buy | 50000 | 0.04 | | |
| At the end of the period | | | 1550000 | 1.21 | |
| 7. IDFC PREMIER EQUITY FUND | | | | | |
| At the beginning of the period | 1615000 | 2.51 | | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 01.05.2015 | Sell | -50000 | -0.08 | 1565000 | 2.44 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 27.11.2015 | Sell | -112877 | -0.09 | 3017123 | 2.35 |
| 11.12.2015 | Sell | -1183852 | -0.92 | 1833271 | 1.43 |
| 18.12.2015 | Sell | -161271 | -0.13 | 1672000 | 1.30 |
| 25.12.2015 | Sell | -3000 | 0.00 | 1669000 | 1.30 |
| 01.01.2016 | Sell | -30000 | -0.02 | 1639000 | 1.28 |
| 19.02.2016 | Sell | -50000 | -0.04 | 1589000 | 1.24 |
| 26.02.2016 | Sell | -13102 | -0.01 | 1575898 | 1.23 |
| 04.03.2016 | Sell | -89821 | -0.07 | | |
| At the end of the period | | | 1486077 | 1.16 | |
| 8. FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA FUND | | | | | |
| At the beginning of the period | 371269 | 0.58 | | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 28.08.2015 | Buy | 25000 | 0.04 | 396269 | 0.62 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 13.11.2015 | Buy | 150748 | 0.12 | 943286 | 0.73 |
| 20.11.2015 | Buy | 24252 | 0.02 | 967538 | 0.75 |
| 11.12.2015 | Buy | 100000 | 0.08 | 1067538 | 0.83 |
| 18.12.2015 | Buy | 100000 | 0.08 | 1167538 | 0.91 |
| 22.01.2016 | Buy | 50000 | 0.04 | 1217538 | 0.95 |
| 19.02.2016 | Buy | 50000 | 0.04 | | |
| At the end of the period | | | 1267538 | 0.99 | |

| For Each of the Top 10 Shareholders | | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|--|---|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 9. HDFC TRUSTEE COMPANY LTD -A/C HDFC MID - CAPOPPORTUNITIES FUND | | | | | |
| At the beginning of the period | | 624910 | 0.97 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 24.04.2015 | Buy | 25090 | 0.04 | 650000 | 1.01 |
| 01.05.2015 | Buy | 75000 | 0.12 | 725000 | 1.13 |
| 08.05.2015 | Buy | 33000 | 0.05 | 758000 | 1.18 |
| 15.05.2015 | Buy | 42000 | 0.07 | 800000 | 1.24 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| 06.11.2015 | Sell | -600000 | -0.47 | 1000000 | 0.78 |
| 04.12.2015 | Buy | 219000 | 0.17 | 1219000 | 0.95 |
| 11.12.2015 | Sell | -10000 | -0.01 | 1209000 | 0.94 |
| 08.01.2016 | Buy | 204000 | 0.16 | 1413000 | 1.10 |
| 15.01.2016 | Sell | -100000 | -0.08 | 1313000 | 1.02 |
| 22.01.2016 | Sell | -100000 | -0.08 | | |
| At the end of the period | | | | 1213000 | 0.94 |
| 10. BAJAJ HOLDINGS AND INVESTMENT LTD. | | | | | |
| At the beginning of the period | | 59617 | 0.09 | | |
| Date wise increase(+)/decrease(-) with reasons, during the period | | | | | |
| Date | Reason | | | | |
| 08.05.2015 | Buy | 77990 | 0.12 | 137607 | 0.21 |
| 15.05.2015 | Buy | 40000 | 0.06 | 177607 | 0.28 |
| 22.05.2015 | Buy | 4554 | 0.00 | 182161 | 0.28 |
| 05.06.2015 | Buy | 70046 | 0.11 | 252207 | 0.39 |
| 12.06.2015 | Buy | 52143 | 0.08 | 304350 | 0.47 |
| 19.06.2015 | Buy | 13921 | 0.02 | 318271 | 0.50 |
| 26.06.2015 | Buy | 40907 | 0.06 | 359178 | 0.56 |
| 14.08.2015 | Buy | 17403 | 0.03 | 376581 | 0.59 |
| 21.08.2015 | Buy | 30000 | 0.05 | 406581 | 0.63 |
| 28.08.2015 | Buy | 126930 | 0.20 | 533511 | 0.83 |
| 08.10.2015 | Sub-division of face value from Rs. 10/- to Rs. 5/- | | | | |
| At the end of the period | | | | 1067022 | 0.83 |

v) Shareholding of Directors and Key Managerial Personnel

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| Mr. Uday Khanna, Chairman | | | | |
| At the beginning of the year | 5,000 | 0.01 | | |
| Date wise increase (+) / decrease (-) with reasons, during the year | Please see note below | | | |
| At the end of the year | | | 10,000 | 0.01 |
| Mr. Ram Kumar Gupta, Director Finance & Chief Financial Officer | | | | |
| At the beginning of the year | 28 | 0.01 | | |
| Date wise increase (+) / decrease (-) with reasons, during the year | Please see note below | | | |
| At the end of the year | | | 56 | 0.01 |

Note: After taking into consideration sub-division of face value of equity shares of the Company of Rs. 10/- each into two equity shares of Rs. 5/- each w.e.f. October 8, 2015.

Other than Mr. Uday Khanna, Chairman and Mr. Ram Kumar Gupta, Director Finance & Chief Financial Officer, no other Director and Key Managerial Personnel held any share in the Company during the financial year ended March 31, 2016.

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal Amount | - | - | - | - |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | - | - | - | - |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Rs. in Million)

| Sl. No. | Particulars of Remuneration | Name of the Managing Director and Whole-time Directors | | | | Total Amount | |
|---------|---|--|--|---|---|--------------|---------------|
| | | Rajeev Gopalakrishnan, Managing Director & Chief Executive Officer | Ram Kumar Gupta, Director Finance & Chief Financial Officer (appointed w.e.f. August 19, 2015) | Ranjit Mathur, Director Finance & Chief Financial Officer (resigned w.e.f. August 19, 2015) | Kumar Nitesh, Managing Director - Retail (resigned w.e.f. November 4, 2015) | | |
| 1 | Gross Salary | | | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 30.97 | 6.31 | 4.29 | 9.81 | 51.38 | |
| | (b) Value of perquisites under Section 17(2) Income-Tax Act, 1961 | 0.98 | 1.01 | 0.02 | 1.39 | 3.40 | |
| | (c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961 | - | - | - | - | - | |
| 2 | Stock Options | - | - | - | - | - | |
| 3 | Sweat Equity | - | - | - | - | - | |
| 4 | Commission | - | - | - | - | - | |
| | - as % of profit | - | - | - | - | - | |
| | - Others, specify.. | - | - | - | - | - | |
| 5 | Others: Incentive based on Annualised Target | 8.40 | - | 1.68 | 1.72 | 11.8 | |
| | Total (A) | 40.35 | 7.32 | 5.99 | 12.92 | 66.58 | |
| | Ceiling as per the Act (Sections 197 & 198 of the Companies Act, 2013) | | | | | | 279.48 |

B. Remuneration to other Directors:

(Rs. in Million)

| Independent Directors | | | | | | | |
|--|--|-----------------------|----------------------|-------------------|--|--|--------------|
| Sl. No. | Particulars of Remuneration | Name of the Directors | | | | | Total Amount |
| | | Mr. Uday Khanna | Mr. Akshay Chudasama | Ms. Anjali Bansal | Mr. Ravindra Dhariwal (appointed w.e.f. May 27, 2015) | Mr. Atul Singh (Resigned w.e.f. May 21, 2014) | |
| 1 | – Fee for attending Board / Committee Meetings | 0.92 | 0.67 | 0.47 | 0.95 | - | 3.01 |
| 2 | – Commission (for the fifteen month period ended March 31, 2015) | 2.87 | 1.44 | 0.99 | - | 0.44 | 5.74 |
| 3 | – Others, please specify | - | - | - | - | - | - |
| Total (B) | | 3.79 | 2.11 | 1.46 | 0.95 | 0.95 | 8.75 |
| Ceiling as per the Act (Sections 197 & 198 of the Companies Act, 2013) | | | | | | | 27.95 |
| Total Managerial Remuneration [Total (A) + Total (B)] | | | | | | | 75.33 |
| Overall ceiling as per the Act (Sections 197 & 198 of the Companies Act, 2013) | | | | | | | 307.43 |

Note: Non-Executive Directors of the Company do not accept sitting fees and / or Commission on Net Profits from the Company.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

(Rs. in Million)

| Sl. No. | Particulars of Remuneration | Maloy Kumar Gupta, Company Secretary & Compliance Officer |
|---------|---|---|
| 1 | Gross Salary | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 3.22 |
| | (b) Value of perquisites under Section 17(2) Income-Tax Act, 1961 | - |
| | (c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961 | - |
| 2 | Stock Options | - |
| 3 | Sweat Equity | - |
| 4 | Commission | |
| | – as % of profit | - |
| | – Others, specify... | - |
| 5 | Others: Incentive based on Annualised Target | - |
| | Total | 3.22 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|---|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY Penalty Punishment Compounding | NIL | | | | |
| B. DIRECTORS Penalty Punishment Compounding | NIL | | | | |
| C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding | NIL | | | | |

For and on behalf of the Board of Directors

Place : Gurgaon
 Date : May 30, 2016

UDAY KHANNA
 Chairman
 (DIN: 00079129)

Form No. MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

To,

The Members

BATA INDIA LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BATA INDIA LIMITED (hereinafter called the Company). 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 verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, generally complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECBs);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (applicable up to 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable from 15th May, 2015);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) 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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable from 1st December, 2015);

- (vi) The Company belongs to the Footwear Industry. To the best of our knowledge and believe and as confirmed by the Management of the Company there is no specific law applicable to the Footwear Industry in India.

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

- (i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective from 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with the BSE Limited, the National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited (applicable up to 30th November, 2015), and the revised uniform Listing Agreement entered into by the Company on 18th February, 2016 the BSE Limited, the National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited.

During the year under review the Company has generally complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, it is observed that the provisions of the FEMA and rules and regulations made thereunder to the extent of ODI and ECBs; and provisions of Regulations and Guidelines mentioned in (c), (d), (e), (g) and (h) under item no. (v) of para 3 above, were not applicable to the Company during the year under review.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance; and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- During the year under review, Resolutions were carried through majority decisions. The Minutes of the Meetings held during the audit period did not reveal any dissenting member's view. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the year under review.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has, at the 82nd Annual General Meeting of the Company held on 5th August, 2015 :

- a) sub-divided the existing equity shares of face value of Rs.10/- each, fully paid-up, in the Company into 2 (two) equity shares of face value of Rs.5/- each, fully paid-up.
- b) adopted a new set of the Articles of Association in place of its existing Articles of Association, with a view to bring the Articles of Association of the Company in consonance with the notified provisions of the Companies Act, 2013 and the rules framed thereunder.

For P. SARAWAGI & ASSOCIATES
Company Secretaries

(P.K. Sarawagi)
Proprietor

Membership No. : FCS-3381
C. P. No. : 4882

Place : Kolkata
Date : 30th May, 2016

This Report is to be read with our letter of even date which is annexed to this Report as Annexure – A and forms integral part of this Report.

Annexure - A

To,
The Members
BATA INDIA LIMITED

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For P. SARAWAGI & ASSOCIATES
Company Secretaries

(P.K. Sarawagi)
Proprietor

Membership No. FCS-3381
C. P. No. : 4882

Place : Kolkata
Date : 30th May, 2016

Annexure - III

Information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of the Boards' Report for the financial year ended March 31, 2016**(A) CONSERVATION OF ENERGY****i. The steps taken or impact on conservation of energy:**

- a) Installation of Energy efficient Briquette (Bio-fuel) fired boiler by replacing high energy sensitive petroleum based oil fired boiler.
- b) Upgradation of existing Steam distribution system towards maximum utilization of steam in manufacturing process.
- c) Optimization of different rubber processing steps like compounding / mixing / pressing in Rubber factory for maximum utilization of input energy.
- d) Installation of Translucent sheets & natural air driven turbo fans on asbestos roof for working in shop floor with day light.
- e) Installation of energy efficient LED lights by replacing high energy consumed lights.
- f) Properly insulation of manufacturing equipment - barrel for DIP machines towards maximum utilization of maximum heat energy.
- g) Introduced "Motion Sensors" in the offices to cut off the electrical equipments, when the offices are without population.
- h) Introduced Variable Frequency Drive (VFD) motors in conveyors to save energy.

ii. The steps taken by the company for utilizing alternate sources of energy:

- Yet to introduce "Solar Energy" as alternate source of energy.

iii. The capital investment on energy conservation equipments:

| Financial Year | 2015-16 | 2014-15 | 2013- 14 |
|-------------------------|---------|---------|----------|
| Amount (Rs. in Million) | 0.366 | 30.417 | 5.249 |

(B) TECHNOLOGY ABSORPTION**i. The efforts made towards technology absorption:**

- a) Material Development
- b) Process Development
- c) Product Development
- d) Footwear Moulds
- e) Waste Utilization
- f) Energy savings
- g) Enhancing of Safe work Environment
- h) Cater to export specification requirement
- i) Computerization & Data processing

ii. The benefits derived like product improvement, cost reduction, product development or import substitution:

- a) Developed & introduced light-weight rubbery feel air blown PVC sole compound "Griplite" for DIP sandal production;
- b) Developed & exported **Breathable Canvas** footwear to European Market maintaining restricted chemicals norms;
- c) Developed & exported **Peanuts Canvas** shoe to European market maintaining restricted chemicals norms;
- d) Developed & exported **CDG STAR & POLKA DOT** canvas shoes to European market maintaining restricted chemicals norms;
- e) Developed & introduced various types of Leather Closed & Sandals, Sports category, Rubber canvas, DIP, PU Sandal & Closed, Safety Boots etc. about **195 New Articles** during the year under review;
- f) Developed & introduced new / alternative chemicals, material substitution without deteriorating the quality level, in order to get cost effective product with the competitive edge;
- g) Developed & introduced **Hydrolysis proof PU** synthetic upper in footwear production;
- h) Introduced **Six Sigma methodology** to reduce "R pair" percentage for all category of shoes ;
- i) Developed & introduced new technology in DIP "Sandeep" sandal production-just like PU pouring sandal upper which shows good aesthetic look;
- j) Developed & introduced new EVA Screen printing primer Bostik "NUV-5100" for better performance;
- k) Developed & introduced colourful-attractive, good quality printed Shoe Boxes with locking system avoiding stapling process;

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil

- a) the details of technology imported;
- b) the year of import;
- c) whether the technology been fully absorbed;
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

iv. Expenditure incurred on Research and Development (2015-16)

| | |
|-----------|--------------------|
| Capital | - Nil |
| Recurring | - Rs. 62.2 Million |
| Total | - Rs. 62.2 Million |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

| | |
|----------------------------------|-----------------------|
| a) Activities relating to export | : Rs. 139.73 Million |
| b) Total Foreign exchange used | : Rs. 1902.98 Million |
| c) Total Foreign exchange earned | : Rs. 143.83 Million |

For and on behalf of the Board of Directors

UDAY KHANNA
Chairman
 (DIN: 00079129)

Place : Gurgaon
 Date : May 30, 2016

ANNUAL REPORT ON CSR ACTIVITIES**Annexure - IV**

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014

Social Responsibility of the Company and its Policy

Corporate Social Responsibility (CSR) is a public spirited cause that has been introduced by the new Companies Act 2013. CSR is traditionally driven by a moral obligation and philanthropic spirit. Bata India Limited ('the Company') has a heritage to be engaged in charities and philanthropic activities, along with a number of other social activities.

The Company has a CSR policy in place which aims to ensure that the Company continues to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders. The Company plans to take up CSR programmes which benefit the communities in and around its work centers and over a period of time, results in enhancing the quality of life of the people in the area of its business operations and in overall nation building.

The Company focuses on the promotion of educational initiatives by supporting the schools adopted under Bata Children's Programme (BCP) near the areas of operations, promotion of health & sanitation activities by building toilets at the schools under the Prime Minister's *Swachh Bharat Abhiyan* and conduct other sanitation workshops. The Company actively participates in the Prime Minister's Skill India campaign by enhancing employability skills of the youth and undertaking relief and rehabilitation initiatives in the communities affected by natural disasters to reduce inequalities faced by the underprivileged people and eradicate poverty.

The policy elucidates the responsibilities of the Board & CSR Committee and implementation & monitoring process towards achieving the Company's CSR goals. The CSR Policy of the Company has been uploaded on the website of the Company at www.bata.in and is available at <http://bata.in/0/pdf/CorporateSocialResponsibilityPolicy.pdf>.

CSR Committee

The Board of Directors of the Company has a CSR Committee of the Board, in terms of the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 to identify, approve CSR activities and to monitor proper execution and implementation of the CSR Projects and Activities undertaken by the Company.

The CSR Committee consists of two Independent Directors and two Executive Directors. Mr. Akshay Chudasama, Independent Director, is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Financials & details of CSR Activities

| Particulars | Amount (Rs. in Million) | Amount (Rs. in Million) |
|--|----------------------------|----------------------------|
| A. Net Profits of the Company for the: | | |
| • financial year ended December 31, 2012 | 2530.89 | |
| • financial year ended December 31, 2013 | 2939.26 | |
| • financial year ended March 31, 2015 | 3089.21 | |
| B. Aggregate Net Profits of the Company for the last three financial years | | 8559.36 |
| C. Average Net Profit of the Company for the last three financial years | | 2853.12 |
| D. Prescribed CSR Expenditure (2% of amount stated in Item no. C above) | | 57.06 |
| E. Details of CSR Expenditure: | | |
| • Amount spent | | 17.85 |
| • Amount unspent | | 39.21 |

| F. Details of CSR Activities undertaken by the Company: | | | | | | | |
|---|--|--|---|---|---|--|---|
| Sr. No. | CSR Projects / activity identified | Sector in which the project is covered | Location(s) | Amount Outlay (budget) Project or Activity wise | Amount spent on the projects or programs (Rs. in Million) | Cumulative Expenditure up to the reporting period (Rs. in Million) | Amount spent: Direct or through implementing agency |
| 1. | <ul style="list-style-type: none"> - Promoting education at Bata Children's Programme (BCP) Schools • Infrastructural upliftment • Technical support • Vocational Training to teachers • Organizing teachers' day, sports day, etc. • Celebration of festivals • Health check-up workshops, medical check-up camps - Re-building schools affected by Jammu & Kashmir flood - Donation of school shoes to Indian Council for Child Welfare | Education | Kolkata, West Bengal; Gurgaon, Haryana; Patna, Bihar; Jammu & Kashmir PAN India | 5.05 | 5.05 | 5.05 | Direct |
| 2. | Promoting special education and employment enhancing skill | Skill Development | Gurgaon, Haryana; Bangalore, Karnataka | 0.82 | 0.82 | 0.82 | Agencies: NGO - Sambhav Foundation; NGO - Centum Foundation |

| Sr. No. | CSR Projects / activity identified | Sector in which the project is covered | Location(s) | Amount Outlay (budget) Project or Activity wise | Amount spent on the projects or programs (Rs. in Million) | Cumulative Expenditure up to the reporting period (Rs. in Million) | Amount spent: Direct or through implementing agency |
|--------------|--|--|---|---|---|--|---|
| 3. | <ul style="list-style-type: none"> - Shoe donation at schools - Donation of shoes to Thane Village - Shoe donation towards Chennai Flood Relief Programmes | Eradicating poverty & reducing inequalities faced by socially & economically backward groups | Gurgaon, Haryana; Thane, Maharashtra; Chennai, Tamil Nadu | 0.19 | 0.19 | 0.19 | Direct |
| 4. | <ul style="list-style-type: none"> - Construction of toilets - Health check-up camps - Nutrition workshops - Personal hygiene workshops - Sponsorship - BOHS for primary care providers at Kanpur tanneries | Health & sanitation | Kolkata, West Bengal; Gurgaon, Haryana; Patna, Bihar; Kanpur, Uttar Pradesh | 6.70 | 6.70 | 6.70 | Agencies: NGO - Sulabh International Social Service Organization; NGO - SEEDS; NGO - Indian Association of Occupational Health; NGO - SHARP |
| 5. | <ul style="list-style-type: none"> Sponsorship for body building championship - District Amateur Body Building | Community Development | Gurgaon, Haryana | 0.20 | 0.20 | 0.20 | Direct |
| TOTAL | | | | | 17.85 | 17.85 | |

On-going programmes:

- Health & Sanitation: Construction of Toilets - The Company is in the process to build 21 toilets at 2 government schools of Gurgaon. The Company is maintaining the 34 toilets already built at 3 government schools and plan to conduct sanitation workshops for the students in order to promote preventive healthcare.
- **Jammu & Kashmir Flood Relief & Rehabilitation Initiative** - The school construction at J&K got completed, in collaboration with SEEDS (Sustainable Environment and Ecological Development Society). Inauguration would take place.
- Skill Development - The Company has signed a MOU with Sambhav Foundation to train 100 youth in Retail Sales Associate at Delhi. The Company has signed another MOU with Centum Foundation to train 100 youth in Retail Trainee Associate at Bangalore.

Details of Implementing Agencies:

The Company has partnered with various non-profit organizations in order to leverage upon the collective expertise, to implement CSR programmes.

- a) **Sulabh International Social Service Organization** - The Company partnered with them to build toilets at government schools. It is registered under Societies Registration Act, 1860 and has been a pioneer organization to work on providing health & sanitation facilities to the communities.
- b) **Sustainable Environment and Ecological Development Society (SEEDS)** - The Company partnered with them for school re-building during J&K flood rehabilitation and undertaking donation of shoes during Chennai flood relief. The organization is registered under Societies Registration Act, 1860 and a humanitarian non-profit organization working to make vulnerable communities resilient to disasters. SEEDS is the first and the only NGO in India, working in humanitarian response, to be certified by Geneva based Humanitarian Accountability Partnership (HAP) and is signatory to the Code of Conduct for the International Red Cross and Red Crescent.
- c) **School Health Annual Programme (SHARP)** - The Company partnered with them on taking up various educational health workshops at schools adopted under BCP. It is registered under Societies Registration Act, 1860 and it works with an objective of providing healthy and a hygienic environment to Government and private school children and reaches out to the community health interventions as well. SHARP being the premier NGO in the field of school health has been working in the schools, hospitals and the community for the last 15 years and has established itself as the largest School Health NGO in the Country.
- d) **Pratham NGO** - The Company partnered with them to provide training to the teachers at the BCP schools. Pratham is one of the well known NGOs in the field of education, which works towards the provision of quality education to the underprivileged children in India. Established in Mumbai in 1994 to provide pre-school education to children in slums, it now has presence in 21 states of India and has supporting chapters in the United States, UK, Germany and UAE.
- e) **Sambhav Foundation** - The Company partnered with them to impart training on retail sales to the youth in Delhi. It is a registered under the Indian Trust Act, 1882 and it works towards skilling underprivileged youth in the communities, through its NSDC (National Skills Development Corporation) certified implementing partners.
- f) **Centum Foundation** - The Company partnered with them to impart training on retail sales to the youth in Bangalore. It is registered under the provisions of the Societies Registration Act, 1860 and is engaged in the activities of vocational training, skilling and implementing other projects of social importance and committed to build an empowered India by providing skills for employability.

Rationale

The Company had been undertaking various social activities long before the provisions relating to Corporate Social Responsibility of a company in India were introduced in the Companies Act, 2013. The Company has been an active member and has historically participated in the Bata Children's Programme (BCP) initiatives of Bata Shoe Organization (BSO) globally and has been involved in upliftment of the underprivileged children in the nearby areas where the Company operates. Post introduction of the Companies Act, 2013 and the Companies (Corporate Social Responsibilities Policy) Rules, 2014 and subsequent clarifications and explanations thereto, the Company took time to establish CSR strategy and plans for implementation. The Company has now established a sustainable CSR model within the parameters stipulated under the Companies Act, 2013 and has already identified its core areas of CSR activities. Some of the CSR projects of the Company are under completion stage. Many of such CSR projects are long term initiatives of the Company.

Due to these reasons, a sum of Rs.39.21 Million remained unspent at the end of the Financial Year 2015-16. The Company shall ensure that it complies with the requirements of the Companies Act, 2013 and Rules framed thereunder. The Company shall also attempt to utilize the aforesaid unspent amount towards CSR activities over the next few years, in lines with the CSR Policy of the Company.

Responsibility Statement

On behalf of the CSR Committee, we hereby affirm that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

RAJEEV GOPALAKRISHNAN

Managing Director &
Chief Executive Officer
(DIN: 03438046)

AKSHAY CHUDASAMA

Chairman,
CSR Committee
(DIN: 00010630)

Place : Gurgaon
Date : May 30, 2016

Annexure - V

Information as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of Directors and Key Managerial Person to the median remuneration of the employees of the Company for the financial year 2015-16:

| Sl. No. | Name of Director and KMP | Designation | Ratio of remuneration of each Director / KMP to median remuneration of employees | Percentage increase in Remuneration |
|---------|---------------------------|--|--|-------------------------------------|
| 1. | Mr. Rajeev Gopalakrishnan | Managing Director & CEO | 127.96 | 0.18% |
| 2. | Mr. Ram Kumar Gupta * | Director Finance & CFO | 44.64 | 0% |
| 3. | Mr. Ranjit Mathur * | Director Finance & CFO | 40.98 | 0% |
| 4. | Mr. Kumar Nitesh * | Managing Director - Retail | 77.39 | 0% |
| 5. | Mr. Maloy Kumar Gupta | Company Secretary & Compliance Officer | 10.68 | 0% |

* Mr. Ram Kumar Gupta, Mr. Ranjit Mathur and Mr. Kumar Nitesh were employed for part of the financial year 2015-16. The ratios above are based on their full potential earning for twelve months ended on March 31, 2016.

Note:

- The Non-Executive Directors of the Company are entitled to sitting fee and commission as per statutory provisions of the Companies Act and as per terms approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.
 - Percentage increase in remuneration indicates annual total compensation increase, as approved by the Nomination and Remuneration Committee of the Board of Directors of the Company during the financial year 2015-16.
 - Employees for the purpose above include all employees excluding employees governed under collective bargaining process.
- (ii) The percentage increase in the median remuneration of employees in the financial year was 10.88%.
- (iii) There were 4796 permanent employees on the rolls of the Company as on March 31, 2016.
- (iv) Relationship between average increase in remuneration and company performance:
- The reward philosophy of the Company is to provide market competitive compensation which has a strong link to performance. The company undertakes a compensation benchmarking with similar organizations every year. The salary increases given are a function of Company's market competitiveness in this comparator group as well as overall business performance. During the year, a similar approach was followed to determine compensation increases to the employees. Variable compensation is an integral part of our Remuneration Policy and is directly linked to an individual performance as well as business performance of the Company. Salary increases during the year were in line with Company's performance as well as per Company's market competitiveness.
- (v) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:
- Annual compensation increases and variable compensation pay-outs of Employees including Key Management Personnel are directly linked to individual performance as well as that of the business. The increases for Key

Managerial Personnel was duly reviewed and approved by the Nomination and Remuneration Committee of the Board of Directors of the Company in line with the overall business performance and individual contribution. During the year, the Company's business grew by 10%. Profit before interest and tax (PBIT) grew by 11 % and PBIT margin declined by 1400 bps. Profit after tax but before exceptional items (PAT) declined by 7%. However, in view of change in financial year from 'January – December' to 'April –March' and closure of the previous financial year 2014-15 on March 31, 2015 by the Company covering a period of fifteen months, there has been no change in the compensation of the as on March 31, 2015 and March 31, 2016. The revision in compensation for the Directors and KMPs where applicable, has been made effective from April 01, 2016 onwards.

