FORM A

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

1.	Name of the Company	**Bata India Limited**
2.	Annual financial statements for the year ended	December 31, 2012
3.	Type of Audit Observation	Un-qualified~~/ Matter of Emphasis~~
4.	Frequency of Observation	N.A.
5.	Signed by- • CEO/Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	(Rajeev Gopalakrishnan) Managing Director (Ranjit Mathur) Director Finance (Rajiv Goyal) 2/4/13 Partner S.R. Batliboi & Co. LLP. Chartered Accountants (Atul Singh) Chairman of the Audit Committee

Bata®

OUR MISSION

"To be successful as the most dynamic, flexible and market responsive worldwide organisation with footwear as its core business."

BATA - INDIA'S FAVORITE FOOTWEAR BRAND

Bata India's Corporate Office At Gurgaon, Haryana

Bata India Limited, the largest retailer and leading manufacturer of footwear in India, is a part of the Bata Shoe Organization, which has its presence in 70 countries across 5 continents. Across the world the name 'Bata' is synonymous with footwear for its heritage, expertise and long term presence in this industry.

Bata's journey in India started during the pre-independence era in 1931, when it was incorporated as 'Bata Shoe Company Private Limited'. The Company was initially set up with a small operation unit in Konnagar (near Calcutta) in year 1932. By January 1934, the foundation stone was laid for the first building of Bata. At present, this area has taken shape of a complete township which is popularly known as Batanagar. This manufacturing unit was also the first facility in the Indian shoe industry to receive the ISO: 9001 certification.

During the year 1973, the Company became public and hence the name was changed to 'Bata India Limited'. Today, Bata India has established itself as India's largest and most renowned footwear retailer in the country. With a retail network of over 1250 stores, Bata has achieved a reach which no other footwear retailer can match. These retail stores are spread over the prime markets locations across all metros, mini-metros and even in small towns.

Bata's elegant new stores offer a large range of high quality footwear and accessories and are aimed at providing a superior shopping experience to its customers. The new stores are based on latest international retail formats with vast spaces for product displays, which help the customers to choose from a wide variety.

BATA's CORE VALUES

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

FACTS ABOUT BATA INDIA

- Sells approximately 50 million pairs of footwear every year
- Serves more than 150,000 customers every day
- Sells through more than 1,250 retail stores
- Operates 5 manufacturing facilities
- Employs more than 7,000 people

Board of DIRECTORS

Mr. Uday Khanna - Chairman & Independent Director

Mr. Uday Khanna is currently the President of the Bombay Chamber of Commerce & Industry and non-executive Chairman of Lafarge India and Bata India Limited. He also serves on the Boards of Castrol India Ltd., Pfizer Ltd. and Coromandel International Ltd. Mr. Uday Khanna was the Managing Director & CEO of Lafarge India from July 1, 2005 to July 2011. He joined the Lafarge Group in Paris on June 1, 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever / Unilever in a variety of financial, commercial and general management roles both nationally and internationally. His last position before joining Lafarge was Senior Vice President Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director - Exports. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA. Mr. Uday Khanna is a Chartered Accountant - B Com, FCA and was the President of the Indo-French Chamber of Commerce & Industry in 2008 & 2009. He is the recipient of "Ordre National du Merite" from the President of the Republic of France for his role in promoting Indo-French trade relations.

Mr. Rajeev Gopalakrishnan - Managing Director

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

Mr. Ranjit Mathur - Director Finance