- (vi) The Market Capitalization of the Company as on March 31, 2016 was approx. Rs.65,370 Million as compared to Rs.70,100 Million as on March 31, 2015. The Price Earnings (P/E) ratio of the Company was 29.79 as at March 31, 2016 (twelve months) as compared to 30.32 as at March 31, 2015 (fifteen months). The closing share price of the Company at BSE Limited and National Stock Exchange of India Limited on March 31, 2016 were Rs.507.05/- and Rs.508.60/- per equity share of face value of Rs.5/- each, respectively, has grown 19 times since the last Public Offer made by the Company in the year 2005 (Offer Price was Rs.54/- per equity share of face value of Rs.10/- each, on Rights Issue basis).
- (vii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 11.38%, whereas the increase in the managerial remuneration was 0.1%. The average increase every year is an outcome of Company's market competitiveness as against similar companies. The increases this year are a reflection of our compensation philosophy and benchmarking results.
- (viii) The key parameters for any variable component of remuneration availed by the directors: Variable compensation is an integral part of our compensation package for all Employees including Executive Directors. Annual variable compensation payout is directly linked to an individual performance as well as business performance. At the beginning of the year, every employee including Executive Directors has clear Key Performance Areas defined with measurable targets. These are derived directly from the overall organization's strategic plan Business targets are a combination of goals such as Turnover growth, Improving Margins and Cash Flows, Market expansion, New Product Launches etc.
- (ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable.
- (x) It is hereby affirmed that the remuneration paid to all the Directors, Key Managerial Personnel, Senior Managerial Personnel and employees of the Company during the financial year ended March 31, 2016, were as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place : Gurgaon
Date : May 30, 2016

UDAY KHANNA
Chairman
(DIN: 00079129)

Annexure - VI

BATA INDIA LIMITED

Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2016

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 | Qualification | Age (in years) | Date of Appointment | Experience - No. of years including previous employment | Remuneration (Rs. in Millions) | Last Employment - Designation |
|---------|-----------------------|---|--|---|----------------|---------------------|---|--------------------------------|--|
| 1 | Gopalakrishnan Rajeev | Managing Director | Contractual | B.E. (Mechanical) | 51 | 01.01.2011 | 25 | 44.62 | Bata Bangladesh Ltd. - Managing Director |
| 2 | Tonolli E | Vice President | Contractual | Commercial School | 68 | 01.06.2003 | 46 | 22.49 | Bata Europe, Paris - Shoeline Builder |
| 3 | Kanth Sanjay | Sr. Vice President - Manufacturing | Contractual | B.A. - Economics, Diploma in Marketing Mgmt, MBA - Operations MDP | 53 | 02.07.2012 | 31 | 12.14 | Adidas Technical Services Pvt. Ltd. - Head of Operations |
| 4 | Lambert Matteo | Vice President - Product Development | Contractual | Bachelor Degree in Literature & Social Studies, B.Com, MBA - Marketing, Diploma | 44 | 06.06.2013 | 19 | 11.33 | Artsana Spa - Group Buyer |
| 5 | Kumar Sumit | Vice President & Head - Marketing & Customer Services | Contractual | B.Com, MBA - Marketing, Diploma in Hotel Mgmt. & Catering Technology | 39 | 02.09.2013 | 15 | 7.86 | Marc & Spencer, UK, Business Head - Marketing |
| 6 | Joshi Kiran | Vice President - Procurement | Contractual | B.Sc, M.Sc, Management in Footwear Technology | 43 | 19.07.2010 | 20 | 6.68 | Adidas Marketing Pvt. Ltd. - Head of Sourcing |

BATA INDIA LIMITED

Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2016

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

| Sl. No. | Name | Designation | Nature of Employment, whether contractual or otherwise | Qualification | Age (in years) | Date of Appointment / Resignation | Experience - No. of years including previous employment | Remuneration (Rs. in Millions) | Last Employment -Designation |
|---------|--------------------|---|--|--|----------------|-----------------------------------|---|--------------------------------|--|
| 1 | Gupta Ram Kumar | Director-Finance | Contractual | B.Com, ACA | 57 | 01.07.2015 | 30 | 10.70 | Bata Shoe Company (Kenya) Ltd. - Director Finance |
| 2 | Mathur Ranjit | Director-Finance | Contractual | B.Com, CA | 47 | 10.08.2015 | 24 | 6.29 | Dow Corning India Pvt. Ltd. - Head of Finance |
| 3 | Rojas Ernesto Luis | Company Manager | Contractual | Graduate | 46 | 01.08.2015 - 29.02.2016 | 19 | 26.45 | Futura Footwear Ltd. - Company Manager |
| 4 | Kumar Nitesh | Head of Retail | Contractual | B.Sc, PGDBM (Mkt) | 40 | 12.02.2016 | 16 | 19.83 | Bata Bangladesh Ltd. - Managing Director |
| 5 | Mahajan Sanjay | Sr. Vice President-IT | Contractual | B.Sc, MSc-Maths, P.G Diploma in Computer Science & Application | 47 | 14.08.2015 | 23 | 5.21 | Yum Restaurants India Pvt. Ltd., IT-Director |
| 6 | Jain Anup | Retail Head (North) | Contractual | B:E (Mechanical) MBA-Business Management | 44 | 30.09.2015 | 21 | 7.12 | Yum Restaurants India Pvt. Ltd., Sr. Director |
| 7 | Ehsanuzzaman A H M | Sr. Vice President | Contractual | B.Sc-Mech.Eng, MBA | 55 | 31.10.2015 | 31 | 12.77 | Bata (Malaysia) Son Bhd - Functional Head BEM |
| 8 | Gupta Piyush | Vice President - Finance | Contractual | B.Com, ACA, ACWA | 44 | 16.11.2015 | 20 | 2.88 | Coca-Cola India Private Limited; Senior Manager Finance - Juices |
| 9 | Singh Inderpreet | Head - Retail Operations | Contractual | B.Tech - Textile Technology, PGP in Fashion Mgmt. | 36 | 01.01.2016 | 13 | 2.44 | ITC - Regional Manager Sales |
| 10 | Jain Vishal | Vice President - Finance | Contractual | B.Com, ACA | 39 | 15.10.2015 - 17.12.2015 | 14 | 3.13 | Proctor & Gamble; Regional Head, Asia (ex-China) Fabricare Financial Planning & Strategy |
| 11 | Sook Fong | Chief Buyer - Merchandising (Family) | Contractual | Degree Course in Technology | 39 | 31.07.2015 | 16 | 2.41 | RSH - SDN BHD - Asstt. Mgr. - Merchandising |
| 12 | Malaver Pablo Juan | Assistant Vice President - Design & Development | Contractual | Master in Footwear and Accessories Design | 37 | 27.04.2015 | 13 | 9.84 | Once Once Estudio; Development and Production Manager |

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.

For and on behalf of the Board of Directors

UDAY KHANNA
Chairman
(DIN: 00079129)

Place : Gurgaon
Date : May 30, 2016

CORPORATE GOVERNANCE REPORT

[In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations]

(1) COMPANY'S PHILOSOPHY

The Company strongly believes that establishing good corporate governance practices in each and every function of the organization leads to achieve sustainable growth and enhances long term value for all the stakeholders. The Company always endeavours to carry its business operations in a fair, transparent and ethical manner and also holds itself accountable and responsible to the society it belongs. The Company considers it imperative to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate behaviours.

On September 2, 2015, the Securities and Exchange Board of India (SEBI) introduced the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from December 1, 2015, replacing the erstwhile Listing Agreement with the Stock Exchange. The Company has promptly taken all necessary steps to implement the revised norms of Corporate Governance. The Company understands that compliances of applicable legislations and timely disclosures enhance the image of the Company as a good corporate citizen in the Country.

(2) BOARD OF DIRECTORS

COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors of the Company is constituted under the Chairmanship of an Independent Director and comprises of three more Independent Directors, two Non-Executive Directors and two Executive Directors. The Board has an appropriate mix of vast knowledge, wisdom and varied industry experience to guide the Company in achieving its objectives in a sustainable manner.

The Board of Directors meets at least once in every quarter and also as and when required. During the financial year ended March 31, 2016, five Board Meetings were held, i.e., on May 27, 2015; August 5, 2015; August 19, 2015; November 4, 2015 and February 10, 2016.

The Composition and category of each Director on the Board and attendance at the Board Meetings and at the last Annual General Meeting together with details of other Directorships and Committee Memberships are given below:

| Name of the Director | Category of Director | Attendance at Meetings | | Directorship / Committee Membership in Public Limited Companies (including Bata India Limited) | |
|----------------------|---------------------------------|--------------------------------|------------------------|--|--|
| | | No. of Board Meetings attended | Attendance at last AGM | No. of Directorships in Public Limited Companies* | No. of Committee Memberships / Chairpersonship** |
| Mr. Uday Khanna | Chairman & Independent Director | 5 | Yes | 5 | 6 (Chairman of 3) |
| Mr. Akshay Chudasama | Independent Director | 4 | Yes | 5 | 2 (Chairman of 1 till August 5, 2015) |
| Ms. Anjali Bansal | Independent Director | 3 | Yes | 3 | 1 |

| Name of the Director | Category of Director | Attendance at Meetings | | Directorship / Committee Membership in Public Limited Companies (including Bata India Limited) | |
|---|---|--------------------------------|------------------------|--|--|
| | | No. of Board Meetings attended | Attendance at last AGM | No. of Directorships in Public Limited Companies* | No. of Committee Memberships / Chairpersonship** |
| Mr. Ravindra Dhariwal # (Appointed w.e.f. May 27, 2015) | Independent Director | 5 | Yes | 7 | 7 (Chairman of 2) |
| Mr. Christopher Kirk # (Appointed w.e.f. February 10, 2016) | Non-Executive Director | 1 | N.A. | 1 | 1 |
| Mr. Shaibal Sinha # (Appointed w.e.f. May 27, 2015) | Non-Executive Director | 5 | Yes | 1 | 1 |
| Mr. Jack G.N. Clemons # (Resigned w.e.f. November 12, 2015) | Non-Executive Director | 1 | Yes | 1 | 1 |
| Mr. Jorge Carbajal # (Resigned w.e.f. August 19, 2015) | Non-Executive Director | 0 | No | 1 | 1 |
| Mr. Rajeev Gopalakrishnan (Re-appointed w.e.f. February 23, 2016)*** | Managing Director (Executive Director) | 5 | Yes | 3 | 1 |
| Mr. Ram Kumar Gupta # (Appointed w.e.f. August 19, 2015) | Director Finance (Executive Director) | 3 | N.A. | 4 | 1 |
| Mr. Ranjit Mathur # (Resigned w.e.f. August 19, 2015) | Director Finance (Executive Director) | 2 | Yes | 4 | 1 |
| Mr. Kumar Nitesh # (Resigned w.e.f. November 4, 2015) | Whole-Time Director (Executive Director) | 3 | Yes | 2 | Nil |

NOTE: * Excludes Private Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013 or Section 25 of the Companies Act, 1956.

****** Includes only Audit Committee and Stakeholders Relationship Committee as per Regulation 26(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Jorge Carbajal and Mr. Jack G.N. Clemons resigned from the Board and consequently ceased to be the Members of the Audit Committee of the Board with effect from August 19, 2015 and November 12, 2015, respectively. Mr. Ranjit Mathur resigned from the Board and consequently ceased to be a Member of, *inter alia*, the Stakeholders Relationship Committee of the Board with effect from August 19, 2015. Mr. Ravindra Dhariwal, Mr. Shaibal Sinha, Mr. Christopher Kirk and Mr. Ram Kumar Gupta were appointed during the financial year ended March 31, 2016. Accordingly, the details of attendance at Board Meetings by these Directors are for part of the financial year under review.

*******The Board of Directors at its Meeting held on February 10, 2016, re-appointed Mr. Rajeev Gopalakrishnan as the Managing Director of the Company for a period of 5 (five) consecutive years w.e.f. February 23, 2016, subject to Shareholders' approval at the ensuing Annual General Meeting.

In compliance with the requirements of Schedule IV to the Companies Act, 2013 read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on May 3, 2016, where all the Independent Directors were present.

There is no inter-se relationship between the Directors of the Company.

APPOINTMENT AND TENURE OF THE DIRECTORS

The Directors of the Company are appointed by the Members at General Meetings. Generally, the Managing Director and Whole-time Directors (Executive Directors) are appointed for a period of five years. The Non-Executive Directors (other than the Independent Directors) are liable to retire by rotation at Annual General Meetings and if eligible, may seek approval of the Members for their re-appointment.

In terms of the provisions of Section 149(5) of the Companies Act, 2013 and Rules framed thereunder, the Independent Directors of the Company are appointed for a period of five years by the Members of the Company at the General Meetings.

A formal letter of appointment setting out the terms and conditions of appointment, roles and functions, responsibilities, duties, fees and remuneration, liabilities, resignation/removal, etc., as specified under Schedule IV to the Companies Act, 2013 has been issued to each of the Independent Directors subsequent to obtaining approval of the Shareholders to their respective appointments. The terms and conditions of such appointments of the Independent Directors are also posted on the website of the Company at www.bata.in.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

In order to encourage active participation from the Independent Directors and also to enable them to understand the business environment of the Company, a Familiarization Programme for the Independent Directors has been adopted and implemented.

Once appointed, the Independent Directors undergo Familiarization Programme of the Company. Necessary information and supportive documents in respect of the footwear industry, the regulatory environment under which the Company operates and Annual Reports of past financial years are provided to the Independent Directors. The Independent Directors visit the Corporate Office of the Company and hold one-on-one discussions with key Functional Heads of the Company to understand various functions which are critical to business performance of the Company. The Independent Directors are also provided with financial results, internal audit findings, risk inventories and other specific documents as sought for from time to time. The Independent Directors are also made aware of the various Policies and Code of Conduct and Business Ethics adopted by the Board.

During the year under review, the Company conducted various Familiarization Programmes for the Independent Directors of the Company. The details of such Programmes are uploaded on the website of the Company at www.bata.in and the same is available at <http://bata.in/0/pdf/DetailsFamiliarizationprogrammeimpartedIDs.pdf>.

The Company has uploaded its Familiarization Programme for Independent Directors on the website of the Company at www.bata.in and the same is available at <http://bata.in/0/pdf/Familiarization-Program-for-Independent-Directors.pdf>.

CODE OF CONDUCT

The Board of Directors of the Company has adopted a revised Code of Conduct for all Board Members and Senior Management Personnel of the Company. Details of the said Code of Conduct of the Company are available on the website of the Company at www.bata.in and the same is available at <http://bata.in/0/pdf/BIL-CodeofConductforDirectors&SMPs.pdf>.

Annual Declaration by the Managing Director (Chief Executive Officer) pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations:-

As the Managing Director (Chief Executive Officer) of Bata India Limited and as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V to the said Regulations, 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 March 31, 2016.

Rajeev Gopalakrishnan
Managing Director (CEO)
(DIN: 03438046)

(3) AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee of the Board which conforms to the criteria in terms of the requirements of Section 177 of the Companies Act, 2013 and Rules framed thereunder read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of the Company meets every quarter, *inter alia*, to review the financial results for the previous quarter before the same are approved at Board Meetings, pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee may also meet from time to time, if required.

The Audit Committee has been vested with, *inter alia*, the following powers:

- i. to investigate any activity within its terms of reference;
- ii. to seek information from any employee;
- iii. to obtain outside legal or other professional advice;
- iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

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 and clause (c) of subsection 3 of Section 134 of the Companies Act, 2013 to the extent applicable.
 - 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 statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;

- f. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- g. Approval or any subsequent modification of transactions of the Company with related parties;
- h. Scrutiny of inter-corporate loans and investments;
- i. Valuation of undertakings or assets of the Company, wherever it is necessary;
- j. Evaluation of internal financial controls and risk management systems;
- k. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- l. 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;
- m. Discussion with internal auditors any significant findings and follow up there on;
- n. 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;
- o. 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, if any;
- p. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- q. To review the functioning of the Whistle Blower Mechanism;
- r. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- s. 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.

In addition, the Audit Committee also mandatorily 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, if any, 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.

Composition of the Committee, Meetings and Attendance

The Audit Committee comprises of four Independent Directors and two Non-Executive Directors. The Chairman of the Audit Committee is an Independent Director.

The Audit Committee met five times during the financial year ended March 31, 2016, i.e., on May 27, 2015; August 4, 2015; August 19, 2015; November 4, 2015 and February 10, 2016. Category of Directors as Audit Committee Members and their attendance at the aforesaid Audit Committee Meetings are detailed below:

| Sl. No. | Name of the Member | Category | No. of Meetings attended |
|---------|--|---------------------------------|--------------------------|
| 1. | Mr. Ravindra Dhariwal <i>(Appointed as a Member w.e.f. May 27, 2015 and as the Chairman of the Committee w.e.f. August 5, 2015)</i> | Chairman & Independent Director | 5 |
| 2. | Mr. Uday Khanna | Independent Director | 5 |
| 3. | Mr. Akshay Chudasama <i>(Chairman upto August 5, 2015 and thereafter, as a Member of the Committee)</i> | Independent Director | 4 |
| 4. | Ms. Anjali Bansal | Independent Director | 3 |
| 5. | Mr. Christopher Kirk <i>(Appointed w.e.f. February 10, 2016)</i> | Non-Executive Director | 1 |
| 6. | Mr. Shaibal Sinha <i>(Appointed w.e.f. May 27, 2015)</i> | Non-Executive Director | 5 |
| 7. | Mr. Jack G. N. Clemons <i>(Resigned w.e.f. November 12, 2015)</i> | Non-Executive Director | 1 |
| 8. | Mr. Jorge Carbajal <i>(Resigned w.e.f. August 19, 2015)</i> | Non-Executive Director | NIL |

The Chairman of the Audit Committee was present at the Eighty Second Annual General Meeting of the Company held on August 5, 2015.

The Executive Directors, the Statutory Auditors, the Chief Internal Auditor and the Head of Finance are permanent invitees to the Audit Committee Meetings. The Company Secretary is in attendance at the Audit Committee Meetings.

(4) **NOMINATION AND REMUNERATION COMMITTEE**

The Board of Directors of the Company has a Nomination and Remuneration Committee of the Board in terms of the requirements of Section 178 of the Companies Act, 2013 and Rules framed thereunder read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Terms of Reference

The terms of reference of the Committee include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Composition of the Committee, Meetings and Attendance

The Nomination and Remuneration Committee consists of four Independent Directors and two Non-Executive Directors. Ms. Anjali Bansal, Independent Director, is the Chairperson of the Committee.

The Nomination and Remuneration Committee met five times during the financial year ended March 31, 2016, i.e., on April 10, 2015; May 27, 2015; August 19, 2015; November 4, 2015 and February 9, 2016. Category of Directors as the Nomination and Remuneration Committee Members and their attendance at the aforesaid Meetings are detailed below:

| Sl. No. | Name of the Member | Category | No. of Meetings attended |
|---------|---|------------------------------------|--------------------------|
| 1. | Ms. Anjali Bansal | Chairperson & Independent Director | 4 |
| 2. | Mr. Uday Khanna | Independent Director | 5 |
| 3. | Mr. Ravindra Dhariwal (Appointed w.e.f. August 5, 2015) | Independent Director | 3 |
| 4. | Mr. Akshay Chudasama | Independent Director | 3 |
| 5. | Mr. Christopher Kirk (Appointed w.e.f. February 10, 2016) | Non-Executive Director | NIL |
| 6. | Mr. Shaibal Sinha (Appointed w.e.f. August 5, 2015) | Non-Executive Director | 3 |
| 7. | Mr. Jack G. N. Clemons (Resigned w.e.f. November 12, 2015) | Non-Executive Director | NIL |
| 8. | Mr. Jorge Carbajal (Resigned w.e.f. August 19, 2015) | Non-Executive Director | NIL |

The Chairperson of the Nomination and Remuneration Committee was present at the Eighty Second Annual General Meeting of the Company held on August 5, 2015.

The Managing Director, The Director Finance and the Head of Human Resource Functions are permanent invitees to the Meetings of the Nomination and Remuneration Committee. The Company Secretary is in attendance at the Nomination and Remuneration Committee Meetings. However, all these Directors/ Executives leave the meeting room before commencement of any discussion in which they are individually or collectively deemed to be interested or concerned.

Performance Evaluation Criteria for Independent Directors

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and provisions of Schedule IV to the Act as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company carries out a performance evaluation programme for the Board of Directors, Committees of the Board and individual Directors for each financial year.

Such performance evaluation process is discussed and reviewed by the Nomination and Remuneration Committee and approved by the Board. The performance evaluation, thus, include the following:

- (i) Board Assessment;
- (ii) Assessment of each of the Committees constituted by the Board;
- (iii) Self-assessment by each Director;
- (iv) Peer Assessment by each Director.

Directors were circulated performance evaluation sheets with various parameters on a rating scale and to communicate the same to the Chairman of the Board of Directors and the Chairman / Chairperson of the respective Committees of the Board in confidential envelopes. The outcome of such performance evaluation is discussed at the separate meeting of the Independent Directors, at the subsequent meeting of the Nomination and Remuneration Committee Meeting and also at the Board Meeting. While discussing the performance evaluation of Independent Directors, the Directors being evaluated does not remain present in the Meeting room.

The Company carried a performance evaluation exercise for the financial year ended March 31, 2016. Based on the outcome of such performance evaluation exercise, it has been decided by the Board of Directors of the Company to continue the existing terms of appointment of Mr. Uday Khanna, Mr. Ravindra Dhariwal, Mr. Akshay Chudasama and Ms. Anjali Bansal, Independent Directors of the Company, as mentioned in their respective letter of appointment and also to continue with Mr. Shaibal Sinha, Non-Executive Director who is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, shall seek approval of the shareholders for his re-appointment.

(5) REMUNERATION TO DIRECTORS

Nomination and Remuneration Policy

In compliance with the requirements of the Companies Act, 2013, Rules framed thereunder and pursuant to the provisions of Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule II to the said Regulations, the Board of Directors of the Company has a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel, Functional Heads and other employees of the Company. The Policy provides for criteria and qualifications for appointment of Director, Key Managerial Personnel and Senior Management, Board diversity and remuneration to directors, key managerial personnel, etc. The said policy is posted on the Company's website www.bata.in and same is available at the link: http://bata.in/0/pdf/Remuneration-Policy_2015.pdf.

- **Non-Executive Directors**

During the year under review, while Mr. Jorge Carbajal and Mr. Jack G. N. Clemons resigned from the Board of Directors of the Company, Mr. Christopher Kirk and Mr. Shaibal Sinha were appointed on the Board as the Non-Executive Directors. Aforesaid Directors do not accept 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. They do not hold any shares in the Company.

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. Such remuneration is also in lines with the Nomination and Remuneration Policy of the Company and in terms of the specific requirements under the Companies Act, 2013 and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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% in aggregate of the Net Profits computed in the manner referred to in Section 198 of the Companies Act, 2013 and Rules framed thereunder, 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 and Commission on Net Profits paid to the Independent Directors during the financial year ended March 31, 2016 and the number of Equity Shares in the Company held by the Independent Directors are also mentioned below:

| Name of the Director | Sitting Fees paid (Rs. in Million) | Commission paid for 15 month period ended March 31, 2015 (Rs. in Million) | No. of Shares Held |
|--|---------------------------------------|--|---------------------|
| Mr. Uday Khanna | 0.92 | 2.87 | 10,000 [#] |
| Mr. Ravindra Dhariwal (Appointed w.e.f. May 27, 2015) | 0.95 | - | - |
| Mr. Akshay Chudasama | 0.67 | 1.44 | - |
| Ms. Anjali Bansal | 0.47 | 0.99 | - |
| Mr. Atul Singh | - | 0.44 | - |

[#] Subsequent to sub-division of the face value of equity shares of the Company of Rs. 10/- each into two equity shares of Rs. 5/- each.

• Executive Directors

The details of remuneration and perquisites paid to the Executive Directors during the year under review are as under:

(Rs. in Million)

| Name | Salary | Performance Linked Incentive | Perquisites |
|--|--------|---------------------------------|-------------|
| Mr. Rajeev Gopalakrishnan (Managing Director) | 30.97 | 8.40 | 0.98 |
| Mr. Ram Kumar Gupta (Director Finance) (Appointed w.e.f. August 19, 2015) | 6.31 | - | 1.01 |
| Mr. Ranjit Mathur (Director Finance) (Resigned w.e.f. August 19, 2015) | 4.29 | 1.68 | 0.02 |
| Mr. Kumar Nitesh (Managing Director - Retail) (Resigned w.e.f. November 4, 2015) | 9.81 | 1.72 | 1.39 |

Performance Linked Incentive is determined by the Nomination and Remuneration Committee of the Board based on the overall business performance of the Company. 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' as detailed above, also include retirement benefits and items, which do not form part of their remuneration and perquisites under Section 197 and 198 of the Companies Act, 2013 and Rules framed thereunder.

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 such event, the concerned 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.

The Company does not have any Stock Options Scheme for its Directors or employees.

(6) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors has a Stakeholders Relationship Committee under the Chairmanship of an Independent Director of the Company.

The Stakeholders Relationship Committee consists of an Independent Director as the Chairman of the Committee and two Executive Directors. The Committee met six times during the financial year ended March 31, 2016, i.e., on May 7, 2015; May 27, 2015; August 5, 2015; September 8, 2015; November 4, 2015 and February 10, 2016. Category of Directors as Members of the Stakeholders Relationship Committee and their attendances at these Meetings are detailed below:

| Sl. No. | Name of the Member | Category | No. of Meetings attended |
|---------|---|---------------------------------|--------------------------|
| 1. | Mr. Uday Khanna | Chairman & Independent Director | 4 |
| 2. | Mr. Rajeev Gopalakrishnan | Executive Director | 6 |
| 3. | Mr. Ram Kumar Gupta (Appointed w.e.f. August 19, 2015) | Executive Director | 3 |
| 4. | Mr. Ranjit Mathur (Resigned w.e.f. August 19, 2015) | Executive Director | 2 |

Mr. Maloy Kumar Gupta, Company Secretary is the Compliance Officer of the Company and is in attendance in all the Meetings of the Committee.

The Chairman of the Stakeholders Relationship Committee was present at the Eighty Second Annual General Meeting of the Company held on August 5, 2015.

In compliance with the requirements of the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained a User ID and Password for processing the investor complaints in a centralized web based SEBI Complaints Redress System – 'SCORES'. This enables the investors to view online the action taken by the Company on their complaints and current status thereof, by logging on to the SEBI's website, www.sebi.gov.in. No shareholder's complaint was lying unresolved as on March 31, 2016 under 'SCORES'.

It is confirmed that there was no request for registration of share transfers / transmissions lying pending as on March 31, 2016 and that all requests for issue of new certificates, sub-division or consolidation of shareholdings, etc., received up to March 31, 2016 have since been processed. The Company has an efficient system in place to record and process all requests for dematerialization and re-materialization of shares in the Company through NSDL / CDSL.

Nature of complaints received and resolved during the financial year ended on March 31, 2016:

| Sl. No. | Subject matter of Complaints | Complaints pending as on April 1, 2015 | Complaints Received during the financial year ended March 31, 2016 | Total Complaints during the financial year ended March 31, 2016 | Complaints Redressed up to March 31, 2016 | Complaints pending as on March 31, 2016 |
|--------------|--|--|--|---|---|---|
| 1. | Non-receipt of Dividend | 1 | 5 | 6 | 5 | 1 |
| 2. | Transfer / Transmission of Shares | - | - | - | - | - |
| 3. | Dematerialization / Re-materialization of Shares | - | - | - | - | - |
| 4. | Others | - | 3 | 3 | 2 | 1 |
| TOTAL | | 1 | 8 | 9 | 7 | 2 |

It is confirmed that 2 (two) shareholder's complaints lying pending as on March 31, 2016 have since been resolved.

(7) RISK MANAGEMENT COMMITTEE

The Board of Directors has voluntarily constituted a Risk Management Committee where majority of Members of the Committee consists of Members of the Board of Directors including one Independent Director. The Managing Director is the Chairman of the Risk Management Committee. In addition to the Directors, some of the key Senior Management Personnel are also Members of the Committee. The Company Secretary acts as the Secretary to the Committee. Composition of the present Risk Management Committee of the Board is as follows:

| Sl. No. | Name of the Member | Category |
|---------|--|--|
| 1. | Mr. Rajeev Gopalakrishnan | Managing Director & Chairman of the Committee |
| 2. | Mr. Ravindra Dhariwal | Independent Director |
| 3. | Mr. Ram Kumar Gupta | Director Finance |
| 4. | Mr. Christopher Kirk (Appointed w.e.f. February 10, 2016) | Non-Executive Director |
| 5. | Mr. Sanjay Kanth | Senior Vice President - Manufacturing & Sourcing |
| 6. | Mr. Vikas Bajjal | Senior Vice President - Human Resource |
| 7. | Mr. Vinod Kumar Mangla | Chief Internal Auditor |
| 8. | Mr. Kumar Nitesh (Resigned w.e.f. November 4, 2015) | Managing Director – Retail |

Based on the recommendation of the Audit Committee, the Board of Directors at its Meeting held on February 10, 2016 adopted a Risk Management Policy. The Committee held its first meeting on May 30, 2016.

The Board of Directors has adopted a Risk Management Policy for the Company. In terms of the Risk Management Policy, Risk Inventory Reports prepared by the Chief Internal Auditor are circulated to the Directors of the Company in order to keep them informed about the risk assessment and risk minimization processes. The Risk Inventory Report is presented at the Audit Committee Meetings for review on quarterly basis. Based on recommendations and advice of the Directors, necessary action is taken to mitigate potential risks of the Company. The Risk Management Committee shall meet at regular intervals to access potential risks and concern for the Company as well as the best course of action the Company should take to mitigate and avoid such risks going forward.

(8) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors has constituted a Corporate Social Responsibility Committee (CSR Committee) of the Board pursuant to Section 135 of the Companies Act, 2013 and Rules framed thereunder. The CSR Committee consists of two Independent Directors and two Executive Directors. Mr. Akshay Chudasama, Independent Director, is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Pursuant to the provisions of the Company's CSR Policy, the CSR Committee met four times during the financial year ended March 31, 2016, i.e., on May 27, 2015; August 19, 2015; November 4, 2015 and February 10, 2016. Members of the CSR Committee and their attendances at these Meetings are detailed below:

| Sl. No. | Name of the Member | Category | No. of Meetings attended |
|---------|--|---------------------------------|--------------------------|
| 1. | Mr. Akshay Chudasama (As a Member till August 19, 2015 and thereafter as the Chairman of the Committee) | Chairman & Independent Director | 3 |
| 2. | Mr. Ravindra Dhariwal (Appointed w.e.f. August 5, 2015) | Independent Director | 3 |
| 3. | Mr. Rajeev Gopalakrishnan | Executive Director | 4 |
| 4. | Mr. Ram Kumar Gupta (Appointed w.e.f. August 19, 2015) | Executive Director | 3 |
| 5. | Mr. Ranjit Mathur (Resigned w.e.f. August 19, 2015) | Executive Director | 1 |

In order to ensure that the Company undertakes CSR activities strictly in line with the CSR Policy of the Company, a CSR Sub-Committee has also been constituted comprising of selected Functional Heads. A dedicated team under the leadership of the Functional Head of Human Resources is in place to implement, monitor and report CSR activities undertaken by the Company from time to time.

(9) RELATED PARTY TRANSACTIONS

Prior approval of the Audit Committee is obtained for all Related Party Transactions of the Company. During the financial year ended March 31, 2016, the Company did not have any 'material' related party transaction that may have potential conflict with the interests of the Company at large.

The Board of Directors of the Company has a Related Party Transaction Policy in place, pursuant to the requirements of the Companies Act, 2013 and Rules framed thereunder, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement with the Stock Exchanges. The said Related Party Transaction Policy is hosted on the website of the Company, www.bata.in and the same is available at <http://bata.in/0/pdf/RelatedPartyTransactionPolicy.pdf>.

The Disclosure on Related Party Transactions forms integral part of the Notes to Financial Statements of the Company for the financial year ended March 31, 2016 and included in the Annual Report 2015-16.

(10) SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiaries viz., Bata Properties Limited, Coastal Commercial & Exim Limited and Way Finders Brands Limited. None of these subsidiaries is a 'Material Subsidiary' within the meaning of Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Explanation (i) of Clause 49(V) of the erstwhile Listing Agreement with the Stock Exchanges.

The Audit Committee of the Company reviews the financial statements of these unlisted subsidiaries at periodic intervals. The Minutes of the Board Meetings of these unlisted subsidiaries are placed at the Board Meeting of the Company on quarterly basis. All significant transactions and arrangements entered into by the unlisted subsidiaries are periodically reported to the Board of Directors. These unlisted subsidiaries have made no investment during the year under review. The Board of Directors of the Company shall, if required, formulate a policy for determining 'Material Subsidiary' as and when considered appropriate.

(11) OTHER DISCLOSURES

NO NON- COMPLIANCE DURING THE YEAR 2015-16

There has been no instance of non-compliances by the Company on any matter related to capital markets. No penalty / stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority (ies) on such matters.

WHISTLE BLOWER MECHANISM

In line with the Company's philosophy on corporate governance to conduct its business operations in a transparent, fair and ethical manner and also to create a congenial environment for all the stakeholders, the Company has adopted a Whistle Blower Policy and constituted a Vigil Mechanism Committee under the chairmanship of the Chairman of the Audit Committee. The Company has earmarked an exclusive e-mail ID and a dedicated mobile number to submit or report any wrong-doing or unethical activities in the functioning of the Company. During the year under review, there has been no incidence reported to the Head of Legal Department or the Chairman of the Audit Committee. The said Whistle Blower Policy has been uploaded on the website of the Company at www.bata.in and the same is available at <http://bata.in/0/pdf/Bata-WhistleBlowerPolicy.pdf>.

DETAILS OF MANDATORY AND NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

Quarterly / Yearly Reports on compliance of Corporate Governance in the prescribed format have been submitted to the Stock Exchanges where the Shares of the Company are listed within the stipulated time. The Company has complied with all mandatory requirements to the extent applicable to the Company.

DISCRETIONARY CORPORATE GOVERNANCE REQUIREMENTS

In terms of Regulation 27(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule II to the said Regulations, the disclosure on account of the extent to which the discretionary requirements as specified in Part E of Schedule II are given below:

- (i) The Chairman does not maintain any office at the expense of the Company;
- (ii) In view of publication of the Financial Results of the Company in newspapers and disseminating the same on the website of the Company as well as on the website of the Stock Exchanges, the Company does not consider it prudent to circulate the half-yearly Results separately to the Shareholders;
- (iii) The Company's Financial Statements have been accompanied with unmodified audit opinion - both on quarterly and yearly basis and also both on standalone and consolidated basis;
- (iv) The Chairman and the Managing Director (CEO) of the Company are two different individuals;
- (v) The Chief Internal Auditor of the Company reports directly to the Audit Committee and is a permanent invitee to all the Audit Committee Meetings. In addition, he is also a Member of the Risk Management Committee of the Board.

(12) GENERAL BODY MEETINGS

- (a) The last three Annual General Meetings were held as under:

| Financial Year ended | Day & Date | Time | Venue |
|----------------------|---------------------------|------------|---------------------|
| March 31, 2015* | Wednesday, August 5, 2015 | 10:00 a.m. | Kalamandir, Kolkata |
| December 31, 2013 | Wednesday, May 21, 2014 | 10:30 a.m. | Kalamandir, Kolkata |
| December 31, 2012 | Tuesday, June 4, 2013 | 10:30 a.m. | Kalamandir, Kolkata |

*Financial Year comprised of fifteen months from January 1, 2014 to March 31, 2015.

- (b) Details of Special Resolutions passed in the previous three Annual General Meetings:

| Date of AGM | Details of the Special Resolutions passed |
|----------------|--|
| August 5, 2015 | <ol style="list-style-type: none"> (i) In supersession to the Special Resolution passed by the Members at the Seventy Seventh Annual General Meeting of the Company held on May 27, 2010, a Special Resolution was passed at the Eighty Second Annual General Meeting of the Company for payment of commission to the Non-Executive Directors of the Company for a period of five years commencing from April 1, 2015, as the Board may determine from time to time including the amount to be divided among them in such proportion, not exceeding 1% (one percent) of the net profits of the Company computed in such manner as referred to in the Companies Act, 2013 and Rules framed thereunder, in each financial year. (ii) A Special Resolution was also passed at the Eighty Second Annual General Meeting of the Company for alteration in the Capital Clause of the Memorandum of Association of the Company where the Authorised Capital stands changed from Rs. 700,000,000/- (Rupees Seventy Crore) divided into 70,000,000 Equity Shares of Rs. 10/- each to Rs. 700,000,000/- (Rupees Seventy Crore) divided into 140,000,000 Equity Shares of Rs. 5/- each. (iii) A Special Resolution was also passed at the Eighty Second Annual General Meeting of the Company for adoption of new set of Articles of Association bearing Article 1 to Article 135 in substitution and to entire exclusion of the Company's existing Article of Association bearing Article 1 to Article 121. |

| Date of AGM | Details of the Special Resolutions passed |
|--------------|---|
| May 21, 2014 | No Special Resolution was passed at the Eighty First Annual General Meeting of the Company. |
| June 4, 2013 | A Special Resolution was passed at the Eightieth 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 of the Company and the Company accepted his resignation at the Board Meeting held on February 26, 2013. |

(c) Details of Special Resolutions passed at the Extraordinary General Meeting:

An Extraordinary General Meeting (EGM) was held by the Company on August 4, 2014 and the following Special Resolutions were passed at the said EGM:

- (i) A Special Resolution was passed pursuant to the provisions of Sections 196, 197, 198 and 203 of the Companies Act, 2013 and Rules framed thereunder for appointment of Mr. Kumar Nitesh (DIN: 06876230) as Managing Director-Retail of the Company for a period of five years with effect from May 21, 2014, who is liable to retire by rotation at the Annual General Meeting and to fix the remuneration payable to him.
 - (ii) In supersession to the Special Resolution passed by the Members at the 76th Annual General Meeting of the Company held on May 26, 2009, a Special Resolution was passed to fix increased remuneration to the Managing Director(s) and Whole time Director(s) of the Company comprising of salary, commission on profits, perquisites and retirement benefits, subject to the specified limits contained in the provisions of Sections 197 and 198, Schedule V to the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and relevant Rules framed thereunder.
 - (iii) A Special Resolution was passed pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, authorizing the Board of Directors of the Company to provide security by way of creation of charge, mortgage or hypothecation of assets of the Company in order to borrow money from banks / financial institutions not exceeding a sum of Rs.3,000 Million of equivalent thereof together with interest thereon at the agreed rates, compound interest, liquidated damages, premium on pre-payment / redemption, commitment charges, other bank charges.
 - (iv) A Special Resolution was passed to authorize the Board of Directors of the Company to borrow money in excess of the prescribed limits under Section 180(1)(c) of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, in one or more tranches, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up share capital and free reserves of the Company, provided that the total outstanding amount so borrowed by the Company shall not at any time exceed the limit of Rs.5,000 Million or equivalent thereof.
 - (v) A Special Resolution was passed pursuant to the provisions of Section 94(1) and other applicable provisions of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and any other applicable Rules framed thereunder to keep the Register of Members, copies of Annual Return and other documents and Registers at the office of the Registrar and Transfer Agents of the Company, viz., R & D Infotech Private Limited at 7A, Beltala Road, 1st Floor, Kolkata - 700 027 and at such places within Kolkata in the State of West Bengal where the Registrar and Share Transfer Agent may shift its office from time to time, instead of keeping such Register of Members and copies of Annual Returns including Register of Debenture holders / other security holders, if any, at the Registered Office of the Company.
- (d) No Resolution was passed during the financial year ended March 31, 2016 through Postal Ballot under Section 110 of the Companies Act, 2013 and Rules framed thereunder.
- (e) The Company does not propose to conduct any Special Resolution through postal ballot at the forthcoming Annual General Meeting.

(13) MEANS OF COMMUNICATION

Financial Results: Prior intimation of Board Meeting where to consider and approve Unaudited/ Audited Financial Results of the Company are given to the Stock Exchanges and also disseminated on the Company's website at www.bata.in. The aforesaid Financial Results are immediately intimated to the Stock Exchanges, after the same are approved at Board Meeting. The audited Annual Financial Statements are posted to every Member of the Company in the prescribed manner. In terms of Regulation 10 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 52 of the erstwhile Listing Agreement with the Stock Exchanges, the Company complies with the online filing requirements on electronic platforms of BSE Limited and National Stock Exchange of India Limited, viz., BSE Corporate Listing Centre and NSE Electronic Application Processing System (NEAPS), respectively. Also, the same are intimated to The Calcutta Stock Exchange Limited.

Newspapers: Aforesaid Financial Results are published in "The Economic Times" in English and in "Ei Samay" in Bengali.

Website: The Company's website viz. www.bata.in contains a dedicated section "Investor Relations" which displays details / information of interest to various stakeholders, including Financial Results, Shareholding Pattern, Press Releases, Company Policies, etc. The shareholders / investors can view the details of electronic filings done by the Company on the respective websites of BSE Limited and National Stock Exchange of India Limited i.e., www.bseindia.com and www.nseindia.com.

Press / News releases: Official press releases including Press Release on Financial Results of the Company are sent to the Stock Exchanges and the same are simultaneously hosted on the website of the Company.

Presentations to institutional investors / analysts: All price sensitive information is promptly intimated to the Stock Exchanges before releasing to the Media and other stakeholders.

(14) GENERAL SHAREHOLDER INFORMATION

- (a) The Eighty Third Annual General Meeting will be held at 'KALAMANDIR', 48, Shakespeare Sarani, Kolkata - 700017 on Thursday, August 4, 2016 at 10:00 a.m.
- (b) The Company had changed its financial year from 'January-December' to 'April-March' and extended its financial year up to March 31, 2015. Thereafter, the financial year of the Company is and shall be 'April-March' and the previous year of the Company comprised of twelve months ended on March 31, 2016. The current Financial Year of the Company shall be for a period of twelve months ending on March 31, 2017.

Financial Calendar (tentative dates)

| | |
|--|---------------------------|
| First quarter results (June 30) | By mid August 2016 |
| Second quarter results (September 30) | By mid November 2016 |
| Third quarter results (December 31) | By mid February 2017 |
| Last quarter & Annual Results of the current Financial Year (Audited) (March 31) | By end of May 2017 |
| Annual General Meeting | Before September 30, 2017 |

- (c) **Dividend Payment Date:** Dividend for the financial year ended March 31, 2016, if declared at the Eighty Third Annual General Meeting, shall be paid on August 18, 2016.

- (d) **Listing of Equity Shares on the Stock Exchanges, etc.:** The Company's Equity Shares are listed on the following Stock Exchanges:

- i) The Calcutta Stock Exchange Limited [Company's Stock Code: 10000003]
7, Lyons Range, Kolkata - 700001

ii) BSE Limited [Company's Stock Code: 500043]

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001

iii) National Stock Exchange of India Limited [Company's Stock Code: BATAINDIA]

Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Mumbai - 400051

The annual listing fees for the year 2015-16 and for the year 2016-17 have been paid to all these Stock Exchanges.

Pursuant to the Sub-division of face value of Equity Shares of the Company from Rs. 10/- per Equity Share, fully paid-up into Rs. 5/- per Equity Share, fully paid-up, new International Securities Identification Number (ISIN) was allotted to the Company. The ISIN of the Company stands changed from INE176A01010 to INE176A01028, with effect from September 29, 2015.

In relation to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a fresh Uniform Listing Agreement, in the format prescribed by SEBI, has been executed between the Company and the Stock Exchanges viz., The Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited, separately.

(e) Stock Market Performance

| Month | BSE | | SENSEX | | NSE | | NIFTY | |
|------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April 2015 | 1176.30 | 977.95 | 29094.61 | 26897.54 | 1178.40 | 975.00 | 8844.80 | 8144.75 |
| May 2015 | 1164.40 | 1014.70 | 28071.16 | 26423.99 | 1134.40 | 1011.65 | 8489.55 | 7997.15 |
| June 2015 | 1071.85 | 942.20 | 27968.75 | 26307.07 | 1069.00 | 942.25 | 8467.15 | 7940.30 |
| July 2015 | 1220.00 | 1047.00 | 28578.33 | 27416.39 | 1220.00 | 1046.00 | 8654.75 | 8315.40 |
| Aug 2015 | 1244.10 | 955.00 | 28417.59 | 25298.42 | 1244.00 | 975.05 | 8621.55 | 7667.25 |
| Sept 2015 | 1160.00 | 986.25 | 26471.82 | 24833.54 | 1157.90 | 986.00 | 8055.00 | 7539.50 |
| Oct 2015 | 1105.00 | 497.80 | 27618.14 | 26168.71 | 1103.00 | 497.30 | 8336.30 | 7930.65 |
| Nov 2015 | 527.75 | 457.75 | 26824.30 | 25451.42 | 532.40 | 456.65 | 8116.10 | 7714.15 |
| Dec 2015 | 524.00 | 464.15 | 26256.42 | 24867.73 | 524.80 | 464.15 | 7979.30 | 7551.05 |
| Jan 2016 | 519.00 | 438.05 | 26197.27 | 23839.76 | 519.00 | 438.00 | 7972.55 | 7241.50 |
| Feb 2016 | 501.00 | 447.60 | 25002.32 | 22494.61 | 501.00 | 446.45 | 7600.45 | 6825.80 |
| Mar 2016 | 515.00 | 459.00 | 25479.62 | 23133.18 | 515.00 | 457.30 | 7777.60 | 7035.10 |

Note: Monthly high / low share prices are unadjusted for sub-division of face value of equity shares of the Company from Rs. 10/- each into two equity shares of Rs. 5/- each w.e.f. October 8, 2015.

(f) **Registrar & Share Transfer Agents (RTA):** The Company has engaged the services of R & D Infotech Private Limited, 7A, Beltala Road, 1st Floor, Kolkata - 700026 w.e.f. January 1, 2007, a Category I Registrar to an Issue and Share Transfer Agent registered with SEBI, for processing the transfers, sub-division, consolidation, splitting of shares, etc. and to process the shareholders' requests for dematerialization and / or rematerialization of shares.

- (g) **Share Transfer System:** The Board has delegated the powers of share operations to a Committee comprising of Mr. Ram Kumar Gupta, Director Finance, Mr. Maloy Kumar Gupta, Company Secretary and Mr. J. Banerjee, Investor Relations Manager. The Committee generally meets once in a week to approve, *inter alia*, the requests for transfer and transmission.

Documents and Share Certificates lodged by the shareholders / investors are verified and entered in the relevant Registers by the RTA in consultation with the Company.

Since the Company's shares are 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 RTA at R & D Infotech Private Limited, 7A, Beltala Road, 1st Floor, Kolkata - 700026. 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 RTA 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 RTA 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.

A Company Secretary in whole time practice conducts Audit of the Share Operations System of the Company at the office of the RTA. The Company endeavours to implement the suggestions / recommendations of the Auditors to the extent possible.

- (h) **Distribution of shareholding as on March 31, 2016:**

| Range of shares | No. of shareholders | No. of shares |
|-----------------|---------------------|------------------|
| 1 - 500 | 100616 | 7919664 |
| 501 - 1000 | 4354 | 3130165 |
| 1001 - 5000 | 2448 | 4548163 |
| 5001 - 10000 | 135 | 994417 |
| 10001 and above | 212 | 111935131 |
| TOTAL | 107765 | 128527540 |

- (i) **Pattern of shareholding as on March 31, 2016:**

| Sl. No. | Category | No. of Shareholders | No. of Shares | % of Capital |
|---------|--------------------------------|---------------------|------------------|---------------|
| 1. | Resident Individual | 104635 | 16719728 | 13.01 |
| 2. | Domestic Companies | 1370 | 7589871 | 5.90 |
| 3. | Non Resident Indian | 1538 | 626291 | 0.49 |
| 4. | Foreign Companies | 1 | 68065514 | 52.96 |
| 5. | Mutual Fund | 73 | 17046528 | 13.26 |
| 6. | Financial Institutions | 15 | 6820841 | 5.31 |
| 7. | Banks | 29 | 106928 | 0.08 |
| 8. | Foreign Institutional Investor | 102 | 11541783 | 8.98 |
| 9. | Directors | 2 | 10056 | 0.01 |
| | TOTAL | 107765 | 128527540 | 100.00 |

(j) Dematerialization of shares and liquidity:

As on March 31, 2016, 98.42% of the total paid-up share capital of the Company representing 126,502,705 Equity Shares is held in dematerialized mode. The balance 1.58% paid-up share capital representing 2,024,835 Equity Shares is held in physical mode and these shareholders are requested to dematerialize their shares in their own interests to avail the benefits of holding shares in dematerialized mode.

The Promoters' shareholding in the Company as on March 31, 2016 represents 52.96% of the total paid-up share capital held in dematerialized mode.

(k) 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.

(l) Address for correspondence

The Company has shifted its Registered Office from 6A, S. N. Banerjee Road, Kolkata - 700013 to 27B Camac Street, 1st Floor, Kolkata - 700016 with effect from January 1, 2015. Accordingly, the Shareholders correspondence should be addressed to:

(i) BATA INDIA LIMITED**Registered Office**

27B, Camac Street, 1st Floor, Kolkata - 700016

Telephone Nos. : (033) 3980 2001 / 2021; 2289 5796 (Direct)

Fax No. : (033) 2289 5748

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

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

(ii) REGISTRAR & SHARE TRANSFER AGENT

R & D Infotech Private Limited

Unit: Bata India Limited

7A, Beltala Road, 1st Floor, Kolkata - 700026

Telephone Nos. : (033) 2419 2641 / 2642

Fax No. : (033) 2419 2642

E-mail ID : rd.infotech@vsnl.net / bata@rdinfotech.in

Contact Person : Mr. Ratan Kumar Mishra, Director

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

(15) CEO/CFO CERTIFICATION

Mr. Rajeev Gopalakrishnan, Managing Director (CEO) and Mr. Ram Kumar Gupta, 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:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity'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 listed entity during the year which are fraudulent, illegal or violative of the listed entity'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 listed entity 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
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) 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 listed entity's internal control system over financial reporting.

The above certificate was placed before the Board Meeting held on May 30, 2016.

(16) CORPORATE GOVERNANCE COMPLIANCE

The Company has complied with the requirements as laid down in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (from December 1, 2015 to March 31, 2016) and Clause 49 of the erstwhile Listing Agreement with the Stock Exchanges (from April 1, 2015 to November 30, 2015) for the purpose of ensuring Corporate Governance. A certificate to this effect obtained from M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company, has been attached to this Annual Report.

For and on behalf of the Board of Directors

Place : Gurgaon
Date : May 30, 2016

Uday Khanna
Chairman
(DIN: 00079129)

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 March 31, 2016, as stipulated in Clause 49 of the erstwhile Listing Agreement and Chapter IV read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as and when applicable, 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 or SEBI Regulations, as and when applicable.

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/E300005

Chartered Accountants

per Sanjay Vij

Partner

Membership No.: 95169

Place: Gurgaon

Date : May 30, 2016

To the Members of Bata India Limited**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Bata India Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number: 95169

Place : Gurgaon

Date : May 30, 2016

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” 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.
- (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i)(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii)(a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such 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, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of 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 are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, custom duty, excise duty, value added tax, 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.
- (vii)(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, , service tax, custom duty, excise duty, value added tax and cess on account of any dispute, are as follows:

| Name of the statute | Nature of the dues | Amount (Rs. million) | Period to which the amount relates | Forum where the dispute is pending |
|------------------------------|---|----------------------|-------------------------------------|---|
| Various State Sales Tax Acts | Purchase tax dispute at Faridabad | 8.2 | 1984-1985 | Supreme Court |
| Various State Sales Tax Acts | Revenue Recovery against non-payment of demand in assessment | 6.7 | 1994-1995 1998-1999 2000-2001 | 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 | 1991-1992 | High court, UP |
| Karnataka Sales Tax Act | Unclaimed input tax credit adjusted against VAT | 4.1 | 2005-2006 to 2008-2009 | Joint Commissioner's Appeal |
| Various State Sales Tax Acts | Misclassification of Article for VAT payment | 9.7 | 2005-06 to 2006-07 | VAT for tribunal, Kerala |
| Central Excise Act, 1944 | Excise duty demand on closing balance of exempted footwear | 1.5 | 1987-88 | CESTAT- Kolkata |
| Central Excise Act, 1944 | Duty demanded for sale of footwear at domestic tariff area which final hearing before commissioner concluded and order is pending. | 7.0 | 1997-99 | Commissioner of Central Excise, Chennai |
| Central Excise Act, 1944 | Disallowance for trade discount for sale of footwear to retail outlet. | 2.8 | 1995-97 | CESTAT-Chennai |
| Central Excise Act, 1944 | Excise duty demanded for movement of raw material to job worker without payment of duty. | 15.5 | 2004-05 to 2005-06 | CESTAT-Kolkata |
| Central Excise Act, 1944 | Disallowing abatement @ 40% on MRP for institutional sales. Sale of Industrial Boots and Mine Safety Boots. | 9.0 | 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, | 21.5 | 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) | 3.0 | August 2004 to Jan 2008 | CESTAT- Kolkata |
| Finance Act, 1994 | Disallowance of service tax input credit on input service availed for outward transportation | 4.3 | 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 order received | 10.8 | 2001 | CESTAT- Kolkata |

| Name of the statute | Nature of the dues | Amount (Rs. million) | Period to which the amount relates | Forum where the dispute is pending |
|----------------------|---|----------------------|------------------------------------|-------------------------------------|
| Finance Act, 1994 | Availment of wrong input service tax credit | 86.2 | April 2008 to May 2012 | CESTAT- Chennai |
| Customs Act, 1942 | Wrong availment of concessional rate of customs duty etc., against which the hearing has not been finalised as yet. | 83.8 | 1998-2003 | CESTAT- Kolkata |
| Income Tax Act, 1961 | Short term capital gains | 230.6 | 2007-2008 | High court, Kolkata |
| Income tax Act, 1961 | Disallowance of certain expenditure | 13.7 | AY 2008-2009 to AY 2011-2012 | Commissioner of Income Tax (Appeal) |

- (viii) The Company has neither taken any loan from financial institution or bank nor issued any debentures, therefore the provision of clause (viii) of the Order is not applicable, hence not commented upon.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Place of Signature: Gurgaon
Date: May 30, 2016

per Sanjay Vij
Partner
Membership Number: 95169

Annexure 2 referred to in paragraph 2 (f) under the heading “Report on other legal and regulatory requirements” of our report of even date on the standalone financial statements of Bata India Limited**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Bata India Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E / E300005

Place : Gurgaon
Date : May 30, 2016

per Sanjay Vij
Partner
Membership Number: 95169

BALANCE SHEET AS AT MARCH 31, 2016

| | Notes | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--|-------|------------------------------------|------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 642.64 | 642.64 |
| Reserves and surplus | 4 | <u>11,187.60</u> | <u>9,578.81</u> |
| | | 11,830.24 | 10,221.45 |
| Non-current liabilities | | | |
| Trade payables | 5 | <u>1,028.71</u> | <u>977.60</u> |
| | | 1,028.71 | 977.60 |
| Current Liabilities | | | |
| Trade payables | 5 | | |
| - total outstanding dues of Micro & Small Enterprises | | 14.59 | 17.62 |
| - total outstanding dues of creditors other than Micro & Small Enterprises | | 3,233.98 | 3,549.78 |
| Other current liabilities | 5 | 742.65 | 850.44 |
| Short-term provisions | 6 | <u>614.05</u> | <u>757.45</u> |
| | | 4,605.27 | 5,175.29 |
| Total | | <u>17,464.22</u> | <u>16,374.34</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 7 | 3,015.16 | 3,057.44 |
| Intangible assets | 8 | 5.96 | 9.42 |
| Capital work-in-progress | | 134.34 | 165.80 |
| Intangible assets under development | 40 | 56.06 | 315.91 |
| Non-current investments | 9 | 49.51 | 49.51 |
| Deferred tax assets (net) | 10 | 1,019.23 | 876.15 |
| Loans and advances | 11 | <u>1,783.37</u> | <u>1,762.86</u> |
| | | 6,063.63 | 6,237.09 |
| Current assets | | | |
| Inventories | 12 | 6,788.95 | 7,046.98 |
| Trade receivables | 13.1 | 696.39 | 584.19 |
| Cash and bank balances | 14 | 3,405.05 | 2,099.68 |
| Loans and advances | 11 | 408.62 | 319.39 |
| Other current assets | 13.2 | <u>101.58</u> | <u>87.01</u> |
| | | 11,400.59 | 10,137.25 |
| Total | | <u>17,464.22</u> | <u>16,374.34</u> |
| 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 and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP

ICAI Firm Registration number: 301003E/E300005
Chartered Accountants

Ram Kumar Gupta

Director Finance
DIN: 01125065

Rajeev Gopalakrishnan

Managing Director
DIN: 03438046

Per Sanjay Vij

Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

Maloy Kumar Gupta

Company Secretary
Membership no.: A-24123

Uday Khanna

Chairman
DIN: 00079129

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

| | Notes | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---|-------|---|--|
| Continuing Operations | | | |
| Income | | | |
| Revenue from operations (gross) | 15 | 24,512.59 | 27,375.98 |
| Less: excise duty | | 332.05 | 436.03 |
| Revenue from operations (net) | | 24,180.54 | 26,939.95 |
| Other income | 16 | 300.84 | 432.33 |
| Total revenue (I) | | 24,481.38 | 27,372.28 |
| Expenses | | | |
| Cost of raw material and components consumed | 17 | 3,027.91 | 4,283.72 |
| Purchase of traded goods | 18 | 8,396.16 | 9,200.29 |
| (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods | 18 | 136.08 | (1,105.80) |
| Employee benefits expense | 19 | 2,626.93 | 3,119.29 |
| Other expenses | 20 | 7,287.46 | 8,093.45 |
| Total (II) | | 21,474.54 | 23,590.95 |
| Earnings before interest, tax, depreciation and amortization and exceptional items (EBITDA) (I) - (II) | | 3,006.84 | 3,781.33 |
| Depreciation and amortization expense | 21 | 752.48 | 797.71 |
| (Less): recoupment from revaluation reserve | | - | (5.37) |
| Net depreciation and amortization expense | | 752.48 | 792.34 |
| Finance costs | 22 | 17.23 | 17.56 |
| Profit before tax and exceptional items | | 2,237.13 | 2,971.43 |
| Exceptional item | 23 | (747.07) | (315.25) |
| Profit before tax | | 2,984.20 | 3,286.68 |
| Tax expenses | | | |
| Current tax | | | |
| Pertaining to Profit/(loss) for the current period | | 927.51 | 1,170.24 |
| Deferred tax (credit)/charge | | (130.79) | (195.28) |
| Total tax expenses | | 796.72 | 974.96 |
| Profit for the year | | 2,187.48 | 2,311.72 |
| Earnings per equity share [nominal value of share Rs.5 each (Previous year: Rs.10 each)] | 24 | | |
| Earnings per share (basic & diluted) (Rs.) | | 17.02 | 17.99 |
| 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 and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP
ICAI Firm Registration number: 301003E/E300005
Chartered Accountants

Ram Kumar Gupta
Director Finance
DIN: 01125065

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Per Sanjay Vij
Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

Maloy Kumar Gupta
Company Secretary
Membership no.: A-24123

Uday Khanna
Chairman
DIN: 00079129

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

| | Year ended 31.03.2016 <u>Rs. million</u> | 15 Months ended 31.03.2015 <u>Rs. million</u> |
|--|--|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,984.20 | 3,286.68 |
| Adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation/amortization (net) | 752.48 | 792.34 |
| Gain on assets received from erswhile JV (Refer Note 26) | (306.31) | (239.19) |
| Provisions for contingencies written back | (123.24) | (93.00) |
| Expenditure incurred on software development written off (Refer Note 40) | 290.55 | - |
| Provision no longer required written back | - | (2.93) |
| Straightlining on lease rental | 60.20 | 296.90 |
| Loss on Disposal of Fixed Assets (net) | 47.16 | 1.39 |
| Provision for doubtful debts and loans & advances etc. | 50.35 | 24.78 |
| Interest expense | 17.23 | 17.56 |
| Interest income | (181.17) | (249.62) |
| Operating profit before working capital changes | 3,591.45 | 3,834.91 |
| Movements in working capital : | | |
| Increase/(decrease) in trade payables | (318.83) | 708.99 |
| Increase /(decrease) in short-term provisions | 8.31 | (105.44) |
| Increase/(decrease) in other current liabilities | (108.98) | (325.08) |
| Increase/(decrease) in other long-term trade payables | (9.08) | 184.85 |
| Decrease/(increase) in trade receivables | (120.20) | (74.99) |
| Decrease/(increase) in inventories | 258.03 | (1,220.04) |
| Decrease /(increase) in long-term loans and advances | (38.94) | (269.80) |
| Decrease /(increase) in short-term loans and advances | (131.58) | (117.73) |
| Decrease/(increase) in other current assets | (12.95) | 4.30 |
| Cash generated from /(used in) operations | 3,117.23 | 2,619.97 |
| Direct taxes paid (net of refunds) | (1,073.59) | (1,434.57) |
| Net cash flow from operating activities (A) | 2,043.64 | 1,185.40 |

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| CASH FLOWS FROM INVESTING ACTIVITIES | Year ended 31.03.2016 <u>Rs. million</u> | 15 Months ended 31.03.2015 <u>Rs. million</u> |
|--|---|--|
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | (403.94) | (1,464.92) |
| Proceeds from sale of fixed assets | 4.91 | 128.94 |
| Investment in subsidiaries | - | (1.00) |
| Repayments/(Investments) in bank deposits (having original maturity of more than three months) | (940.13) | 479.86 |
| Interest received | 179.55 | 198.29 |
| Net cash flow (used in) investing activities (B) | <u>(1,159.61)</u> | <u>(658.83)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (17.23) | (17.56) |
| Dividend paid on equity shares | (416.52) | (415.72) |
| Tax on equity dividend paid | (85.04) | (70.99) |
| Net cash flow (used in) in financing activities (C) | <u>(518.79)</u> | <u>(504.27)</u> |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 365.24 | 22.30 |
| Cash and cash equivalents at the beginning of the period | 535.28 | 512.98 |
| Cash and cash equivalents at the end of the period | <u>900.52</u> | <u>535.28</u> |
| Components of cash and cash equivalents | | |
| Cash on hand | 113.55 | 97.22 |
| With banks- on current & cash credit account | 475.19 | 423.54 |
| - deposits with original maturity of three months or less | 300.00 | - |
| - unpaid dividend accounts* | 11.78 | 14.52 |
| Total cash and cash equivalents (note 14) | <u>900.52</u> | <u>535.28</u> |
| 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 number: 301003E/E300005
Chartered Accountants

Per Sanjay Vij
Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Ram Kumar Gupta
Director Finance
DIN: 01125065

Maloy Kumar Gupta
Company Secretary
Membership no.: A-24123

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Uday Khanna
Chairman
DIN: 00079129

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. CORPORATE INFORMATION

Bata India Limited is a public Company domiciled in India. Its shares are listed on three 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 of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies**a. Change in accounting policy****i) Component Accounting**

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed assets.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, is charged to opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful lives.

Had the Company continued to use the earlier policy of depreciating fixed assets, depreciation for the current year would have been lower by Rs. 25.29 million and Profit for the current period would have been higher by Rs 16.54 million (net of tax impact of Rs. 8.75 million). Fixed assets would correspondingly have been higher by Rs. 25.29 million.

On the date of component accounting becoming applicable, i.e., 1 April 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against retained earnings.

b. Use of estimates

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

c. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements 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 recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

d. Tangible Fixed Assets

Tangible Fixed Assets, capital work in progress are stated at cost of acquisition (or revalued amounts, as the case may be), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. 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.

Gains or losses arising from derecognition 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 derecognized.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

e. Depreciation on Tangible fixed assets & Intangibles

- i. Pursuant to the applicability of Schedule II of The Companies Act, 2013 w.e.f. 1st April, 2015, the company has reassessed the estimated useful life of fixed assets. Accordingly, depreciation of Rs. 23.24 million (net of tax of Rs. 12.29 million) on account of assets whose useful life is already exhausted as on 1st April, 2015 has been adjusted to opening balance of retained earnings in terms of transitional provision of the said Schedule II. Had the company continued with the previously assessed useful lives, charge for the depreciation for the current year would have been higher and profit for the current year would have been lower by Rs 15.50 million.
- 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 5 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, which is in accordance with the useful lives specified in Schedule II of the Companies Act, 2013.
- iv. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/ disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

f. Impairment

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

g. Inventories

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

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

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

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

i. Sale of Goods:

Revenue from sale of goods 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. Interest income is included under the head 'other income' in the statement of profit and loss.

iii. Export Benefits:

Export benefits 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.

i. Foreign Currency Transactions**i. Initial Recognition**

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

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 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.

j. Government Grants and Subsidies

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

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

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

k. Borrowing Cost

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

l. Segment Reporting Policies**(i) Identification of Segments:****Primary Segment****Business Segment:**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

(iv) Segment Policies:

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

m. Intangible Assets**i. Computer Software Acquired for Internal Use**

Software is stated at cost of acquisition and includes all attributable cost of bringing the software to its working condition for its intended use, 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 Intangible Assets is reviewed for impairment annually, when the asset is not yet in use, and otherwise, when events or changes in circumstances indicate that the carrying value may not be recoverable.

n. Retirement and Other Employee Benefits

- i. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method, 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 actuarial valuation based on project unit credit method to arrive at provident fund liability as at March 31, 2016.
- 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 employees render related services. 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.

o. 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.

p. 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

q. 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.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is based on actuarial valuation. The estimate of such warranty-related costs is revised annually.

r. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s. 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.

t. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

3 . SHARE CAPITAL **
Authorized shares

140,000,000 equity shares of Rs.5/- each (Previous year: 70,000,000 equity shares of Rs.10/- each)

Issued shares*

128,570,000 equity shares of Rs.5/- each (Previous year: 64,285,000 equity shares of Rs. 10/-each)

Subscribed and fully paid-up shares

128,527,540 equity shares of Rs.5/- each (Previous year: 64,263,770 equity shares of Rs.10/- each)

Total issued, subscribed and fully paid-up share capital

| As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|---|
| 700.00 | 700.00 |
| 642.85 | 642.85 |
| 642.64 | 642.64 |
| 642.64 | 642.64 |

***Shares held in abeyance**

42,460 equity shares of Rs.5/- each (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.

**** Sub division of Equity Shares**

Pursuant to shareholders' approval dated 5th August 2015, the company has sub-divided face value of equity shares of Rs. 10/- each into two equity shares of Rs. 5/- each. Accordingly, the basic and diluted earnings per share and the number of shares disclosed in Note 24 have been computed for the current year and re-computed for the previous period based on the revised no. of shares and face value of Rs. 5/- per equity shares.

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

| | As at 31.03.2016 | | As at 31.03.2015 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | No. of Shares | Rs. million | No. of Shares | Rs. million |
| At the beginning of the period | 64,263,770 | 642.64 | 64,263,770 | 642.64 |
| 64,263,770 equity shares of Rs.10/- each sub-divided into 128,527,540 equity shares of Rs. 5/- each | | | | |
| Outstanding at the end of the period | 128,527,540 | 642.64 | 64,263,770 | 642.64 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.5 per share (Previous period 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 period, the amount of per share dividend recognized as distributions to equity shareholders was Rs.3.50 per share of par value of Rs.5/- each (Previous year: Rs.6.50 per share of par value of Rs.10/- each).

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, if any. 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 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--|---|------------------------------------|
| Bata (BN) B.V., Amsterdam, The Netherlands, the holding company | | |
| 68,065,514 equity shares of Rs.5/- each (Previous year: 34,032,757 equity shares of Rs.10/- each fully paid) | 340.33 | 340.33 |

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

| | As at 31.03.2016 | | As at 31.03.2015 | |
|--|-------------------------|-----------------------------------|----------------------|-----------------------------------|
| | No. of Shares | % Holding in the class | No. of Shares | % Holding in the class |
| Equity shares of Rs. 5 each fully paid (Previous Year Rs. 10 each fully paid) | | | | |
| Bata (BN) B.V., Amsterdam, The Netherlands, the holding Company | 68,065,514 | 52.96% | 34,032,757 | 52.96% |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| 4. RESERVES AND SURPLUS | As at 31.03.2016 <u>Rs. million</u> | As at 31.03.2015 <u>Rs. million</u> |
|---|--|--|
| 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 | 267.93 | 279.51 |
| Less: used on sold/ discarded fixed assets | (0.07) | (6.21) |
| Less: amount transferred to the statement of profit and loss as reduction from depreciation | - | (5.37) |
| Closing balance | <u>267.86</u> | <u>267.93</u> |
| General reserve | | |
| Balance as per the last financial statements | 1,323.63 | 1,092.46 |
| Add: amount transferred from surplus balance in the statement of profit and loss | - | 231.17 |
| Adjustment towards change in useful lives of asset as per Companies Act,2013 (refer note 2.1(e) (i)) | (23.24) | - |
| Closing balance | <u>1,300.39</u> | <u>1,323.63</u> |
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 7,485.89 | 5,894.04 |
| Profit for the period | 2,187.48 | 2,311.72 |
| Amount available for appropriations | 9,673.37 | 8,205.76 |
| Less: Appropriations | | |
| Proposed final equity dividend (amount per share Rs. 3.50 (Previous year: Rs. 6.50)) | (449.85) | (417.71) |
| Tax on proposed equity dividend (Including Rs. 14.05 million for the earlier year (Previous year Rs. 2.98 million)) | (105.53) | (70.99) |
| Transfer to general reserve | - | (231.17) |
| Total appropriations | <u>(555.38)</u> | <u>(719.87)</u> |
| Net surplus in the statement of profit and loss | <u>9,117.99</u> | <u>7,485.89</u> |
| Total reserves and surplus | <u>11,187.60</u> | <u>9,578.81</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

5. TRADE PAYABLES AND OTHER LIABILITIES

| | Current | | Non-current | |
|--|---|---|---|---|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Trade payables | | | | |
| - total outstanding dues of Micro & Small Enterprises (refer note 34 for details of dues to Micro & Small Enterprises) | 14.59 | 17.62 | - | - |
| - total outstanding dues of creditors other than Micro & Small Enterprises | 3,233.98 | 3,549.78 | 1,028.71 | 977.60 |
| Other liabilities | | | | |
| Payable for capital goods | 120.58 | 148.41 | - | - |
| Advance from customers | 30.76 | 38.89 | - | - |
| Unearned revenue | 5.87 | 5.39 | - | - |
| Investor education and protection fund will be credited by following amounts (as and when due): | | | | |
| Unpaid dividend | 11.78 | 10.59 | - | - |
| Others: | | | | |
| Deposit from agents and franchisees | 400.31 | 394.46 | - | - |
| Statutory dues | 173.35 | 252.70 | - | - |
| | 742.65 | 850.44 | - | - |
| | 3,991.22 | 4,417.84 | 1,028.71 | 977.60 |

6. PROVISIONS

| | Short-term | | Long-term | |
|---|---|---|---|---|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Provision for employee benefits | | | | |
| Provision for gratuity (refer note 33) | - | 0.09 | - | - |
| Provision for leave benefits | 18.31 | 19.24 | - | - |
| | 18.31 | 19.33 | - | - |
| Other provisions | | | | |
| Provision for warranties | 9.99 | 7.25 | - | - |
| Provision for contingencies | 11.67 | 134.11 | - | - |
| Provision for income tax (net) | 25.74 | 106.85 | - | - |
| Provision for loyalty | 7.01 | 1.21 | - | - |
| Proposed equity dividend | 449.85 | 417.71 | - | - |
| Provision for tax on proposed equity dividend | 91.48 | 70.99 | - | - |
| | 595.74 | 738.12 | - | - |
| | 614.05 | 757.45 | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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 period end. It is expected that cost will be incurred over the warranty period as per the warranty terms.

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---------------------------------|------------------------------------|------------------------------------|
| At the beginning of the period | 7.25 | 12.07 |
| Arising during the period | 181.03 | 167.53 |
| Utilized during the period | (110.92) | (84.54) |
| Unused amounts reversed | (67.37) | (87.81) |
| At the end of the period | 9.99 | 7.25 |

Provision for contingencies

The breakup and movement of provision for contingencies are as follows:

(Rs. million)

| Particulars | ESI | | Labour Case, House Tax and Other Civil Cases | | Liability for Land Development (Refer note no. 26) | | Total | |
|--------------------------------|------|------|--|------|--|--------|--------|--------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Opening balance | 5.16 | 5.16 | 5.71 | 3.31 | 123.24 | 216.24 | 134.11 | 224.71 |
| Additions | - | - | 0.80 | 2.40 | - | - | 0.80 | 2.40 |
| Utilized | - | - | - | - | - | - | - | - |
| Reversals | - | - | - | - | 123.24 | 93.00 | 123.24 | 93.00 |
| Closing balance as on 31st Mar | 5.16 | 5.16 | 6.51 | 5.71 | - | 123.24 | 11.67 | 134.11 |

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 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.

Provision for Loyalty

A provision on Loyalty programme reward points is recognized based upon expected usage of reward points by the members, as estimated by actuarial valuation. The movement in the provision for Loyalty programme costs is as follows:

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--------------------------------------|------------------------------------|------------------------------------|
| At the beginning of the period | 1.21 | - |
| Provision created during the period | 20.10 | 1.42 |
| Provision utilised during the period | (14.30) | (0.21) |
| At the end of the period | 7.01 | 1.21 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

(Rs. million)

| 7. TANGIBLE ASSETS*** | Land | Buildings** | Plant and equipment | Furniture and fixtures | Vehicles | Total |
|--|---------------|-----------------|---------------------|------------------------|--------------|-----------------|
| Cost or valuation | | | | | | |
| At 01.01.2014 | 240.84 | 1,278.18 | 1,920.46 | 2,540.53 | 23.86 | 6,003.87 |
| Additions * | - | 632.33 | 243.96 | 652.61 | 6.64 | 1,535.54 |
| Disposals | - | (65.84) | (265.49) | (266.07) | (1.89) | (599.29) |
| At 31.03.2015 | 240.84 | 1,844.67 | 1,898.93 | 2,927.07 | 28.61 | 6,940.12 |
| Additions * | - | 498.19 | 156.76 | 134.28 | 5.18 | 794.41 |
| Disposals | - | (43.33) | (36.46) | (156.48) | (0.06) | (236.33) |
| At 31.03.2016 | 240.84 | 2,299.53 | 2,019.23 | 2,904.87 | 33.73 | 7,498.20 |
| Depreciation | | | | | | |
| At 01.01.2014 | - | 528.14 | 1,559.27 | 1,447.94 | 14.08 | 3,549.43 |
| Charge for the period | - | 165.26 | 167.58 | 459.65 | 3.50 | 795.99 |
| Disposals | - | (24.51) | (242.98) | (193.64) | (1.61) | (462.74) |
| At 31.03.2015 | - | 668.89 | 1,483.87 | 1,713.95 | 15.97 | 3,882.68 |
| Charge for the year | - | 190.66 | 175.21 | 376.53 | 6.62 | 749.02 |
| Depreciation impact of change in useful lives of asset adjusted in opening reserve (refer note 2.1(e) (i)) | - | 25.62 | 8.77 | 1.14 | 0.00 | 35.53 |
| Disposals | - | (29.50) | (24.53) | (130.10) | (0.06) | (184.19) |
| At 31.03.2016 | - | 855.67 | 1,643.32 | 1,961.52 | 22.53 | 4,483.04 |
| Net Block | | | | | | |
| At 31.03.2016 | 240.84 | 1,443.86 | 375.91 | 943.35 | 11.20 | 3,015.16 |
| At 31.03.2015 | 240.84 | 1,175.78 | 415.06 | 1,213.12 | 12.64 | 3,057.44 |

* Also Refer Note 26.

** Building Includes Lease hold Improvements.

*** Land, Buildings and Plant & Machinery includes revaluation reserves created during earlier years.

(Rs. million)

| 8. INTANGIBLE ASSETS (COMPUTER SOFTWARE) | Current Period |
|--|----------------|
| Gross block | |
| At 01.01.2014 | 11.40 |
| Purchase | 3.23 |
| At 31.03.2015 | 14.63 |
| Purchase | - |
| At 31.03.2016 | 14.63 |
| Amortization | |
| At 01.01.2014 | 3.49 |
| Charge for the period | 1.72 |
| At 31.03.2015 | 5.21 |
| Charge for the period | 3.46 |
| At 31.03.2016 | 8.67 |
| Net block | |
| At 31.03.2016 | 5.96 |
| At 31.03.2015 | 9.42 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

9. NON-CURRENT INVESTMENTS

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|------------------------------------|------------------------------------|
| <u>Trade investments (valued at cost unless stated otherwise)</u> | | |
| 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 |
| 100,000 (Previous Year - 100,000) Equity shares of Rs.10 each fully paid-up in Way Finders Brands Private Limited | 1.00 | 1.00 |
| | <u>49.51</u> | <u>49.51</u> |
| <u>Non-trade investments (valued at cost unless stated otherwise)</u> | | |
| 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>49.51</u> | <u>49.51</u> |
| Aggregate amount of unquoted investments | <u>49.51</u> | <u>49.51</u> |

10. DEFERRED TAX ASSETS (NET)

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|------------------------------------|------------------------------------|
| Deferred tax assets | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 521.48 | 410.62 |
| Impact of expenditure charged to the statement of profit and loss in the current/earlier period but allowable for tax purposes on payment basis | 455.20 | 440.40 |
| Provision for doubtful debts and advances | 42.55 | 25.13 |
| | <u>1,019.23</u> | <u>876.15</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

11. LOANS AND ADVANCES

| | Non-current | | Current | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Capital advances | | | | |
| Unsecured, considered good | 9.97 | 93.37 | - | - |
| (A) | <u>9.97</u> | <u>93.37</u> | <u>-</u> | <u>-</u> |
| Security deposit | | | | |
| Unsecured, considered good | 1,066.65 | 1,109.11 | 43.42 | 13.08 |
| Doubtful | - | 2.07 | - | - |
| | <u>1,066.65</u> | <u>1,111.18</u> | <u>43.42</u> | <u>13.08</u> |
| Provision for doubtful security deposit | - | (2.07) | - | - |
| (B) | <u>1,066.65</u> | <u>1,109.11</u> | <u>43.42</u> | <u>13.08</u> |
| Loan and Advances recoverable in cash or kind from related parties | | | | |
| Unsecured, considered good | 62.27 | - | 33.92 | 22.10 |
| (C) | <u>62.27</u> | <u>-</u> | <u>33.92</u> | <u>22.10</u> |
| Advances recoverable in cash or kind from others | | | | |
| Unsecured, considered good | - | - | 152.66 | 162.68 |
| Doubtful | - | - | 104.60 | 62.25 |
| | <u>-</u> | <u>-</u> | <u>257.26</u> | <u>224.93</u> |
| Provision for doubtful advances | - | - | (104.60) | 62.25 |
| (D) | <u>-</u> | <u>-</u> | <u>152.66</u> | <u>162.68</u> |
| Balances with statutory/ government authorities | | | | |
| Unsecured, considered good | 86.51 | 85.39 | 76.81 | 58.44 |
| Doubtful | 10.36 | 8.29 | - | - |
| | <u>96.87</u> | <u>93.68</u> | <u>76.81</u> | <u>58.44</u> |
| Provision for doubtful balances with statutory/ government authorities | (10.36) | (8.29) | - | - |
| (E) | <u>86.51</u> | <u>85.39</u> | <u>76.81</u> | <u>58.44</u> |
| Other loans and advances | | | | |
| Advance income-tax (net of provision for taxation) | 492.55 | 427.58 | - | - |
| Prepaid expenses | 65.42 | 47.41 | 101.81 | 63.09 |
| (F) | <u>557.97</u> | <u>474.99</u> | <u>101.81</u> | <u>63.09</u> |
| Total (A+ B + C + D + E + F) | <u>1,783.37</u> | <u>1,762.86</u> | <u>408.62</u> | <u>319.39</u> |

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

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--|------------------------------------|------------------------------------|
| Raw materials and components (including goods in transit Rs. 3.33 million (Previous year: Rs. 7.38 million)) (refer note 17) | 187.16 | 242.11 |
| Work-in-progress (refer note 18) | 292.28 | 319.48 |
| Finished goods*(including goods in transit Rs. 497.97 million (Previous year: Rs. 780.48 million)) (refer note 18) | 6,297.02 | 6,470.76 |
| Stores and spares | 12.49 | 14.63 |
| | <u>6,788.95</u> | <u>7,046.98</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

13. TRADE RECEIVABLES AND OTHER ASSETS
13.1 Trade receivables
Debts outstanding for a period exceeding six months from the date they are due for payment

- Unsecured, considered good
- Unsecured, considered Doubtful

Provision for doubtful receivables

Other receivables

- Unsecured, considered good

13.2 Other current assets
Unsecured, considered goods unless stated otherwise

- Interest accrued on fixed deposits
- Insurance claims

14. CASH AND BANK BALANCES
Cash and cash equivalents

Balances with banks:

- On current & cash credit accounts
- Deposits with original maturity of three months or less
- On unpaid dividend account

Cash on hand

Other bank balances

Deposits with remaining maturity for more than 3 months but less than 12 months*

| | Current | |
|--|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| | 9.11 | 6.58 |
| | 8.00 | - |
| | 17.11 | 6.58 |
| | (8.00) | - |
| | 9.11 | 6.58 |
| | 687.28 | 577.61 |
| | 687.28 | 577.61 |
| | 696.39 | 584.19 |
| | | |
| | 85.22 | 83.59 |
| | 16.36 | 3.42 |
| | 101.58 | 87.01 |
| | | |
| | 475.19 | 423.54 |
| | 300.00 | - |
| | 11.78 | 14.52 |
| | 113.55 | 97.22 |
| | 900.52 | 535.28 |
| | | |
| | 2,504.53 | 1,564.40 |
| | 2,504.53 | 1,564.40 |
| | 3,405.05 | 2,099.68 |

*Includes deposit pledged with banks of Rs.11.53 million (Previous year Rs.14.41 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

15. Revenue from operations

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| Revenue from operations | | |
| Sale of products | | |
| Finished goods | 24,501.56 | 27,356.95 |
| Other operating revenue | | |
| Others (including export incentives, scrap sales etc.) | 11.03 | 19.03 |
| Revenue from operations (gross) | 24,512.59 | 27,375.98 |
| Less: Excise duty* | 332.05 | 436.03 |
| Revenue from operations (net) | 24,180.54 | 26,939.95 |

* Excise duty on sales amounting to Rs.332.05 million (Previous year: Rs. 436.03 million) 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. (64.88) million [Previous year: Rs. 100.39 million] has been adjusted from (increase)/decrease in inventories in Note 18

Details of products sold

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|----------------------------------|---|--|
| Footwear | 23,013.61 | 25,742.34 |
| Accessories, Garments and others | 1,487.95 | 1,614.61 |
| | 24,501.56 | 27,356.95 |

16. OTHER INCOME

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---|---|--|
| Interest income on: | | |
| -Bank deposits | 174.76 | 247.40 |
| -Others | 6.41 | 2.22 |
| Gain on foreign exchange fluctuations (Net) | 4.78 | - |
| Provision no longer required written back | - | 2.93 |
| Insurance claim received | 1.91 | 2.32 |
| Other non-operating income | 112.98 | 177.46 |
| | 300.84 | 432.33 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| Inventory at the beginning of the period | 242.11 | 229.56 |
| Add: Purchases | 2,972.96 | 4,296.27 |
| | 3,215.07 | 4,525.83 |
| Less: inventory at the end of the period | 187.16 | 242.11 |
| Cost of raw material and components consumed | 3,027.91 | 4,283.72 |

Details of raw material and components consumed

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---------------------------------|---|--|
| Leather (natural and synthetic) | 528.99 | 727.19 |
| Rubber | 114.08 | 183.13 |
| Textiles | 234.60 | 319.07 |
| Chemical | 470.18 | 734.52 |
| Packaging | 191.70 | 268.76 |
| Job processing charges | 346.21 | 460.11 |
| Other Materials | 1,142.15 | 1,590.94 |
| | 3,027.91 | 4,283.72 |

Details of inventory

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|-------------------------------------|---|--|
| Raw materials and components | | |
| Leather (natural and synthetic) | 84.62 | 77.29 |
| Rubber | 9.07 | 17.31 |
| Textiles | 24.23 | 36.49 |
| Chemical | 26.46 | 38.06 |
| Packaging | 6.29 | 6.26 |
| Other Materials | 36.49 | 66.70 |
| | 187.16 | 242.11 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| 18. (INCREASE)/DECREASE IN INVENTORIES | | | |
|--|--|---|---|
| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million | (Increase)/ decrease Rs. million |
| | | | Year ended 31.03.2016 |
| <u>Inventories at the end of the period</u> | | | |
| Finished goods | 6297.02 | 6,470.76 | 173.76 |
| Work-in-progress | 292.28 | 319.48 | 27.20 |
| | <u>6,589.30</u> | <u>6,790.24</u> | <u>200.96</u> |
| <u>Inventories at the beginning of the period</u> | | | |
| Finished goods | 6470.76 | 5,261.69 | (1,209.07) |
| Work-in-progress | 319.48 | 322.36 | 2.88 |
| | <u>6,790.24</u> | <u>5,584.05</u> | <u>(1,206.19)</u> |
| Increase/(decrease) in inventories before excise duty | <u>200.96</u> | <u>(1,206.19)</u> | |
| Increase/(decrease) of excise duty on change in inventories | <u>(64.88)</u> | <u>100.39</u> | |
| Total (increase)/decrease | <u>136.08</u> | <u>(1,105.80)</u> | |
| | | | |
| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million | |
| <u>Details of purchase of traded goods</u> | | | |
| Footwear | 7,863.89 | 8,596.61 | |
| Others | 532.27 | 603.68 | |
| | <u>8,396.16</u> | <u>9,200.29</u> | |
| | | | |
| <u>Details of inventory</u> | | | |
| Finished goods | | | |
| Footwear | 6,015.88 | 6,217.66 | |
| Accessories, Garments and others | 281.14 | 253.10 | |
| | <u>6,297.02</u> | <u>6,470.76</u> | |
| Work-in-progress | | | |
| Accessories, Garments and others | 292.28 | 319.48 | |
| | <u>292.28</u> | <u>319.48</u> | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| 19. EMPLOYEE BENEFIT EXPENSE | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---|--|---|
| Salaries, wages and bonus | 2,348.60 | 2,747.66 |
| Contribution to provident and other funds | 123.41 | 157.24 |
| Gratuity expense (refer note 33) | 39.20 | 85.60 |
| Staff welfare expenses | 115.72 | 128.79 |
| | 2,626.93 | 3,119.29 |
| | | |
| 20. OTHER EXPENSES | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
| Consumption of stores and spares | 31.04 | 46.55 |
| Power and fuel | 552.85 | 642.46 |
| Freight | 525.42 | 498.00 |
| Rent [Refer Note 27] (Including impact of straight lining of lease rent Rs. 60.2 million (Previous year: Rs.219.76 million)) | 3,363.28 | 3,742.50 |
| Rates and taxes | 207.03 | 220.21 |
| Insurance | 67.51 | 84.34 |
| Repairs and maintenance | | |
| Plant and machinery | 29.33 | 28.17 |
| Buildings | 63.84 | 57.76 |
| Others | 33.25 | 44.10 |
| Advertising and sales promotion | 236.76 | 277.08 |
| Sales commission | 720.17 | 862.06 |
| Legal and professional fees* | 161.01 | 163.94 |
| Loss on Foreign Exchange Fluctuations (Net) | - | 11.62 |
| Technical collaboration fee | 270.43 | 295.06 |
| Provision for doubtful debt, loans, advances etc. | 50.35 | 24.78 |
| Loss on sale / discard of fixed assets (net) | 47.16 | 1.39 |
| Bank charges | 140.47 | 160.14 |
| Royalty | 307.80 | 290.67 |
| Miscellaneous expenses | 479.76 | 642.62 |
| | 7,287.46 | 8,093.45 |
| | | |
| *Payment to auditor (under legal & professional fees) | | |
| As auditor | 9.62 | 8.20 |
| In other capacity: | | |
| Other services | 1.64 | 1.71 |
| Reimbursement of expenses | 2.09 | 1.35 |
| | 13.35 | 11.26 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

21. DEPRECIATION AND AMORTIZATION EXPENSE

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---|---|--|
| Depreciation of tangible assets | 749.02 | 795.99 |
| Amortization of intangible assets | 3.46 | 1.72 |
| | <u>752.48</u> | <u>797.71</u> |
| Less: recoupment from revaluation reserve | - | 5.37 |
| | <u>752.48</u> | <u>792.34</u> |

22. FINANCE COSTS

| | | |
|----------|--------------|--------------|
| Interest | 17.23 | 17.56 |
| | <u>17.23</u> | <u>17.56</u> |

23. EXCEPTIONAL ITEM

| | | |
|--|-----------------|-----------------|
| Voluntary Retirement Scheme (Refer Note 2.1 n(vi))* | - | 16.94 |
| Gain on assets received from erstwhile JV (Refer Note 26) | (306.31) | (239.19) |
| Provision for contingencies written back (Refer Note 26) | (123.24) | (93.00) |
| Expenditure incurred on software development written off (Refer Note 40) | 290.55 | - |
| Sale of Brand | (608.07) | - |
| | <u>(747.07)</u> | <u>(315.25)</u> |

*During the previous period, the Company had announced a Voluntary Retirement Scheme (VRS) for the workmen of its Faridabad Unit and paid the above amount to workmen 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 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| Profit after tax (Rs. million) | 2,187.48 | 2,311.72 |
| Weighted average number of equity shares in calculating basic EPS (Refer Note 3) | 128,527,540 | 128,527,540 |
| Basic and Diluted EPS (Rs.) | 17.02 | 17.99 |

During the year, the Company has sub-divided face value of equity shares of Rs. 10/- each into two equity shares of Rs.5/- each. The weighted average number of equity shares of the previous year has been accordingly adjusted by 64,263,770 equity shares while computing basic and diluted EPS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

25. Note 19 includes R&D expenses of Rs.38.02 million (Previous year Rs. 53.71 million) and Note 20 includes R&D expenses of Rs. 21.72 million (Previous year Rs. 21.18 million).

26. The Company in the earlier years, entered into a joint venture agreement for the development of the township at Batanagar with Riverbank Developers Private Limited (RDPL). Thereafter, 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 and received 315,000 sq. ft. of employee housing recorded as fixed assets at INR 433.75 million and also recorded a liability of INR 216.24 million for obligation to be fulfilled. In December 2013, the Company had signed an addendum to the development agreement to receive further constructed area of 332,030 sq. ft. against 325,000 sq. ft. agreed in April 2010.

During the previous period, the Company had received approval from the West Bengal Government committee, inter alia, specifying that the Company had completed the obligations with respect to Batanagar factory, retail stores and employee housing and RDPL were to complete balance employee housing.

During the year, the Company has received possession of balance apartment measuring to 195,075 sq. ft. (previous period 136,955 sq. ft.) and recognized an exceptional income of Rs. 306.31 million (Previous period Rs. 239.19 million), based on fair valuation undertaken by an independent valuer. As at the year end, there are no remaining apartments to be received.

The management believes it has already discharged its obligations and has reassessed the provision for contingencies. Accordingly the Company has reversed the provision for contingencies of Rs. 123.24 million (Previous year INR 93 million) as exceptional income.

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.

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

| | (Rs. million) | |
|---|------------------|------------------|
| Lease rentals | 31-Mar-16 | 31-Mar-15 |
| Within one year | 34.75 | 24.15 |
| After one year but not more than five years | 4.16 | 3.04 |
| 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 | Mar 2016 | Mar 2015 | Purpose |
|----------------------------------|----------|----------|--------------|------------------------|
| Purchase | USD | - | 1,282,774.20 | Hedge of Trade Payable |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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. million) | |
|---|----------------------------|--------------------|--------------------|---|----------|
| | Currency | Mar 2016 | Mar 2015 | Mar 2016 | Mar 2015 |
| Trade payables | USD | 852,075.40 @ 66.48 | 426,159.21 @ 63.06 | 56.65 | 26.87 |
| Advance for Import purchases | USD | 15,999.39 @ 66.88 | 65,518.95 @ 62.22 | 1.07 | 4.08 |
| | EURO | 2,454.07 @ 75.94 | 7,657.66 @ 66.89 | 0.19 | 0.51 |
| Advance from Customer | USD | 12,000 @ 66.35 | 5,200.00 @ 63.06 | 0.80 | 0.33 |
| Trade receivables | USD | 630,269.86 @ 66.22 | 607,959.55 @ 62.22 | 41.73 | 37.83 |
| | EURO | 192,638 @ 75.06 | 60,690 @ 66.89 | 14.46 | 4.06 |
| | CHF | 39,806 @ 68.81 | - | 2.74 | - |

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. million)

| Particulars | Footwear & ccessories | | Surplus Property Development | | Total | |
|--|-----------------------|-----------|------------------------------|--------|-----------|-----------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUE | | | | | | |
| External Turnover | 24,180.54 | 26,939.95 | - | - | 24,180.54 | 26,939.95 |
| Other income*(also includes exceptional income) | 437.20 | 167.77 | 429.55 | 347.13 | 866.75 | 514.90 |
| RESULT | 2,409.42 | 2,718.75 | 429.55 | 347.13 | 2,838.97 | 3,065.88 |
| Unallocated Corporate Expenses | | | | | (18.70) | (11.26) |
| Operating Profit | | | | | 2,820.27 | 3,054.62 |
| Interest Expenses | | | | | (17.23) | (17.56) |
| Interest Income | | | | | 181.16 | 249.62 |
| Income Taxes | | | | | (796.72) | (974.96) |
| Net Profit | | | | | 2,187.48 | 2,311.72 |
| OTHER INFORMATION | | | | | | |
| Segment assets | 15,867.22 | 14,987.00 | - | - | 15,867.22 | 14,987.00 |
| Unallocated corporate assets | | | | | 1,597.00 | 1,387.33 |
| Total assets | | | | | 17,464.22 | 16,374.34 |
| Segment liabilities | 5,054.83 | 5,427.76 | - | 123.24 | 5,054.83 | 5,551.00 |
| Unallocated corporate liabilities | | | | | 579.15 | 601.90 |
| Total liabilities | | | | | 5,633.98 | 6,152.89 |
| Capital expenditure | 403.94 | 1,464.92 | - | - | 403.94 | 1,464.92 |
| Depreciation | 749.02 | 790.62 | - | - | 749.02 | 790.62 |
| Amortisation | 3.46 | 1.72 | - | - | 3.46 | 1.72 |
| Non-cash expenses other than depreciation and amortisation | 50.35 | 24.78 | - | - | 50.35 | 24.78 |

* Other income as reported does not include the interest income amounting to Rs.181.16 million (Previous year Rs.249.62 million)

**During the year the Company has received possession of balance apartments and according no Segment Assets/ Liabilities exist as at March 31, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

B. INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Trade receivables as per Geographical Markets

(Rs.million)

| Particulars | Revenue | | Trade Receivables | |
|---------------|-----------|-----------|-------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| India | 24,040.81 | 26,663.31 | 664.09 | 539.68 |
| Outside India | 139.73 | 276.64 | 32.30 | 44.51 |
| Total | 24,180.54 | 26,939.95 | 696.39 | 584.19 |

b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, entire fixed assets / additions to fixed assets pertains to India only. The following table present expenditure and certain asset information regarding the company's geographical segments:

(Rs.million)

| Other segment information | 2016 | | | 2015 | | |
|-----------------------------|-----------|---------------|-----------|-----------|---------------|-----------|
| | India | Outside India | Total | India | Outside India | Total |
| Segment assets | 15,834.93 | 32.30 | 15,867.22 | 14,942.49 | 44.51 | 14,987.00 |
| Total assets | | | | | | |
| Capital expenditure: | | | | | | |
| Tangible fixed assets | 250.14 | - | 250.14 | 1,227.52 | - | 1,227.52 |
| Intangible assets | 30.70 | - | 30.70 | 237.40 | - | 237.40 |

30. A. Related Party Transaction Details
i. Sale of Goods:

Details of sales to Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs .million) |
|---------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Empresas Comerciales S.A. | 2016 | 6.5 | - |
| | 2015 | 10.12 | 2.30 |
| Bata Shoe Co. (Bangladesh) Ltd. | 2016 | 27.69 | 0.47 |
| | 2015 | 17.11 | 0.83 |
| Bata Shoe Co. of Ceylon Ltd. | 2016 | 38.87 | 20.87 |
| | 2015 | 17.73 | 12.65 |
| Others | 2016 | 5.05 | - |
| | 2015 | 3.31 | 3.59 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

ii. Purchase of Goods:

Details of Purchase from Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|--------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Bata Shoe Co. (Kenya) Ltd. | 2016 | - | - |
| | 2015 | 1.32 | - |
| Bata shoe (Singapore) Pte Ltd. | 2016 | - | - |
| | 2015 | 9.34 | - |
| Others | 2016 | - | - |
| | 2015 | 1.11 | 1.03 |

iii. Reimbursement of Expenses to:

Details of Reimbursement of expenses to Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|-----------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Bata Malaysia SDN. BHD. | 2016 | 1.22 | 2.30 |
| | 2015 | 3.08 | 1.24 |
| Global Footwear Services Pte Ltd. | 2016 | 3.14 | 1.87 |
| | 2015 | 2.19 | - |
| Bata Brands S.A. | 2016 | 0.72 | 0.69 |
| | 2015 | 0.72 | 0.90 |
| Bata Shoe (Singapore) Pte Ltd. | 2016 | 1.10 | 0.25 |
| | 2015 | 0.59 | - |
| Bata Shoe Company (Kenya) Ltd. | 2016 | 0.90 | - |
| | 2015 | - | - |
| Futura Footwear Ltd. | 2016 | 1.05 | 1.02 |
| | 2015 | - | - |
| Others | 2016 | 0.44 | 0.10 |
| | 2015 | 1.27 | (0.08) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

iv. Reimbursement of Expenses from:

Details of Reimbursement of expenses from Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|---|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Euro Footwear Holdings S.a.r.l. | 2016 | 8.85 | 12.35 |
| | 2015 | 16.58 | 11.54 |
| International Footwear Investment B.V. | 2016 | 9.61 | 2.00 |
| | 2015 | 14.99 | 2.64 |
| Global Footwear Services Pte Ltd. | 2016 | 25.87 | 13.43 |
| | 2015 | 24.03 | 4.59 |
| Others | 2016 | 8.09 | 6.67 |
| | 2015 | 12.90 | 3.02 |

v. Technical Collaboration Fees:

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

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|--------------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Global Footwear Services Pte Ltd. | 2016 | 237.40 | 62.82 |
| | 2015 | 264.20 | 38.67 |

vi. Royalty:

Details of Royalty paid/payable to Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|----------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Bata Brands S.a.r.l. | 2016 | - | 10.49 |
| | 2015 | 9.92 | 9.92 |
| Bata Brands S.A. | 2016 | 19.59 | 22.84 |
| | 2015 | 3.77 | 3.77 |

vii. Legal & Professional Fees:

Details of Legal & Professional Fees paid/payable to firm in which director is interested:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|--------------------------------------|--------------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Shardul Amarchand Mangaldas & Co. | 2016 | 0.59 | - |
| | 2015 | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

viii. Transaction with Subsidiaries:

Details of transaction with Subsidiaries: -

A. Reimbursement of expenses / advance recoverable from :

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|-----------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Bata Properties Limited | 2016 | 1.52 | 0.27 |
| | 2015 | - | - |
| Coastal Commercial & Exim Limited | 2016 | 0.70 | 0.17 |
| | 2015 | 0.66 | 0.31 |
| Way Finders Brands Limited | 2016 | 36.05 | - |
| | 2015 | - | - |

B. Rent expenses:

| Name of the Party | Year ended | Transaction Value (Rs. million) |
|-----------------------------------|-----------------------------|------------------------------------|
| | Fifteen months period ended | |
| Bata Properties Limited | 2016 | 0.75 |
| | 2015 | 0.97 |
| Coastal Commercial & Exim Limited | 2016 | 0.84 |
| | 2015 | 1.05 |

C. Investment in Subsidiary :

| Name of the Party | Year ended | Transaction Value (Rs. million) |
|----------------------------|-----------------------------|------------------------------------|
| | Fifteen months period ended | |
| Way Finders Brands Limited | 2016 | - |
| | 2015 | 1.00 |

D. Loan to subsidiary and interest thereon:

| Name of the Party | Year ended | Transaction Value(Rs. Million) | | Outstanding Balance (Rs. Million) |
|----------------------------|-----------------------------|--------------------------------|-----------------|--------------------------------------|
| | Fifteen months period ended | Loan Given | Interest amount | |
| Way Finders Brands Limited | 2016 | 60 | 2.58 | 62.32 |
| | 2015 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

ix. Remuneration to Directors and other Key Managerial Personnel *:

| Name of the Director / Other Key Managerial Personnel | Year ended | Transaction Value (Rs. million) |
|---|-----------------------------|---------------------------------|
| | Fifteen months period ended | |
| Rajeev Gopalakrishnan | 2016 | 40.35 |
| | 2015 | 50.32 |
| Ram Kumar Gupta (w.e.f. 19.08.2015) | 2016 | 7.32 |
| | 2015 | - |
| Ranjit Mathur (till 19.08.2015) | 2016 | 5.99 |
| | 2015 | 17.54 |
| Kumar Nitesh (till 04.11.2015) | 2016 | 12.92 |
| | 2015 | 19.52 |
| Maloy Kumar Gupta | 2016 | 3.58 |
| | 2015 | 3.22 |

* 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.

x. Transaction with Holding Company:

Dividend Payment:

| Name of the Party | Year ended | Transaction Value (Rs. million) |
|---|-----------------------------|---------------------------------|
| | Fifteen months period ended | |
| BATA (BN) B.V. Amsterdam, The Netherlands | 2016 | 221.21 |
| | 2015 | 221.21 |

30. B. 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) Way Finders Brands Limited (w.e.f. 10.02.2015) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

II. Related parties under AS 18 with whom transactions have taken place during the year:

| Nature of Relationship | Name |
|--|--|
| A. Key Management Personnel | : Rajeev Gopalakrishnan, Managing Director Ram Kumar Gupta, Director Finance w.e.f. 19.08.2015 Ranjit Mathur, Director Finance upto 19.08.2015 Kumar Nitesh, Managing Director - Retail upto 04.11.2015 |
| B. Enterprises in which Director is interested | : Shardul Amarchand Mangaldas & Co. |

C. Fellow Subsidiaries with whom transactions have taken place during the year and previous period:

| 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.- Luxemburg |
| Euro Footwear Holdings S.a.r.l. | Futura Footwear Ltd. |
| Bata Shoe Co. of Ceylon Ltd. | Bata Brands S.A. |
| China Footwear Services | The Zimbabwe Bata Shoe Co. |
| Bata Industrials Europe-Netherland | Empresas Comerciales S.A. |
| Compar S.P.A. Italy | Manaco S.A. Bolivia |
| Bata Colombia Manisol S.A. | Bubblegummers Inc. |

III. Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

Company Secretary : Mr. Maloy Kumar Gupta

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

31. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

a) Claims against Company not acknowledged as debts includes:

| Nature | 2016 (Rs. million) | 2015 (Rs. million) |
|---------------------------------------|-----------------------|-----------------------|
| Excise, Customs and Service tax cases | 148.40 | 148.40 |
| Sales Tax Cases | 21.80 | 21.80 |
| Others* | 355.12 | 241.54 |
| Income Tax Cases** | 424.11 | 355.41 |
| Total | 949.43 | 767.15 |

*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 million on the Company. The Company during the Financial Year 2012-13 had received favourable order from the ITAT Kolkata. However, Income Tax Department had filed an appeal with the High Court against the said order.

During the Financial Year 2012-13, 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 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 Company has filed an appeal to Income Tax Appellate Tribunal against the said order.

During the current year, the Company has received an order of Pr. Commissioner of Income Tax under section 263 of the Income Tax Act, 1961 directing the Assessing Officer for re-computation of cost of construction 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, as per the relevant provisions of the Companies Act, 2013 in respect of these cases at this point in time.

- b) In August 2014, M/s. Crocs Limited filed a suit on Bata India limited for trademark infringement. The Lower court passed an ex-parte injunction order which was later transferred to Hon'ble Delhi High Court on account of jurisdictional issue. The management based upon the legal opinion believes that the Company has a strong case on merits and believes that no adjustment is required in the financial statements in this regard.

32. CAPITAL COMMITMENTS:

Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs.65.09 million (Previous year: Rs. 301.64 million).

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. million) | |
|--|-----------------|--------------|
| | Gratuity | |
| | 2016 | 2015 |
| Current service cost | 23.85 | 24.48 |
| Interest cost on benefit obligation | 32.03 | 39.07 |
| Expected return on plan assets | (40.75) | (42.79) |
| Net actuarial(gain) / loss recognised in the year | 24.07 | 64.79 |
| Past Service Cost | - | - |
| Net benefit expense | <u>39.20</u> | <u>85.55</u> |
| Actual Return on Plan Assets | 29.73 | 56.15 |

Balance sheet

Details of Provision for gratuity

| | (Rs. million) | |
|----------------------------|-----------------|---------------|
| | Gratuity | |
| | 2016 | 2015 |
| Defined benefit obligation | 442.68 | 447.58 |
| Fair value of plan assets | 463.39 | 447.49 |
| Plan asset / (liability) | <u>20.71</u> | <u>(0.09)</u> |

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

| | (Rs. million) | |
|--|-----------------|---------------|
| | Gratuity | |
| | 2016 | 2015 |
| Opening defined benefit obligation | 447.58 | 388.62 |
| Interest cost | 32.03 | 39.07 |
| Current service cost | 23.85 | 24.48 |
| Plan Amendments | - | - |
| Benefits paid | (73.83) | (82.74) |
| Actuarial (gains) / losses on obligation | <u>13.05</u> | <u>78.15</u> |
| Closing defined benefit obligation | <u>442.68</u> | <u>447.58</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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

(Rs. million)

| | Gratuity | |
|-----------------------------------|-----------------|---------------|
| | 2016 | 2015 |
| Opening fair value of plan assets | 447.49 | 414.08 |
| Expected return | 40.75 | 42.79 |
| Contributions by employer | 60.00 | 60.00 |
| Benefits paid | (73.83) | (82.74) |
| Actuarial gains / (losses) | (11.02) | 13.36 |
| Closing fair value of plan assets | <u>463.39</u> | <u>447.49</u> |

The Defined benefit obligation amounting to Rs.442.68 million is funded by assets amounting to Rs.463.39 million and Company has contributed Rs.20.71 million more during the year ended on 31 March 2016. The Company expects to contribute Rs.24.40 million (Previous Year Rs. 40 million) during the year 2016-17.

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

| | Gratuity | |
|--|-----------------|-------------|
| | 2016 | 2015 |
| | % | % |
| Investments | 100.00 | 100.00 |
| - With Insurer | 54.12 | 52.91 |
| - With Government securities and Bonds | 4.64 | 4.39 |
| - With Special deposit scheme | 41.24 | 42.70 |

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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

| | 2016 | 2015 |
|-----------------------------------|-------------|-------------|
| | % | % |
| Discount rate | 8.00 | 7.80 |
| Expected rate of return on assets | 9.25 | 9.25 |
| 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. million)

| Sl. No. | Experience History | 2016 | 2015 | 2013 | 2012 | 2011 |
|---------|--|----------|----------|----------|----------|----------|
| 1 | Defined Benefit Obligation at end of the period | (442.68) | (447.58) | (388.62) | (360.46) | (348.70) |
| 2 | Plan Assets at end of the period | 463.39 | 447.49 | 414.08 | 397.61 | 387.31 |
| 3 | Funded Status | 20.71 | (0.9) | 25.46 | 37.15 | 38.62 |
| 4 | Experience Gain/(Loss) adjustments on plan liabilities | (19.56) | (43.04) | (45.58) | (25.67) | (40.92) |
| 5 | Experience Gain/(Loss) adjustments on plan assets | (11.02) | 13.36 | 18.52 | 23.39 | 24.29 |
| 6 | Actuarial Gain/(Loss) due to change on assumptions | 6.5 | (35.12) | 19.89 | 05.25 | 6.57 |

Contribution to Defined Contribution Plans:

| | <u>2016 (Rs. million)</u> | <u>2015 (Rs. million)</u> |
|--------------|----------------------------------|----------------------------------|
| Pension fund | 0.11 | 1.46 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

(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 based on the below provided assumptions, there is no shortfall as at 31st March, 2016.

| | 31 March 2016 | 31 March 2015 |
|-----------------------------------|---|---|
| Discount Rate | 7.77% | 7.65% |
| Expected Return on Exempt Fund | 8.90% | 8.68% |
| Rate of Return on EPFO managed PF | 8.75% | 8.80% |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) ultimate | Indian Assured Lives Mortality (2006-08) ultimate |

| | 31 March 2016 (Rs. million) | 31 March 2015 (Rs. million) |
|---|--------------------------------|--------------------------------|
| Contribution to provident and other funds | 111.63 | 146.84 |

The detail of fund and plan asset position as at 31 March, 2016 is given below:

| | 31 March 2016 (Rs. million) | 31 March 2015 (Rs. million) |
|---|--------------------------------|--------------------------------|
| Plan assets at fair value | 4,025.06 | 3,898.55 |
| Present value of the defined benefit obligation | 3,431.93 | 3,364.36 |
| Asset recognized in the balance sheet | NIL | NIL |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

34. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

| S. No. | Details of dues to micro and small enterprises as defined under MSMED Act, 2006 | 2016 (Rs. million) | 2015 (Rs. million) |
|--------|--|-----------------------|-----------------------|
| 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 | 14.59 | 17.62 |
| | Interest Due | - | - |
| II | The amount of interest paid by the buyer in terms of section 16, of the MSMED 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 | 145.37 | 155.46 |
| | 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 MSMED 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 MSMED Act, 2006 | - | - |

35. CAPITALIZATION OF EXPENDITURE

During the previous period, the Company had capitalized the following expenses of revenue nature to the capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes were net of amounts capitalized by the Company.

| | 2016 | 2015 |
|---------------------------|--------------|---------------|
| Salaries, wages and bonus | - | 16.25 |
| Legal & professional fees | 25.54 | 193.74 |
| Rent | - | 12.50 |
| Other Expenses | 5.16 | 11.68 |
| | 30.70 | 234.17 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| | | | |
|---|----------------------------------|----------------------|----------------------|
| | 31.03.2016 | | 31.03.2015 |
| | (Rs. million) | | (Rs. million) |
| 36. VALUE OF IMPORTS ON CIF BASIS (on accrual basis) | | | |
| Raw Materials | 39.53 | | 49.90 |
| Stores & Spares | 1.98 | | 2.35 |
| Capital Goods | 41.63 | | 74.77 |
| Finished Goods | 1,215.17 | | 1,733.34 |
| | 1,298.31 | | 1,860.36 |
| 37. (a) Consumption of Raw Materials | 31.03.2016 | | 31.03.2015 |
| | % of total | | % of total |
| | (Rs. million) Consumption | (Rs. million) | Consumption |
| Imported | 56.79 | 1.88 | 48.58 |
| Indigenous | 2,971.12 | 98.12 | 4,235.14 |
| | 3,027.91 | 100.00 | 4,283.73 |
| | | | 100.00 |
| (b) Consumption of Stores and Spares | 31.03.2016 | | 31.03.2015 |
| | % of total | | % of total |
| | (Rs. million) Consumption | (Rs. million) | Consumption |
| Imported | 1.33 | 4.29 | 3.23 |
| Indigenous | 29.71 | 95.71 | 43.32 |
| | 31.04 | 100.00 | 46.55 |
| | | | 100.00 |
| 38. FOREIGN CURRENCY INCOME & EXPENDITURE (on accrual basis) | 31.03.2016 | | 31.03.2015 |
| | (Rs. million) | (Rs. million) | (Rs. million) |
| Income - Exports (F.O.B. value) | | 139.73 | 276.64 |
| Expenditure : | | | |
| Royalty | 273.14 | | 145.63 |
| Technical Collaboration Fees | 237.40 | | 264.20 |
| Others | 25.43 | 535.97 | 32.37 |
| | | | 442.20 |
| 39. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND | 31.03.2016 | | 31.03.2015 |
| Dividend on Equity Shares* (Rs. million) | 221.21 | | 221.21 |
| Number of Non-resident Equity Shareholders | 1 | | 1 |
| Number of Equity Shares held by them on which dividend is paid during the year (refer note 3) | 68,065,514 | | 34,032,757 |

* Dividend of Rs. 221.21 million pertains to year 2015 (2013: Rs. 221.21 million)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

40. Due to setbacks in implementation of ERP software and based upon internal assessment, the management believes that the ERP reimplementation would involve complete change in design and accordingly has decided to charge of the expenditure of Rs. 290.55 million incurred on implementation in current year and previous years, except for Rs. 56.06 million incurred on perpetual licenses which is being carried under intangible assets under development. The management is presently developing plans to initiate fresh implementation.

41. CSR EXPENDITURE :

Pursuant to the applicability of CSR (Corporate social responsibility) provisions of the Companies Act, 2013, the Company has made the requisite expenditure towards CSR as per details below:

a) Gross amount required to be spent by the Company during the year is Rs. 57.06 Million

b) Amount spent during the year ending on 31st March 2016 :

| Sl. no. | CSR project / activity | Amount spent (Rs. in million)* | Amount spent : Direct/agency implementation |
|---------|--|--------------------------------|---|
| 1 | Promoting education at schools | 5.05 | Direct |
| 2 | Promoting education at schools | 0.53 | Agency |
| 3 | Promoting health and sanitation | 0.10 | Direct |
| 4 | Promoting health and sanitation | 6.70 | Agency |
| 5 | Eradicating poverty through shoes donation | 0.19 | Direct |
| 6 | Eradicating poverty through shoes donation | 4.26 | Agency |
| 7 | Promoting skill development | 0.82 | Agency |
| 8 | Promoting community development | 0.20 | Direct |
| | TOTAL | 17.85 | |

*Included in Miscellaneous expenses in Note 20

42. The previous financial year was for a period of 15 months ended on 31st March 2015 ("previous period") and accordingly, the figures for the previous period are not comparable with figures for the current year ended 31st March 2016 presented in the Statement of Profit and Loss, Cash Flow Statement and related notes. Previous period's figures have been regrouped/reclassified, wherever necessary, to conform to the classification of current year.

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration number: 301003E/E300005
Chartered Accountants

Per Sanjay Vij
Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Ram Kumar Gupta
Director Finance
DIN: 01125065

Maloy Kumar Gupta
Company Secretary
Membership no.: A-24123

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Uday Khanna
Chairman
DIN: 00079129

FORM AOC-1

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

**Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures
Part "A": Subsidiaries**

(Rs. in Million)

| Sl. No. | Particulars | Name of the Subsidiaries | | |
|---------|------------------------|-----------------------------------|-------------------------|----------------------------|
| | | Coastal Commercial & Exim Limited | Bata Properties Limited | Way Finders Brands Limited |
| 1. | Reporting period | Year ended 31.03.2016 | Year ended 31.03.2016 | Year ended 31.03.2016 |
| 2. | Share Capital | | | |
| | Authorised: | 1.00 | 100.00 | 1.00 |
| | Issued & Subscribed: | 0.50 | 48.51 | 1.00 |
| 3. | Reserves & Surplus | 0.44 | -0.58 | -11.46 |
| 4. | Total Assets | 1.14 | 48.24 | 89.99 |
| 5. | Total Liabilities | 1.14 | 48.24 | 89.99 |
| 6. | Investments | - | 5.5 | - |
| 7. | Turnover | 0.84 | 10.25 | 73.15 |
| 8. | Profit before taxation | 0.35 | 9.98 | -11.32 |
| 9. | Provision for taxation | 0.09 | 0.96 | - |
| 10. | Profit after taxation | 0.26 | 9.02 | -11.32 |
| 11. | Proposed Dividend | - | - | - |
| 12. | % of shareholding | 100 | 100 | 100 |

- Notes:**
- Names of subsidiaries which are yet to commence operations: NIL
 - Names of subsidiaries which have been liquidated or sold during the year: NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of associates/Joint Ventures | | Not Applicable |
|-----------------------------------|--|----------------|
| 1. | Latest audited Balance Sheet Date | |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end No. | |
| | Amount of Investment in Associates/Joint Venture | |
| | Extend of Holding % | |
| 3. | Description of how there is significant influence | |
| 4. | Reason why the associate/joint venture is not consolidated | |
| 5. | Net worth attributable to shareholding as per latest audited Balance Sheet | |
| 6. | Profit/Loss for the year | |
| | i. Considered in Consolidation | |
| | ii. Not Considered in Consolidation | |

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

Ram Kumar Gupta
Director Finance
DIN: 01125065

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary
Membership no.: A-24123

Uday Khanna
Chairman
DIN: 00079129

Place: Gurgaon
Date : May 30, 2016

MOVEMENT OF BATA INDIA LIMITED SHARE PRICES

| YEAR | HIGH | LOW |
|-------------|-------------|------------|
| 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 |
| 2014-15 | 1495.00 | 895.00 |
| 2015-16 | 1244.10 | 438.05 |

Note: Yearly high / low prices are unadjusted for sub-division of face value of equity shares of the Company from Rs. 10/- each into two equity shares of Rs. 5/- each w.e.f. October 8, 2015.

INDEPENDENT AUDITOR'S REPORT**To the Members of Bata India Limited****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Bata India Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 31 to the consolidated financial statements;
 - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

Other Matter

- (a) The accompanying consolidated financial statements include total assets of Rs 138.86 million as at March 31, 2016, and total revenues and net cash inflows of Rs 74.68 million and Rs 9.29 million for the year ended on that date, in respect of 3 subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Place of Signature: Gurgaon
Date: May 30, 2016

per Sanjay Vij
Partner
Membership Number: 95169

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BATA INDIA LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Bata India Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Bata India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 30, 2016 expressed an unqualified opinion thereon.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: Gurgaon

Date: May 30, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

| | Notes | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|-------|------------------------------------|------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 642.64 | 642.64 |
| Reserves and surplus | 4 | 11,175.98 | 9,569.23 |
| | | <u>11,818.62</u> | <u>10,211.87</u> |
| Non-current liabilities | | | |
| Trade payables | 5 | 1,028.71 | 977.60 |
| | | <u>1,028.71</u> | <u>977.60</u> |
| Current liabilities | | | |
| Trade payables | 5 | | |
| - Total outstanding dues of Micro & Small Enterprises | | 14.59 | 17.62 |
| - Total outstanding dues of creditors other than of Micro & Small Enterprises | | 3,271.69 | 3,549.89 |
| Other current liabilities | 5 | 743.27 | 850.44 |
| Short-term provisions | 6 | 614.05 | 762.34 |
| | | <u>4,643.60</u> | <u>5,180.29</u> |
| Total | | <u><u>17,490.93</u></u> | <u><u>16,369.76</u></u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 7 | 3,034.89 | 3,077.64 |
| Intangible assets | 8 | 6.12 | 9.42 |
| Capital work-in-progress | | 134.34 | 165.80 |
| Intangible assets under development | 36 | 56.06 | 315.91 |
| Non-current investments | 9 | 5.00 | - |
| Deferred tax assets (net) | 10 | 1,019.23 | 876.15 |
| Loans and advances | 11 | 1,723.45 | 1,767.92 |
| | | <u>5,979.09</u> | <u>6,212.84</u> |
| Current assets | | | |
| Inventories | 12 | 6,853.53 | 7,046.98 |
| Trade receivables | 13.1 | 709.96 | 584.19 |
| Cash and bank balances | 14 | 3,424.69 | 2,100.63 |
| Loans and advances | 11 | 408.23 | 319.08 |
| Other current assets | 13.2 | 115.43 | 106.04 |
| | | <u>11,511.84</u> | <u>10,156.92</u> |
| Total | | <u><u>17,490.93</u></u> | <u><u>16,369.76</u></u> |
| 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 number: 301003E/E300005
Chartered Accountants

Per Sanjay Vij
Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Ram Kumar Gupta
Director Finance
DIN: 01125065

Maloy Kumar Gupta
Company Secretary
Membership no.: A-24123

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Uday Khanna
Chairman
DIN: 00079129

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

| | Notes | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|-------|---|--|
| Income | | | |
| Revenue from operations (gross) | 15 | 24,585.74 | 27,375.98 |
| Less: excise duty | | 332.05 | 436.03 |
| Revenue from operations (net) | | 24,253.69 | 26,939.95 |
| Other income | 16 | 299.77 | 434.15 |
| Total revenue (I) | | 24,553.46 | 27,374.10 |
| Expenses | | | |
| Cost of raw material and components consumed | 17 | 3,027.91 | 4,283.72 |
| Purchase of traded goods | 18 | 8,529.78 | 9,200.29 |
| (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods | 18 | 71.48 | (1,105.80) |
| Employee benefits expense | 19 | 2,632.61 | 3,119.29 |
| Other expenses | 20 | 7,285.62 | 8,092.09 |
| Total (II) | | 21,547.40 | 23,589.59 |
| Earnings before interest, tax, depreciation and amortization and exceptional items(EBITDA) (I) - (II) | | 3,006.06 | 3,784.51 |
| Depreciation and amortization expense | 21 | 752.70 | 798.21 |
| Less: recoupment from revaluation reserve | | - | (5.37) |
| Net depreciation and amortization expense | | 752.70 | 792.84 |
| Finance costs | 22 | 17.23 | 17.56 |
| Profit before tax and exceptional items | | 2,236.13 | 2,974.11 |
| Exceptional items | 23 | (747.07) | (315.25) |
| Profit before tax | | 2,983.20 | 3,289.36 |
| Tax expenses | | | |
| Current tax | | 928.66 | 1,171.23 |
| Deferred tax (credit)/charge | | (130.79) | (195.28) |
| Income Tax for earlier year | | (0.11) | - |
| Total tax expenses | | 797.76 | 975.95 |
| Profit for the period | | 2,185.44 | 2,313.41 |
| Earnings per equity share [nominal value of share Rs.5 each (Previous year: Rs.10 each)] | 24 | | |
| Earning per share (basic & diluted) (Rs.) | | 17.00 | 18.00 |
| 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 and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP

ICAI Firm Registration number: 301003E/E300005
Chartered Accountants

Ram Kumar Gupta

Director Finance
DIN: 01125065

Rajeev Gopalakrishnan

Managing Director
DIN: 03438046

Per Sanjay Vij

Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

Maloy Kumar Gupta

Company Secretary
Membership no.: A-24123

Uday Khanna

Chairman
DIN: 00079129

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,983.20 | 3,289.36 |
| Adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation/amortization (net) | 752.70 | 792.84 |
| Gain on assets received from erstwhile JV (Refer Note 26) | (306.31) | (239.19) |
| Provision for contingencies written back (Refer Note 26) | (123.24) | (93.00) |
| Expenditure incurred on software development written off (Refer Note 36) | 290.55 | - |
| Provision no longer required written back | - | (2.93) |
| Straightlining on Lease rental | 60.20 | 296.90 |
| Loss on Disposal of Fixed Assets (Net) | 39.17 | 1.39 |
| Provision for doubtful debts and loans & advances etc. | 50.35 | 24.78 |
| Interest expense | 17.23 | 17.56 |
| Interest income | (180.11) | (249.62) |
| Operating profit before working capital changes | 3,583.74 | 3,838.09 |
| Movements in working capital : | | |
| Increase/(decrease) in trade payables | (281.23) | 709.29 |
| Increase/(decrease) in short-term provisions | 8.32 | (105.44) |
| Increase/(decrease) in other current liabilities | (108.36) | (325.08) |
| Increase/(decrease) in other long-term trade payables | (9.08) | 184.85 |
| Decrease/(increase) in trade receivables | (133.76) | (74.99) |
| Decrease/(increase) in inventories | 193.45 | (1,220.04) |
| Decrease/(increase) in long-term loans and advances | 23.34 | (269.80) |
| Decrease/(increase) in short-term loans and advances | (131.50) | (118.12) |
| Decrease/(increase) in other current assets | (12.95) | 4.30 |
| Cash generated from /(used in) operations | 3,131.97 | 2,623.06 |
| Direct taxes paid (net of refunds) | (1,076.79) | (1,435.44) |
| Net cash flow from/ (used in) operating activities (A) | 2,055.18 | 1,187.62 |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| | | |
|--|-------------------|-----------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | (404.22) | (1,464.90) |
| Proceeds from sale of fixed assets | 13.22 | 128.94 |
| Purchase of non current investments | (5.00) | - |
| Repayments/Investments in bank deposits (having original maturity of more than three months) | (944.82) | 477.04 |
| Interest received | 178.96 | 198.55 |
| Net cash flow from/(used in) investing activities (B) | (1,161.86) | (660.37) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (17.23) | (17.56) |
| Dividend paid on equity shares | (416.52) | (415.72) |
| Tax on equity dividend paid | (85.04) | (70.99) |
| Net cash flow from/(used in) in financing activities (C) | (518.79) | (504.27) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 374.53 | 22.98 |
| Cash and cash equivalents at the beginning of the period | 536.23 | 513.25 |
| Cash and cash equivalents at the end of the period | 910.76 | 536.23 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 113.55 | 97.22 |
| With banks - on current account | 485.03 | 424.49 |
| Deposits with original maturity of three months or less | 300.40 | - |
| Unpaid dividend accounts* | 11.78 | 14.52 |
| Total cash and cash equivalents (note 14) | 910.76 | 536.23 |
| Summary of significant accounting policies | 2.3 | |

*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 number: 301003E/E300005
Chartered Accountants

Per Sanjay Vij
Partner
Membership no.: 95169
Place: Gurgaon
Date : May 30, 2016

For and on behalf of the Board of Directors

Ram Kumar Gupta
Director Finance
DIN: 01125065

Maloy Kumar Gupta
Company Secretary
Membership no.: A-24123

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Uday Khanna
Chairman
DIN: 00079129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. CORPORATE INFORMATION

The Bata India Limited (Parent Company) along with its subsidiaries, (collectively the “Group”) is primarily engaged in the business of manufacturing and trading of footwear & accessories through its retail and wholesale network and development of real estate.

2. 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 Group 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, Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, issued by the Ministry of Corporate Affairs.
- 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 March 31, 2016.
- 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 March 31, 2016 | Extent of Holding/ Voting Power (%) as on March 31, 2015 |
|---------|-----------------------------------|------------------------|--------------------------|--|--|
| 1. | Bata Properties Limited | Subsidiary | India | 100.00 | 100.00 |
| 2. | Coastal Commercial & Exim Limited | Subsidiary | India | 100.00 | 100.00 |
| 3. | Way Finders Brands 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.

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 section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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, except for the change in accounting policy explained below.

2.3 Summary of significant accounting policies
a. Change in accounting policy
i) Component Accounting

The Group has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The Group was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed assets.

Due to application of Schedule II to the Companies Act, 2013, the Group has changed the manner of depreciation for its fixed assets. Now, the Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Group has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful lives.

Had the Group continued to use the earlier policy of depreciating fixed assets, depreciation for the current year would have been lower by Rs. 25.29 million and Profit for the current period would have been higher by Rs 16.54 million (net of tax impact of Rs. 8.75 million). Fixed assets would correspondingly have been higher by Rs. 25.29 million.

On the date of component accounting becoming applicable, i.e., 1 April 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against retained earnings.

b. Use of estimates

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

c. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements 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 recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

d. Tangible Fixed Assets

Tangible Fixed Assets, capital work in progress are stated at cost of acquisition (or revalued amounts, as the case may be), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

costs are recognised in profit or loss as incurred. 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.

Gains or losses arising from derecognition 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 derecognized.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

e. Depreciation on Tangible fixed assets & Intangibles

- i. Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. Accordingly, the management based on internal assessment of the life of the existing assets has revised the useful lives of certain fixed assets. The Group has used transitional provisions of Schedule II to adjust the impact of change in remaining useful life of the asset arising on its first application. If an asset has zero remaining useful life on the date of Schedule II becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, net of tax impact, is charged to the opening balance of retained earnings. Accordingly, the Group has charged Rs. 23.24 million (net of tax of Rs. 12.29 million) to the opening balance of retained earnings. The carrying amount of other assets, i.e., assets whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful life. Accordingly, this change in accounting estimate had resulted in increase in depreciation and amortisation expenses and corresponding decrease in current year profit (before tax) by Rs. 15.50 million.
- 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 5 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 useful lives specified in Schedule II of the Companies Act, 2013.
- iv. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/ disposal.

f. Impairment

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

g. Inventories

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

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

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

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of Goods:

Revenue from sale of goods 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. Interest income is included under the head 'other income' in the statement of profit and loss.

iii. Export Benefits:

Export benefits 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.

i. Foreign Currency Transactions

i. Initial Recognition

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

ii. Conversion

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

iii. Exchange Differences

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

j. Government Grants and Subsidies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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

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

k. Borrowing Cost

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

l. Segment Reporting Policies**(i) Identification of Segments:****Primary Segment****Business Segment:**

The 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.

(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.

m. Intangible Assets**i. Computer Software Acquired for Internal Use**

Software is stated at cost of acquisition and includes all attributable cost of bringing the software to its working condition for its intended use, 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 Intangible Assets is reviewed for impairment annually when the asset is not yet in use, or otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

n. Retirement and Other Employee Benefits

- i. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method, 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 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 based on project unit credit method to arrive at provident fund liability as at 31st March, 2016.
- 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 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.

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 employees render related services. 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.

o. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

p. 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.

q. 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.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is based on actuarial valuation. The estimate of such warranty-related costs is revised annually.

r. Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

s. 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.

t. 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 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--|------------------------------------|------------------------------------|
| Authorized shares 140,000,000 equity shares of Rs.5/- each (Previous year: 70,000,000 equity shares of Rs.10/- each) | 700.00 | 700.00 |
| Issued shares* 128,570,000 equity shares of Rs.5/- each (Previous year: 64,285,000 equity shares of Rs. 10/-each) | 642.85 | 642.85 |
| Subscribed and fully paid-up shares 128,527,540 equity shares of Rs.5/- each (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**

42,460 equity shares of Rs.5/- each (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.

**** Sub-division of Equity Shares**

Pursuant to shareholders' approval dated 5th August 2015, the Parent Company has sub-divided face value of equity shares of Rs. 10/- each into two equity shares of Rs. 5/- each. Accordingly, the basic and diluted earnings per share and the number of shares disclosed in Note 24 have been computed for the current year and re-computed for the previous period based on the revised no. of shares and face value of Rs. 5/- per equity share.

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

| | As at 31.03.2016 | | As at 31.03.2015 | |
|---|--------------------|---------------|------------------|-------------|
| | No. of Shares | Rs. million | No. of Shares | Rs. million |
| At the beginning of the period | 64,263,770 | 642.64 | 64,263,770 | 642.64 |
| Previous year: 64,263,770 equity shares of Rs. 10/-each sub-divided into 128,527,540 equity shares of Rs.5/- each | | | | |
| Outstanding at the end of the period | 128,527,540 | 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.5 per share (Previous year 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. 3.50 per share of par value of Rs.5/- each (Previous year: Rs.6.50 per share of par value of Rs.10/- each).

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts, if any. 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 MARCH 31, 2016 (Contd.)

c. Shares held by holding company

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

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|---|------------------------------------|
| Bata (BN) B.V., Amsterdam, The Netherlands, the holding company | | |
| 68,065,514 equity shares of Rs.5/- each (Previous year: 34,032,757 equity shares of Rs.10/- each fully paid) | 340.33 | 340.33 |

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

| | As at 31.03.2016 | | As at 31.03.2015 | |
|--|-------------------|---------------------------|------------------|---------------------------|
| | No. of Shares | % Holding in the class | No. of Shares | % Holding in the class |
| Equity shares of Rs.5 each fully paid (Previous year Rs.10/- each fully paid) | | | | |
| Bata (BN) B.V., Amsterdam, The Netherlands, the holding company | 68,065,514 | 52.96% | 34,032,757 | 52.96% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| 4. RESERVES AND SURPLUS | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|---|---|
| Securities premium account | | |
| Balance as per the last financial statements | <u>501.36</u> | <u>501.36</u> |
| Closing balance | <u>501.36</u> | <u>501.36</u> |
| Revaluation reserve | | |
| Balance as per the last financial statements | 267.93 | 279.51 |
| Less: used on sold/ discarded fixed assets | (0.07) | (6.21) |
| Less: amount transferred to the statement of profit and loss as reduction from depreciation | - | <u>(5.37)</u> |
| Closing balance | <u>267.86</u> | <u>267.93</u> |
| General reserve | | |
| Balance as per the last financial statements | 1,328.26 | 1,097.09 |
| Add: amount transferred from surplus balance in the statement of profit and loss | - | 231.17 |
| Adjustment towards change in useful lives of asset as per Companies Act,2013 (refer note 2.3(e) (i)) | <u>(23.24)</u> | - |
| Closing balance | <u>1,305.02</u> | <u>1,328.26</u> |
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 7,471.68 | 5,878.14 |
| Profit for the period | <u>2,185.44</u> | <u>2,313.41</u> |
| Amount available for appropriations | <u>9,657.12</u> | <u>8,191.55</u> |
| Less: Appropriations | | |
| Proposed final equity dividend (amount per share Rs. 3.50 (Previous year: Rs. 6.50)) | (449.85) | (417.71) |
| Tax on proposed equity dividend (Including Rs. 14.05 million for the earlier year (Previous year Rs. 2.98 million)) | (105.53) | (70.99) |
| Transfer to general reserve | - | <u>(231.17)</u> |
| Total appropriations | <u>(555.38)</u> | <u>(719.87)</u> |
| Net surplus in the statement of profit and loss | <u>9,101.74</u> | <u>7,471.68</u> |
| Total reserves and surplus | <u>11,175.98</u> | <u>9,569.23</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

5. TRADE PAYABLES AND OTHER LIABILITIES

| | Current | | Non-current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Trade payables | | | | |
| - Total outstanding dues of Micro & Small Enterprises (refer note 34 for details of dues to micro and small enterprises) | 14.59 | 17.62 | - | - |
| - Total outstanding dues of creditors other than of Micro & Small Enterprises | 3,271.69 | 3,549.89 | 1,028.71 | 977.60 |
| Other liabilities | | | | |
| Interest accrued on borrowings | - | - | - | - |
| Payable for capital goods | 120.58 | 148.41 | - | - |
| Advance from customers | 30.88 | 38.89 | - | - |
| Unearned revenue | 5.87 | 5.39 | - | - |
| Unpaid dividend | 11.78 | 10.59 | - | - |
| Others: | | | | |
| Deposit from agents and franchisees | 400.31 | 394.46 | - | - |
| Statutory Payables | 173.85 | 252.70 | - | - |
| | 743.27 | 850.44 | 1,028.71 | 977.60 |
| | 4,029.55 | 4,417.95 | 1,028.71 | 977.60 |

6. PROVISIONS

| | Short-term | | Long-term | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Provision for employee benefits | | | | |
| Provision for gratuity (Refer Note 33) | - | 0.09 | - | - |
| Provision for leave benefits | 18.31 | 19.24 | - | - |
| | 18.31 | 19.33 | - | - |
| Other provisions | | | | |
| Provision for warranties | 9.99 | 7.25 | - | - |
| Provision for contingencies | 11.67 | 134.11 | - | - |
| Provision for income tax (net) | 25.74 | 111.74 | - | - |
| Provision for loyalty | 7.01 | 1.21 | - | - |
| Proposed equity dividend | 449.85 | 417.71 | - | - |
| Provision for tax on proposed equity dividend | 91.48 | 70.99 | - | - |
| | 595.74 | 743.01 | - | - |
| | 614.05 | 762.34 | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

Provision for warranties

The warranty claim provision covers the expenses relating to the repairing / cost of shoes sold which are covered by a warranty period of 60 days from the date of sale. 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 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---------------------------------|---|---|
| At the beginning of the period | 7.25 | 12.07 |
| Arising during the period | 181.03 | 167.53 |
| Utilized during the period | (110.92) | (84.54) |
| Unused amounts reversed | (67.37) | (87.81) |
| At the end of the period | 9.99 | 7.25 |

Provision for contingencies

The breakup and movement of provision for contingencies are as follows:

(Rs. million)

| Particulars | ESI | | Labour Case, House Tax and Other Civil Cases | | Liability for Land Development (Refer note no. 26) | | Total | |
|-----------------|------|------|--|------|--|--------|--------|--------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Opening balance | 5.16 | 5.16 | 5.71 | 3.31 | 123.24 | 216.24 | 134.11 | 224.71 |
| Additions | - | - | 0.80 | 2.40 | - | - | 0.80 | 2.40 |
| Utilized | - | - | - | - | - | - | - | - |
| Reversals | - | - | - | - | 123.24 | 93.00 | 123.24 | 93.00 |
| Closing balance | 5.16 | 5.16 | 6.51 | 5.71 | - | 123.24 | 11.67 | 134.11 |

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

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

Provision for Loyalty

A provision on Loyalty programme reward points is recognized based upon expected usage of reward points by the members, as estimated by actuarial valuation. The movement in the provision for Loyalty programme costs is as follows:

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--------------------------------------|---|---|
| At the beginning of the period | 1.21 | - |
| Provision created during the period | 20.10 | 1.42 |
| Provision utilised during the period | (14.30) | (0.21) |
| At the end of the period | 7.01 | 1.21 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| (Rs million) | | | | | | |
|--|---------------|-----------------|---------------------|------------------------|--------------|-----------------|
| 7. TANGIBLE ASSETS*** | Land | Buildings** | Plant and equipment | Furniture and fixtures | Vehicles | Total |
| Cost or valuation | | | | | | |
| At 01.01.2014 | 252.60 | 1,289.46 | 1,920.45 | 2,541.15 | 23.86 | 6,027.52 |
| Additions * | - | 632.33 | 243.96 | 652.61 | 6.64 | 1,535.54 |
| Disposals | - | (65.84) | (265.49) | (266.07) | (1.89) | (599.29) |
| At 31.03.2015 | 252.60 | 1,855.95 | 1,898.92 | 2,927.69 | 28.61 | 6,963.77 |
| Additions* | - | 498.19 | 156.76 | 134.28 | 5.18 | 794.41 |
| Disposals | (0.29) | (43.33) | (36.46) | (156.48) | (0.06) | (236.62) |
| At 31.03.2016 | 252.31 | 2,310.81 | 2,019.22 | 2,905.49 | 33.73 | 7,521.56 |
| Depreciation | | | | | | |
| At 01.01.2014 | - | 530.61 | 1,559.25 | 1,448.45 | 14.08 | 3,552.39 |
| Charge for the year | - | 165.49 | 167.58 | 459.91 | 3.50 | 796.48 |
| Disposals | - | (24.51) | (242.98) | (193.64) | (1.61) | (462.74) |
| At 31.03.2015 | - | 671.59 | 1,483.85 | 1,714.72 | 15.97 | 3,886.13 |
| Charge for the period | - | 190.84 | 175.21 | 376.53 | 6.62 | 749.20 |
| Depreciation impact of change in useful lives of asset adjusted in opening reserve (refer note 2.1(e) (i)) | - | 25.62 | 8.77 | 1.14 | 0.00 | 35.53 |
| Disposals | - | (29.50) | (24.53) | (130.10) | (0.06) | (184.19) |
| At 31.03.2016 | - | 858.55 | 1,643.30 | 1,962.29 | 22.53 | 4,486.67 |
| Net Block | | | | | | |
| At 31.03.2016 | 252.31 | 1,452.26 | 375.92 | 943.20 | 11.20 | 3,034.89 |
| At 31.03.2015 | 252.60 | 1,184.36 | 415.07 | 1,212.97 | 12.64 | 3,077.64 |

* Also Refer Note 26

** Building includes Lease hold Improvements

*** Land, Buildings and Plant & Machinery includes revaluation reserve created during the earlier years.

| (Rs. million) | |
|--|----------------|
| 8. INTANGIBLE ASSETS (COMPUTER SOFTWARE) | Current Period |
| Gross block | |
| At 01.01.2014 | 11.40 |
| Purchase | 3.23 |
| Adjustments | - |
| At 31.03.2015 | 14.63 |
| Purchase | 0.20 |
| At 31.03.2016 | 14.83 |
| Amortization | |
| At 01.01.2014 | 3.49 |
| Charge for the year | 1.72 |
| Adjustments | - |
| At 31.03.2015 | 5.21 |
| Charge for the period | 3.50 |
| At 31.03.2016 | 8.71 |
| Net block | |
| At 31.03.2016 | 6.12 |
| At 31.03.2015 | 9.42 |

9. NON-CURRENT INVESTMENTS

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--|------------------------------------|------------------------------------|
| 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 |
| Investments in Bonds | | |
| Units in secured non - convertible redeemable REC Capital Gains tax exemption bond (500 Units (Previous year Nil) of face value of Rs.10,000 each) | 5.00 | - |
| | <u>5.00</u> | <u>0.00</u> |
| | <u>5.00</u> | <u>0.00</u> |
| Aggregate amount of unquoted investments | 5.00 | 0.00 |

10. DEFERRED TAX ASSETS (NET)

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|---|------------------------------------|------------------------------------|
| Deferred tax asset | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 521.48 | 410.62 |
| Impact of expenditure charged to the statement of profit and loss in the current/earlier year but allowable for tax purposes on payment basis | 455.20 | 440.40 |
| Provision for doubtful debts and advances | 42.55 | 25.13 |
| Net deferred tax asset | <u>1,019.23</u> | <u>876.15</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

11. LOANS AND ADVANCES

| | Non-current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Capital advances | | | | |
| Unsecured, considered good | 9.97 | 93.37 | - | - |
| (A) | 9.97 | 93.37 | - | - |
| Security deposit | | | | |
| Unsecured, considered good | 1,066.77 | 1,109.23 | 43.42 | 13.08 |
| Doubtful | - | 2.07 | - | - |
| | 1,066.77 | 1,111.30 | 43.42 | 13.08 |
| Provision for doubtful security deposit | - | (2.07) | - | - |
| (B) | 1,066.77 | 1,109.23 | 43.42 | 13.08 |
| Loan and Advances recoverable in cash and kind from related parties | | | | |
| Unsecured, considered good | - | - | 33.53 | 21.79 |
| (C) | - | - | 33.53 | 21.79 |
| Advances recoverable in cash or kind from others | | | | |
| Unsecured, considered good | - | - | 152.66 | 162.68 |
| Doubtful | - | - | 104.60 | 62.25 |
| | - | - | 257.26 | 224.93 |
| Provision for doubtful advances | - | - | (104.60) | (62.25) |
| (D) | - | - | 152.66 | 162.68 |
| Balances with statutory government authorities | | | | |
| Unsecured, considered good | 86.51 | 85.39 | 76.81 | 58.44 |
| Doubtful | 10.36 | 8.29 | - | - |
| | 96.87 | 93.68 | 76.81 | 58.44 |
| Provision for doubtful advances | (10.36) | (8.29) | - | - |
| (E) | 86.51 | 85.39 | 76.81 | 58.44 |
| Other loans and advances | | | | |
| Advance income-tax (net of provision for taxation) | 494.78 | 432.51 | - | - |
| Prepaid expenses | 65.42 | 47.41 | 101.81 | 63.09 |
| (F) | 560.20 | 479.93 | 101.81 | 63.09 |
| Total (A+ B + C + D + E + F) | 1,723.45 | 1,767.92 | 408.23 | 319.08 |

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

| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
|--|------------------------------------|------------------------------------|
| Raw materials and components (including goods in transit Rs. 3.33 million (Previous year: Rs. 7.38 million)) (refer note 17) | 187.16 | 242.11 |
| Work-in-progress (refer note 18) | 292.28 | 319.48 |
| Finished goods*(including goods in transit Rs. 497.97 million (Previous year: Rs. 780.48 million)) (refer note 18) | 6,361.60 | 6,470.76 |
| Stores and spares | 12.49 | 14.63 |
| | 6,853.53 | 7,046.98 |

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

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

| | Current | |
|---|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Debts outstanding for a period exceeding six months from the date they are due for payment | | |
| - Unsecured, considered good | 9.11 | - |
| - Unsecured, considered Doubtful | 8.00 | 6.58 |
| | 17.11 | 6.58 |
| Provision for doubtful receivables | (8.00) | |
| | 9.11 | 6.58 |
| Other receivables | | |
| - Unsecured, considered good | 700.85 | 577.61 |
| | 700.85 | 577.61 |
| | 709.96 | 584.19 |

13.2 Other current assets

| | Current | |
|---|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| Unsecured, considered goods unless stated otherwise | | |
| Deposit having remaining maturity more than 12 months (note 14) | 13.37 | 18.07 |
| | 13.37 | 18.07 |
| Others | | |
| Interest accrued on fixed deposits | 85.70 | 84.55 |
| Insurance claims | 16.36 | 3.42 |
| | 102.06 | 87.97 |
| | 115.43 | 106.04 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

14. CASH AND BANK BALANCES

| | Non-current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million | As at 31.03.2016 Rs. million | As at 31.03.2015 Rs. million |
| <u>Cash and cash equivalents</u> | | | | |
| Balances with banks: | | | | |
| -On current & cash credit accounts | - | - | 485.03 | 424.49 |
| -Deposits with original maturity of three months or less | - | - | 300.40 | - |
| -On unpaid dividend account | - | - | 11.78 | 14.52 |
| Cash on hand | - | - | 113.55 | 97.22 |
| | - | - | 910.76 | 536.23 |
| <u>Other bank balances</u> | | | | |
| Deposits with remaining maturity for more than 12 months | - | - | 13.37 | 18.07 |
| Deposits with remaining maturity for more than 3 months but less than 12 months* | - | - | 2,513.93 | 1,564.40 |
| | - | - | 2,527.30 | 1,582.47 |
| Amount disclosed under non-current/current assets (note 13.2) | - | - | (13.37) | (18.07) |
| | - | - | 3,424.69 | 2,100.63 |

*Includes deposit pledged with banks of Rs.11.73 million (Previous year Rs.14.41 million).

15. REVENUE FROM OPERATIONS

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| <u>Revenue from operations</u> | | |
| Sale of products | | |
| Finished goods | 24,574.71 | 27,356.95 |
| Other operating revenue | | |
| Others (including export incentives, scrap sales etc.) | 11.03 | 19.03 |
| Revenue from operations (gross) | 24,585.74 | 27,375.98 |
| Less: Excise duty * | 332.05 | 436.03 |
| Revenue from operations (net) | 24,253.69 | 26,939.95 |

* Excise duty on sales amounting to Rs.332.05 million (Previous year: Rs. 436.03 million) 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. (64.88) million [Previous Year: Rs. 100.39 million] has been adjusted from (increase)/decrease in inventories in Note 18.

Details of products sold

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|----------------------------------|---|--|
| Footwear | 23,067.50 | 25,742.34 |
| Accessories, Garments and others | 1,507.21 | 1,614.61 |
| | 24,574.71 | 27,356.95 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

16. OTHER INCOME

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---|---|--|
| Interest income on | | |
| -Bank deposits | 176.28 | 247.40 |
| -Others | 3.82 | 2.22 |
| Gain on foreign exchange fluctuations (Net) | 4.78 | - |
| Provision no longer required written back | - | 2.93 |
| Insurance claim received | 1.91 | 2.32 |
| Other non-operating income | 112.98 | 179.28 |
| | <u>299.77</u> | <u>434.15</u> |

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| Inventory at the beginning of the period | 242.11 | 229.56 |
| Add: Purchases | 2,972.96 | 4,296.27 |
| | <u>3,215.07</u> | <u>4,525.83</u> |
| Less: inventory at the end of the period | 187.16 | 242.11 |
| Cost of raw material and components consumed | <u>3,027.91</u> | <u>4,283.72</u> |

Details of raw material and components consumed

| | | |
|---------------------------------|-----------------|-----------------|
| Leather (natural and synthetic) | 528.99 | 727.19 |
| Rubber | 114.08 | 183.13 |
| Textiles | 234.60 | 319.07 |
| Chemical | 470.18 | 734.52 |
| Packaging | 191.70 | 268.76 |
| Job processing charges | 346.21 | 460.11 |
| Other Materials | 1,142.15 | 1,590.94 |
| | <u>3,027.91</u> | <u>4,283.72</u> |

Details of inventory**Raw materials and components**

| | | |
|---------------------------------|---------------|---------------|
| Leather (natural and synthetic) | 84.62 | 77.29 |
| Rubber | 9.07 | 17.31 |
| Textiles | 24.23 | 36.49 |
| Chemical | 26.46 | 38.06 |
| Packaging | 6.29 | 6.26 |
| Other Materials | 36.49 | 66.70 |
| | <u>187.16</u> | <u>242.11</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

18. (INCREASE)/DECREASE IN INVENTORIES

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million | (Increase)/ decrease Rs. million |
|--|---|--|--|
| <u>Inventories at the end of the period</u> | | | |
| Finished goods | 6,361.60 | 6,470.76 | 109.16 |
| Work-in-progress | 292.28 | 319.48 | 27.20 |
| | <u>6,653.88</u> | <u>6,790.24</u> | <u>136.36</u> |
| <u>Inventories at the beginning of the period</u> | | | |
| Finished goods | 6,470.76 | 5,261.69 | (1,209.07) |
| Work-in-progress | 319.48 | 322.36 | 2.88 |
| | <u>6,790.24</u> | <u>5,584.05</u> | <u>(1,206.19)</u> |
| Increase/(decrease) in inventories before excise duty | 136.36 | (1,206.19) | |
| (Increase)/decrease of excise duty on change in inventories | (64.88) | 100.39 | |
| Total (increase)/decrease | <u>71.48</u> | <u>(1,105.80)</u> | |

Details of purchase of traded goods

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|----------------------------------|---|--|
| Footwear | 7,956.14 | 8,596.61 |
| Accessories, garments and others | 573.64 | 603.68 |
| | <u>8,529.78</u> | <u>9,200.29</u> |

Details of inventory
Finished goods

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|----------------------------------|---|--|
| Footwear | 6,066.44 | 6,217.66 |
| Accessories, garments and others | 295.16 | 253.10 |
| | <u>6,361.60</u> | <u>6,470.76</u> |

Work-in-progress

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|----------|---|--|
| Footwear | 292.28 | 319.48 |
| | <u>292.28</u> | <u>319.48</u> |

19. EMPLOYEE BENEFIT EXPENSE

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|---|--|
| Salaries, wages and bonus | 2,354.28 | 2,747.66 |
| Contribution to provident and other fund | 123.41 | 157.29 |
| Gratuity expense (refer note 33) | 39.20 | 85.55 |
| Staff welfare expenses | 115.72 | 128.79 |
| | <u>2,632.61</u> | <u>3,119.29</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

| 20. OTHER EXPENSES | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|---|--|---|
| Consumption of stores and spares | 31.04 | 46.55 |
| Power and fuel | 552.85 | 642.46 |
| Freight | 526.12 | 498.00 |
| Rent [Refer note no. 27] (Including impact of straight lining of lease rent Rs.60.20 million (Previous year: Rs. 219.76 million)) | 3,362.11 | 3,740.90 |
| Rates and taxes | 207.03 | 220.21 |
| Insurance | 67.51 | 84.34 |
| Repairs and maintenance | | |
| Plant and machinery | 29.33 | 28.17 |
| Buildings | 63.84 | 57.76 |
| Others | 33.25 | 44.10 |
| Advertising and sales promotion | 236.76 | 277.08 |
| Sales commission | 720.17 | 862.06 |
| Legal and professional fees* | 161.47 | 164.06 |
| Loss on Foreign Exchange Fluctuations (Net) | - | 11.62 |
| Technical collaboration fee | 270.43 | 295.06 |
| Provision for doubtful debt, loans, advances etc. | 50.35 | 24.78 |
| Loss on sale/discard of fixed assets (net) | 39.17 | 1.39 |
| Royalty | 307.80 | 290.67 |
| Bank charges | 140.47 | 160.14 |
| Miscellaneous expenses | 485.92 | 642.74 |
| | 7,285.62 | 8,092.09 |
| *Payment to auditor (under legal & professional fees) | | |
| As auditor | 9.72 | 8.28 |
| In other capacity: | | |
| Other services (certification fees) | 1.64 | 1.73 |
| Reimbursement of expenses | 2.11 | 1.37 |
| | 13.47 | 11.38 |
| 21. DEPRECIATION AND AMORTIZATION EXPENSE | | |
| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
| Depreciation of tangible assets | 749.20 | 796.49 |
| Amortization of intangible assets | 3.50 | 1.72 |
| | 752.70 | 798.21 |
| Less: recoupment from revaluation reserve | - | 5.37 |
| | 752.70 | 792.84 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

22. FINANCE COSTS

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|----------|--|--|
| Interest | <u>17.23</u> | <u>17.56</u> |
| | <u>17.23</u> | <u>17.56</u> |

23. EXCEPTIONAL ITEM

| | Year ended 31.03.2016 Rs. million | 15 Months ended 31.03.2015 Rs. million |
|--|--|--|
| VRS expenses (refer note 2.1 m(vi)) * | - | 16.94 |
| Gain on assets received from erstwhile JV (Refer Note 26) | (306.31) | (239.19) |
| Provision for contingencies written back (Refer Note 26) | (123.24) | (93.00) |
| Expenditure incurred on software development written off (Refer Note 36) | 290.55 | - |
| Sale of Brand | (608.07) | - |
| | <u>(747.07)</u> | <u>(315.25)</u> |

*During the previous period, the Parent Company had announced a Voluntary Retirement Scheme (VRS) for the workmen of its Faridabad Unit and paid the above amount to workmen 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 31.03.2016 | 15 Months ended 31.03.2015 |
|--|----------------------------------|-------------------------------|
| Profit after tax (Rs. million) | 2,185.44 | 2,313.41 |
| Weighted average number of equity shares in calculating basic EPS (Refer Note 3) | 128,527,540 | 128,527,540 |
| Basic and Diluted EPS (Rs.) | 17.00 | 18.00 |

During the year, the Company has sub-divided face value of equity shares of Rs. 10/- each into two equity shares of Rs.5/- each. The weighted average number of equity shares of the previous year has been accordingly adjusted by 64,263,770 equity shares while computing basic and diluted EPS.

25. Note 19 includes R&D expenses of Rs.38.02 million (Previous year Rs. 53.71 million) and Note 20 includes R&D expenses of Rs. 21.28 million (Previous year Rs. 21.18 million).

26. The Parent Company in the earlier years, entered into a joint venture agreement for the development of the township at Batanagar with Riverbank Developers Private Limited (RDPL). Thereafter, 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 and received 315,000 sq. ft. of employee housing recorded as fixed assets at INR 433.75 million and also recorded a liability of INR 216.24 million. for obligation to be fulfilled. In December 2013, the Parent Company had signed an addendum to the development agreement to receive further constructed area of 332,030 sq. ft. against 325,000 sq. ft. agreed in April 2010.

During the previous period, the Parent Company had received approval from the West Bengal government committee, *inter alia*, specifying that the Parent Company had completed the obligations with respect to Batanagar factory, retail stores and employee housing and RDPL is to complete balance employee housing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

During the current year, the Parent Company has received possession of balance apartment measuring to 195,075 sq. ft. (previous period 136,955 sq. ft.) and recognized an exceptional income of Rs. 306.31 million (Previous year Rs. 239.19 million), based on fair valuation undertaken by an independent valuer. As at the year end, there are no remaining apartments to be received.

The management believes it has already discharged its obligations and has reassessed the provision for contingencies. Accordingly, the Parent Company has reversed the provision for contingencies of Rs. 123.24 million (Previous year INR 93 million) as exceptional income.

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.

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

| | 31-Mar-16 | 31-Mar-15 |
|---|--------------|---------------|
| Lease rentals | | (Rs. million) |
| Within one year | 34.75 | 24.15 |
| After one year but not more than five years | 4.16 | 3.04 |
| 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 | Mar 2016 | Mar 2015 | Purpose |
|----------------------------------|----------|----------|--------------|------------------------|
| Purchase | USD | - | 1,282,774.20 | 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. million) | |
|---|----------------------------|-------------------------|-----------------------|---|----------|
| | Currency | Mar 2016 | Mar 2015 | Mar 2016 | Mar 2015 |
| Trade payables | USD | 1,223,127.38 @ 66.70 | 426,159.21 @ 63.06 | 81.58 | 26.87 |
| Advance for Import purchases | USD | 50,714.39 @ 67.65 | 65,518.95 @ 62.22 | 3.43 | 4.08 |
| | EURO | 2,454.07 @ 75.94 | 7657.66 @ 66.89 | 0.19 | 0.51 |
| Advance from Customer | USD | 12,000 @ 66.35 | 5,200.00 @ 63.06 | 0.80 | 0.33 |
| Trade receivables | USD | 630,269.86 @ 66.22 | 607,959.55 @ 62.22 | 41.73 | 37.83 |
| | EURO | 192,638 @ 75.06 | 60,690 @ 66.89 | 14.46 | 4.06 |
| | CHF | 39,806 @ 68.81 | - | 2.74 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

29. SEGMENT REPORTING

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

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

Footwear & Accessories: The Segment is engaged in the business of manufacturing and trading of footwear and accessories 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.million

| Particulars | Footwear & Accessories | | Surplus Property Development | | Total | |
|--|------------------------|-----------|------------------------------|--------|-----------|-----------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUE | | | | | | |
| External Turnover | 24,253.69 | 26,939.95 | - | - | 24,253.69 | 26,939.95 |
| Other income*(also includes exceptional income) | 437.18 | 169.59 | 429.55 | 347.13 | 866.73 | 516.72 |
| RESULT | 2,409.60 | 2,721.54 | 429.55 | 347.13 | 2,839.15 | 3,068.67 |
| Unallocated Corporate Expenses | | | | | (18.83) | (11.38) |
| Operating Profit | | | | | 2,820.32 | 3,057.29 |
| Interest Expenses | | | | | (17.23) | (17.56) |
| Interest Income | | | | | 180.11 | 249.62 |
| Income Taxes | | | | | (797.76) | (975.95) |
| Net Profit | | | | | 2,185.44 | 2,313.40 |
| OTHER INFORMATION | | | | | | |
| Segment assets | 15,891.22 | 14,976.55 | - | - | 15,891.22 | 14,976.55 |
| Unallocated corporate assets | | | | | 1,599.71 | 1,393.22 |
| Total assets | | | | | 17,490.93 | 16,369.76 |
| Segment liabilities | 5,093.14 | 5,427.86 | - | 123.24 | 5,093.14 | 5,551.10 |
| Unallocated corporate liabilities | | | | | 579.17 | 606.79 |
| Total liabilities | | | | | 5,672.31 | 6,157.89 |
| Capital expenditure | 404.22 | 1,464.90 | - | - | 404.22 | 1,464.90 |
| Depreciation | 749.20 | 791.12 | - | - | 749.20 | 791.12 |
| Amortisation | 3.50 | 1.72 | - | - | 3.50 | 1.72 |
| Non-cash expenses other than depreciation and amortisation | 50.35 | 24.78 | - | - | 50.35 | 24.78 |

* Other income as reported does not include the interest income amounting to Rs.180.11 million (Previous year Rs. 249.62 million)

**During the year the Parent Company has received possession of balance apartments and according no Segment Assets/ Liabilities exist as at March 31, 2016.

B. INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Trade Receivable as per Geographical Markets

(Rs.million)

| Particulars | Revenue | | Trade Receivables | |
|---------------|-----------|-----------|-------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| India | 24,113.96 | 26,663.31 | 677.66 | 539.68 |
| Outside India | 139.73 | 276.64 | 32.30 | 44.51 |
| Total | 24,253.69 | 26,939.95 | 709.96 | 584.19 |

b) The Group has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, entire fixed assets / additions to fixed assets pertains to India only. The following table present expenditure and certain asset information regarding the company's geographical segments:

(Rs.million)

| Other segment information | 2016 | | | 2015 | | |
|-----------------------------|-----------|---------------|-----------|-----------|---------------|-----------|
| | India | Outside India | Total | India | Outside India | Total |
| Segment assets | 15,858.92 | 32.30 | 15,891.22 | 14,932.04 | 44.51 | 14,976.55 |
| Capital expenditure: | | | | | | |
| Tangible fixed assets | 250.14 | - | 250.14 | 1,227.52 | - | 1,227.52 |
| Intangible assets | 30.70 | - | 30.70 | 237.40 | - | 237.40 |

30. A. Related Party Transaction Details**i. Sale of Goods:**

Details of sales to Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs.million) |
|------------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| | Fifteen months period ended | | |
| Empresas Comerciales S.A. | 2016 | 6.5 | - |
| | 2015 | 10.12 | 2.30 |
| Bata Shoe Co. (Bangladesh) Ltd. | 2016 | 27.69 | 0.47 |
| | 2015 | 17.11 | 0.83 |
| Bata Shoe Co. of Ceylon Ltd. | 2016 | 38.87 | 20.87 |
| | 2015 | 17.73 | 12.65 |
| Others | 2016 | 5.05 | - |
| | 2015 | 3.31 | 3.59 |

ii. Purchase of Goods:

Details of Purchase from Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs.million) |
|-----------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| | Fifteen months period ended | | |
| Bata Shoe Co. (Kenya) Ltd. | 2016 | - | - |
| | 2015 | 1.32 | - |
| Bata Shoe (Singapore) Pte Ltd. | 2016 | - | - |
| | 2015 | 9.34 | - |
| Others | 2016 | - | - |
| | 2015 | 1.11 | 1.03 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

iii. Reimbursement of Expenses to:

Details of Reimbursement of expenses to Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|-----------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Bata Malaysia SDN. BHD. | 2016 | 1.22 | 2.30 |
| | 2015 | 3.08 | 1.24 |
| Global Footwear Services Pte Ltd. | 2016 | 3.14 | 1.87 |
| | 2015 | 2.19 | - |
| Bata Brands S.A. | 2016 | 0.72 | 0.69 |
| | 2015 | 0.72 | 0.90 |
| Bata Shoe (Singapore) Pte Ltd. | 2016 | 1.10 | 0.25 |
| | 2015 | 0.59 | - |
| Bata Shoe Company (Kenya) Ltd. | 2016 | 0.90 | - |
| | 2015 | - | - |
| Futura Footwear Ltd. | 2016 | 1.05 | 1.02 |
| | 2015 | - | - |
| Others | 2016 | 0.44 | 0.10 |
| | 2015 | 1.27 | (0.08) |

iv. Reimbursement of Expenses from:

Details of Reimbursement of expenses from Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|--|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Euro Footwear Holdings S.a.r.l. | 2016 | 8.85 | 12.35 |
| | 2015 | 16.58 | 11.54 |
| International Footwear Investment B.V. | 2016 | 9.61 | 2.00 |
| | 2015 | 14.99 | 2.64 |
| Global Footwear Services Pte Ltd. | 2016 | 25.87 | 13.43 |
| | 2015 | 24.03 | 4.59 |
| Others | 2016 | 8.09 | 6.67 |
| | 2015 | 12.90 | 3.02 |

v. Technical Collaboration Fees:

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

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|-----------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Global Footwear Services Pte Ltd. | 2016 | 237.40 | 62.82 |
| | 2015 | 264.20 | 38.67 |

vi. Royalty:

Details of Royalty paid/payable to Fellow Subsidiaries:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|----------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Bata Brands S.a.r.l. | 2016 | - | 10.49 |
| | 2015 | 9.92 | 9.92 |
| Bata Brands S.A. | 2016 | 19.59 | 22.84 |
| | 2015 | 3.77 | 3.77 |

vii. Legal & Professional Fees:

Details of Legal & Professional Fees paid/payable to firm in which director is interested:

| Name of the Party | Year ended | Transaction Value (Rs. million) | Outstanding Balance (Rs. million) |
|--------------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| | Fifteen months period ended | | |
| Shardul Amarchand Mangaldas & Co. | 2016 | 0.59 | - |
| | 2015 | - | - |

viii. Remuneration to Directors and other Key Managerial Personnel *:

| Name of the Director / Other Key Managerial Personnel | Year ended | Transaction Value (Rs. million) |
|--|-----------------------------|------------------------------------|
| | Fifteen months period ended | |
| Rajeev Gopalakrishnan | 2016 | 40.35 |
| | 2015 | 50.32 |
| Ram Kumar Gupta (w.e.f. 19.08.2015) | 2016 | 7.32 |
| | 2015 | - |
| Ranjit Mathur (till 19.08.2015) | 2016 | 5.99 |
| | 2015 | 17.54 |
| Kumar Nitesh (till 04.11.2015) | 2016 | 12.92 |
| | 2015 | 19.52 |
| Maloy Kumar Gupta | 2016 | 3.58 |
| | 2015 | 3.22 |

* 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.

ix. Transaction with Holding Company:

Dividend Payment:

| Name of the Party | Year ended | Transaction Value (Rs. million) |
|---|-----------------------------|------------------------------------|
| | Fifteen months period ended | |
| BATA (BN) B.V., Amsterdam, The Netherlands | 2016 | 221.21 |
| | 2015 | 221.21 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

30. B. Related Party Disclosure
I. Where Control Exists:

| Nature of Relationship | Name |
|------------------------|--|
| Holding Company | : BATA (BN) B.V., Amsterdam, The Netherlands |

II. Related parties under AS 18 with whom transactions have taken place during the year:

| Nature of Relationship | Name |
|-----------------------------|--|
| A. Key Management Personnel | : Rajeev Gopalakrishnan, Managing Director Ram Kumar Gupta, Director Finance (w.e.f. 19.08.2015) Ranjit Mathur, Director Finance (upto 19.08.2015) Kumar Nitesh, Managing Director - Retail (upto 04.11.2015) |

| | |
|--|-------------------------------------|
| B. Enterprises in which director is interested | : Shardul Amarchand Mangaldas & Co. |
|--|-------------------------------------|

C. 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.- Luxemburg |
| Euro Footwear Holdings S.a.r.l. | Futura Footwear Ltd. |
| Bata Shoe Co. of Ceylon Ltd. | Bata Brands S.A. |
| China Footwear Services | The Zimbabwe Bata Shoe Co. |
| Bata Industrials Europe-Netherland | Empresas Comerciales S.A. |
| Compar S.P.A. Italy | Manaco S.A. Bolivia |
| Bata Colombia Manisol S.A. | Bubblegummers Inc. |

III. Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

| | |
|-------------------|-------------------------|
| Company Secretary | : Mr. Maloy Kumar Gupta |
|-------------------|-------------------------|

30.C. Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary:

| | Net assets, i.e. total assets minus total liabilities | | Share of profit or loss | |
|-----------------------------------|---|---------------------------------|-------------------------|--|
| | Rupees (In Million) | As % of consolidated net assets | Rupees (In Million) | As % of consolidated profit for the year |
| Parent | | | | |
| Bata India Limited | 11,717.96 | 99.2% | 2,186.47 | 100% |
| Subsidiaries | | | | |
| Bata Properties Limited | 47.70 | 0.4% | 8.27 | 0.4% |
| Coastal Commercial & Exim Limited | 1.10 | 0.0% | (0.58) | 0.0% |
| Way Finders Brands Limited | 51.86 | 0.4% | (8.72) | -0.4% |
| TOTAL | 11,818.62 | 100% | 2,185.44 | 100% |

31. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

a) Claims against Group not acknowledged as debts includes:

| Nature | 2016 (Rs. million) | 2015 (Rs. million) |
|---------------------------------------|--------------------|--------------------|
| Excise, Customs and Service Tax Cases | 148.40 | 148.40 |
| Sales Tax Cases | 21.80 | 21.80 |
| Others* | 355.12 | 241.54 |
| Income Tax Cases** | 424.11 | 355.41 |
| Total | 949.43 | 767.15 |

*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 million on the Parent Company. The Parent Company during the Financial Year 2012-13 had received favourable order from the ITAT Kolkata. However, Income Tax Department had filed an appeal with the High Court against the said order.

During the Financial Year 2012-13, 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 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.

During the current year, the Parent Company has received an order of Pr. Commissioner of Income Tax under section 263 of the Income Tax Act, 1961 directing the Assessing Officer for re-computation of cost of construction 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 Group wherever applicable, the Group is confident that no provision is required in as per the relevant provisions of the Companies Act, 2013 in respect of these cases at this point in time.

b) In August 2014, M/s Crocs Limited filed a suit on Bata India limited for trademark infringement. The Lower Court passed an ex-parte injunction order which was later transferred to Hon'ble Delhi High Court on account of jurisdictional issue. The management based upon the legal opinion believes that the Group has a strong case on merits and believes that no adjustment is required in the financial statements in this regard.

32. CAPITAL COMMITMENTS:

Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs.65.09 million (Previous year: Rs. 301.64 million).

33. (a) Gratuity and other post-employment benefit plans:

The Parent 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 Parent 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

Statement of Profit and Loss

Net employee benefit expense (recognised in Gratuity expense) :

(Rs. million)

| | Gratuity | |
|--|-----------------|--------------|
| | 2016 | 2015 |
| Current service cost | 23.85 | 24.48 |
| Interest cost on benefit obligation | 32.03 | 39.07 |
| Expected return on plan assets | (40.75) | (42.79) |
| Net actuarial(gain) / loss recognised in the year | 24.07 | 64.79 |
| Past Service Cost | - | - |
| Net benefit expense | <u>39.20</u> | <u>85.55</u> |
| Actual Return on Plan Assets | <u>29.73</u> | <u>56.15</u> |

Balance sheet

Details of Provision for gratuity

(Rs. million)

| | Gratuity | |
|----------------------------|-----------------|---------------|
| | 2016 | 2015 |
| Defined benefit obligation | 442.68 | 447.58 |
| Fair value of plan assets | <u>463.39</u> | <u>447.49</u> |
| | 20.71 | (0.09) |
| Plan asset / (liability) | <u>20.71</u> | <u>(0.09)</u> |

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

(Rs. million)

| | Gratuity | |
|--|-----------------|---------------|
| | 2016 | 2015 |
| Opening defined benefit obligation | 447.58 | 388.62 |
| Interest cost | 32.03 | 39.07 |
| Current service cost | 23.85 | 24.48 |
| Plan Amendments | - | - |
| Benefits paid | (73.83) | (82.74) |
| Actuarial (gains) / losses on obligation | <u>13.05</u> | <u>78.15</u> |
| Closing defined benefit obligation | <u>442.68</u> | <u>447.58</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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

| | (Rs. million) | |
|-----------------------------------|-----------------|---------------|
| | Gratuity | |
| | 2016 | 2015 |
| Opening fair value of plan assets | 447.49 | 414.08 |
| Expected return | 40.75 | 42.79 |
| Contributions by employer | 60.00 | 60.00 |
| Benefits paid | (73.83) | (82.74) |
| Actuarial gains / (losses) | (11.02) | 13.36 |
| Closing fair value of plan assets | <u>463.39</u> | <u>447.49</u> |

The Defined benefit obligation amounting to Rs.442.68 million is funded by assets amounting to Rs.463.39 million and Parent Company has contributed Rs.20.71 million more during the year ended on 31 March 2016. The Parent Company expects to contribute Rs.24.40 million (Previous Year Rs. 40 million) during the year 2016-17.

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

| | (Rs. million) | |
|--|-----------------|-------------|
| | Gratuity | |
| | 2016 | 2015 |
| | % | % |
| Investments | 100.00 | 100.00 |
| - With Insurer | 54.12 | 52.91 |
| - With Government securities and Bonds | 4.64 | 4.39 |
| - With Special deposit scheme | 41.24 | 42.70 |

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

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

| | (Rs. million) | |
|-----------------------------------|-----------------|-------------|
| | Gratuity | |
| | 2016 | 2015 |
| | % | % |
| Discount rate | 8.00 | 7.80 |
| Expected rate of return on assets | 9.25 | 9.25 |
| 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 FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

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

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

| | Experience History | 2016 | 2015 | 2013 | 2012 | 2011 |
|---|--|-------------|-------------|-------------|-------------|-------------|
| 1 | Defined Benefit Obligation at end of the period | (442.68) | (447.58) | (388.62) | (360.46) | (348.70) |
| 2 | Plan Assets at end of the period | 463.39 | 447.49 | 414.08 | 397.61 | 387.31 |
| 3 | Funded Status | 20.71 | (0.9) | 25.46 | 37.15 | 38.62 |
| 4 | Experience Gain/(Loss) adjustments on plan liabilities | (19.56) | (43.04) | (45.58) | (25.67) | (40.92) |
| 5 | Experience Gain/(Loss) adjustments on plan assets | (11.02) | 13.36 | 18.52 | 23.39 | 24.29 |
| 6 | Actuarial Gain/(Loss) due to change on assumptions | 6.5 | (35.12) | 19.89 | 5.25 | 6.57 |

Contribution to Defined Contribution Plans:

| | 2016 | 2015 |
|---------------------------|----------------------|----------------------|
| | (Rs. million) | (Rs. million) |
| Pension fund | 0.11 | 1.46 |
| (b) Provident Fund | | |

The Provident Fund (where administered by a Trust) is a defined benefit scheme where by the Parent 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 31 March, 2016.

| | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Discount Rate | 7.77% | 7.65% |
| Expected Return on Exempt Fund | 8.90% | 8.68% |
| Rate of Return on EPFO managed PF | 8.75% | 8.80% |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) ultimate | Indian Assured Lives Mortality (2006-08) ultimate |
| | March 31, 2016 | March 31, 2015 |
| | (Rs. million) | (Rs. million) |
| Contribution to provident and other funds | 111.63 | 146.84 |

The detail of fund and plan asset position as at 31 March, 2016 is given below:

| | 31 March, 2016 | 31 March, 2015 |
|---|-----------------------|-----------------------|
| | (Rs. million) | (Rs. million) |
| Plan assets at fair value | 4,025.06 | 3,898.55 |
| Present value of the defined benefit obligation | 3,431.93 | 3,364.36 |
| Asset recognized in the balance sheet | NIL | NIL |

34. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

| S No | Details of dues to micro and small enterprises as defined under MSMED Act, 2006 | 2016 (Rs. million) | 2015 (Rs. million) |
|------|--|--------------------------|--------------------------|
| 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 | 14.59 | 17.62 |
| | Interest Due | - | - |
| II | The amount of interest paid by the buyer in terms of Section 16 of the MSMED 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 | 145.37 | 155.46 |
| | 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 MSMED 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 MSMED Act, 2006 | - | - |

35. CAPITALIZATION OF EXPENDITURE

During the previous period, the Parent Company had capitalized the following expenses of revenue nature to the capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes were net of amounts capitalized by the Group.

| | 2016 (Rs. million) | 2015 (Rs. million) |
|---------------------------|-------------------------------------|-----------------------|
| Salaries, wages and bonus | - | 16.25 |
| Legal & professional fees | 25.54 | 193.74 |
| Rent | - | 12.50 |
| Other Expenses | 5.16 | 11.68 |
| | 30.70 | 234.17 |

- 36.** Due to setbacks in implementation of ERP software and based upon internal assessment, the management believes that the ERP reimplementation would involve complete change in design and accordingly has decided to charge of the expenditure of Rs. 290.55 million incurred on implementation in current year and previous periods, except for Rs. 56.06 million incurred on perpetual licenses which is being carried under intangible assets under development. The management is presently developing plans to initiate fresh implementation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

37. CSR EXPENDITURE :

Pursuant to the applicability of CSR (Corporate Social Responsibility) provisions of the Companies Act, 2013, the Group has made the requisite expenditure towards CSR as per details below:

- a) Gross amount required to be spent by the Group during the year is Rs. 57.06 Million
 b) Amount spent during the year ending on 31st March 2016 :

| S. no. | CSR project / activity | Amount spent (Rs. in million)* | Amount spent : Direct/ agency implementation |
|--------|--|--------------------------------|--|
| 1 | Promoting education at schools | 5.05 | Direct |
| 2 | Promoting education at schools | 0.53 | Agency |
| 3 | Promoting health and sanitation | 0.10 | Direct |
| 4 | Promoting health and sanitation | 6.70 | Agency |
| 5 | Eradicating poverty through shoes donation | 0.19 | Direct |
| 6 | Eradicating poverty through shoes donation | 4.26 | Agency |
| 7 | Promoting skill development | 0.82 | Agency |
| 8 | Promoting community development | 0.20 | Direct |
| | TOTAL | 17.85 | |

* Included in Miscellaneous Expenses in Note 20

- 38.** Mutation of names in respect of the shops premises in favour of the subsidiaries – Bata Properties Limited and Coastal Commercial & Exim Limited is pending.
- 39.** The previous financial year was for a period of 15 months ended on 31 March 2015 (“previous period”) and accordingly, the figures for the previous period are not comparable with figures for the current year ended 31 March 2016 presented in the Statement of Profit and Loss, Cash Flow Statement and related notes. Previous period’s figures have been regrouped/reclassified, wherever necessary, to conform to the classification of current year.

As per our report of even date

For S.R. Batliboi & Co. LLP
 ICAI Firm Registration number: 301003E/E300005
 Chartered Accountants

Per Sanjay Vij
 Partner
 Membership no.: 95169
 Place: Gurgaon
 Date : May 30, 2016

For and on behalf of the Board of Directors

Ram Kumar Gupta
 Director Finance
 DIN: 01125065

Rajeev Gopalakrishnan
 Managing Director
 DIN: 03438046

Maloy Kumar Gupta
 Company Secretary
 Membership no.: A-24123

Uday Khanna
 Chairman
 DIN: 00079129

**Form No. MGT-11
PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L19201WB1931PLC007261
 Name of the Company : BATA INDIA LIMITED
 Registered office : 27B, Camac Street, 1st Floor, Kolkata – 700 016 (w.e.f. January 1, 2015)
 Name of the Member(s) :
 Registered Address :
 E-mail ID :
 Folio No. /DP & Client ID :

I/We, being the Member(s) of _____ equity shares of Rs. 5/- each of the above named Company, hereby appoint

| | | | |
|----|-----------|---|-----------------------------------|
| 1. | Name | : | |
| | Address | : | |
| | E-mail ID | : | Signature : _____, or failing him |
| 2. | Name | : | |
| | Address | : | |
| | E-mail ID | : | Signature : _____, or failing him |
| 3. | Name | : | |
| | Address | : | |
| | E-mail ID | : | Signature : _____ |

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Eighty Third Annual General Meeting of the Company, to be held on Thursday, the 4th day of August, 2016 at 10:00 a.m. at 'Kalamandir', 48, Shakespeare Sarani, Kolkata - 700017 and at any adjournment(s) thereof in respect of such Resolutions as are indicated below:

| RESOLUTION NUMBER | PARTICULARS OF RESOLUTION |
|---------------------------------------|--|
| Resolution 1 (Ordinary Resolution) | To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 (both Standalone and Consolidated basis), together with the Reports of the Auditors thereon and the Boards' Report. |
| Resolution 2 (Ordinary Resolution) | To declare a Dividend for the financial year ended March 31, 2016. The Board recommends a Dividend of Rs. 3.50 per Equity Share of Rs. 5/- each, fully paid-up. |
| Resolution 3 (Ordinary Resolution) | To appoint a Director in place of Mr. Shaibal Sinha (DIN: 00082504), who retires by rotation and being eligible offers himself for re-appointment. |
| Resolution 4 (Ordinary Resolution) | To re-appoint the Auditors and fix their remuneration. |
| Resolution 5 (Ordinary Resolution) | To appoint Mr. Christopher MacDonald Kirk as a Director of the Company, liable to retire by rotation. |
| Resolution 6 (Special Resolution) | To re-appoint Mr. Rajeev Gopalakrishnan as the Managing Director of the Company and fix his remuneration. |
| Resolution 7 (Ordinary Resolution) | To appoint Mr. Ram Kumar Gupta as a Director of the Company. |
| Resolution 8 (Special Resolution) | To appoint Mr. Ram Kumar Gupta as a Whole-time Director of the Company and fix his remuneration. |

Signed this ____ day of _____ 2016.

Signature of Shareholder:

Signature of Proxy holder(s):

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Note:

- I) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company or at the office of the Registrar & Transfer Agent, i.e., R & D Infotech Pvt. Ltd., 7A, Beltala Road, 1st Floor, Kolkata – 700 026, not less than 48 hours before the commencement of the Meeting.
- II) Please mark the envelope "BATA PROXY".

ROUTE MAP TO THE AGM VENUE
“Kalamandir”, 48, Shakespeare Sarani, Kolkata - 700 017



Bata India, from its very inception, has been involved with charities and philanthropic activities along with a number of other social activities. It is our Company's philosophy that business cannot prosper in isolation. Communities and employees are the key success factors for business prosperity, thus their development is most critical. Our CSR initiatives ensure that the Company is committed to operate its business in an economically, socially and environmentally sustainable manner; while recognizing the interests of all its stakeholders. The Company takes up programmes in and around its offices and factories which over a period of time directly result in enhancing the quality of life of the people. At this point in time, we have adopted 3 schools in and around our areas of operations/ factories particularly at Gurgaon, Batanagar (Kolkata) and Bataganj (Patna) under Bata Children's Program (BCP). Through these schools, we have touched lives of over 1700 children. The beneficiaries are mostly from underprivileged section of the society.



CORPORATE SOCIAL RESPONSIBILITY



JAMMU & KASHMIR FLOOD REHABILITATION PROJECT

We endeavoured to provide relief and rehabilitation to the children of flood affected communities in collaboration with SEEDS (Sustainable Environment and Ecological Development Society), a New Delhi based humanitarian non-profit organization working to make vulnerable communities resilient to disasters. Together, we rebuilt a Government Upper Primary School (two classrooms and a drinking water facility) at District Pulwama, Kashmir, under the Jammu & Kashmir Flood Response and Recovery Initiative. The school had gotten badly destroyed due to the floods.

SWACHH BHARAT ABHIYAN

We collaborated with Sulabh International Social Service Organization to build 55 toilets at 5 government schools of Gurgaon. Through this initiative, we have been able to provide sanitation facilities to over 5,000 girl and boy students. In order to make it a sustainable initiative, we are also maintaining these toilets besides conducting health and sanitation awareness workshops to inculcate healthy practices amongst the students.



CHENNAI FLOOD RELIEF THROUGH DONATION OF SHOES

We donated around 30,000 pair of shoes and chappals amongst the people who were affected by the floods. The donation drive happened over a period of 6 days in collaboration with SEEDS (Sustainable Environment and Ecological Development Society) and Madras School of Social Work. Around 7,300 families got benefitted.

EDUCATIONAL AWARENESS WORKSHOPS FOR THE STUDENTS

To promote awareness amongst the children on social issues, educational workshops were conducted across the 3 BCP schools on topics like personal hygiene, hand wash, nutrition awareness for the students and their mothers, sexual abuse, etc. in collaboration with a NGO called SHARP (School Health Annual Report Programme).

CELEBRATION OF VARIOUS IMPORTANT DAYS

Important days like Children's Day, Diwali, Christmas, Independence Day, etc. were celebrated across the BCP schools with major participation from Bata volunteers.

REWARDING THE STUDENTS WHO PERFORMED WELL IN ACADEMICS

In order to recognize the talent and motivate other students to perform, we felicitated the students across BCP Schools who performed well in their academics.

HEALTH CHECK-UP CAMPS

Several check up and awareness camps were conducted at the schools adopted under BCP in order to detect any disease and ensure timely treatment.

EDUCATIONAL TOURS

Educational tours of around 260 students and 10 teachers were organized across 3 BCP schools at Gurgaon, Kolkata and Patna, to historical places like Red Fort, Rail Museum, Bihar Museum, etc. These were organized to make the students aware of the significance of these places and promote fun method of learning.

BATANAGAR BCP SCHOOL

Training of teachers and assessment of children – In order to improve the quality of education in the school, training of teachers and assessment of the students was conducted in collaboration with an external agency called Pratham, a well-known NGO in the field of education. Focus of the training was how to make learning a fun activity for the children, familiarize the children with basic language and maths concepts, school readiness, strengthen reading fluency, how to conduct assessment of children, class management, etc.



GURGAON BCP SCHOOL

Infrastructure improvement – Two classrooms were renovated completely along with establishing a play area in the school premises for the students, in order to provide a cordial environment for students to study and promote overall development.

BATAGANJ BCP SCHOOL

Establishment of Science Lab - We constructed Science Lab for the students from class 1 to 8, with new room, new furniture, equipment, etc. The students earlier didn't have any lab to conduct practical experiments. This lab gave them a platform to understand and apply practical aspects of Science.

Sports classes – Through its BCP Program, the company has provided for a sports teacher at the school. As a first step, we have started self-defence classes for the girls and boys at the school.



CSR PARTNERS

In order to execute the identified projects in a very objective manner, the Company partnered with few specialist organizations in various areas. We intend to continue to partner with them for the projects in current year too.

| S.No. | Partners | Specialization | Projects/School |
|-------|--|---|--|
| 1. | Sulabh International Social Service Organization | Healthcare | Toilets in 5 government schools of Gurgaon |
| 2. | SEEDS (Sustainable Environment and Ecological Development Society) | Disaster Management | Re-building J&K school which got damaged and Chennai flood relief |
| 3. | SHARP (School Health Annual Report Programme) | Educational awareness workshops for school children | Awareness workshops on social issues for BCP students at 3 Schools |
| 4. | Pratham | Education | Training of teachers at Batanagar BCP School |



Bata.

Bata as a mother brand, represents the myriad of things it has to offer to its customer. The brand today stands for contemporary, trendy, colorful and youthful footwear destination. It offers comfortable shoes and stylish accessories for your entire family at delightful prices. One can find stirring and surprisingly affordable fashion at every Bata store which matches with everyone's personal style statement. Especially impressive are Bata's latest on-trend collections and level of comfort they provide.

Bata COMFIT

Bata Comfit as a brand embraces its image as your loyal safe keeper like a maternal figure, one that's nurturing and protective. Bata Comfit exudes a certain warmth that only a mother can. It is designed to provide unconditional tender loving care to you, every step of the way.



A BRAND POWER HOUSE



Bubblegummers

Bubblegummers are for fast growing feet of India's future. With their bright colors and multitude of trendsetting designs, it is little surprise that they are the favorites among these young citizens. The offbeat, distinctive styles and extra breathing space for the little feet allow for added comfort to their growing feet. Bubblegummers offers footwear in three categories namely Baby (0-12 months): Ergonomic footwear that maximizes a healthy foot development, with breathable, flexible and light materials; Toddler

(2- 5 years): Developed based on anthropometric studies and made of a light and flexible materials, reinforced tips, and anti-slippery outsoles with classic bubble gum aroma; and Junior (6-9 years): Made of a highly resistant material with a more youthful look based on the latest fashion trends.



Hush Puppies®

A timeless brand, first created in America, to mark the rapidly changing lifestyle which was moving to comfortable, stylish and luxury living from a conservative culture. The brand and its basset hound mascot was the way to break the norm. The brand has come far and expanded beyond the realms of footwear but bottom-line remains the same.



Launched in 1972, Power continues to spark an emotional connect with customers. The brand provides athletic footwear at a very affordable price. Power brand stands for durability, trends, responsiveness, performance and value. Over the last four decades, Power has created a niche for itself in the sports segment.



The Weinbrenner brand line is made up of leather shoes and boots, low, mid and high cut and it was built to suit the true outdoor personalities. Weinbrenner carries the true essence of nature, travel, leisure and casual time out. Weinbrenner is aimed at their neo-traditional/contemporary customer for their casual moments.



naturalizer

— SHOES FIT FOR YOU —

In 1927, Caleres, Inc. launched a women's footwear line with the radical idea of combining current fashion with comfort features. Naturalizer symbolized what modern women had achieved. Naturalizer honors the brand's original promise to deliver feminine, stylish, comfortable shoes in a manner that is relevant to the busy lifestyle of today's woman.





Hand Bags



ACCESSORIES WOMEN

Belts



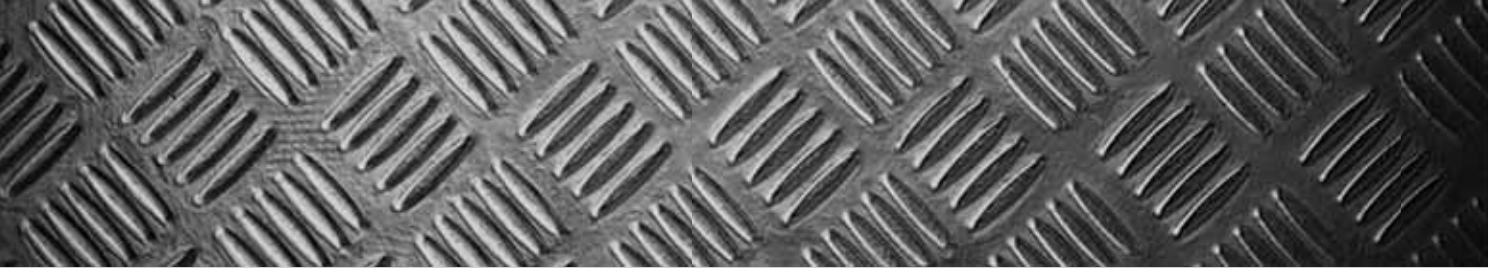


Clutches



Scarves





Bags

ACCESSORIES MEN



Shoe Care Products



Wallets



Belts





Bata[®]

BATA INDIA LIMITED

(CIN: L19201WB1931PLC007261)

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Gurgaon - 122002
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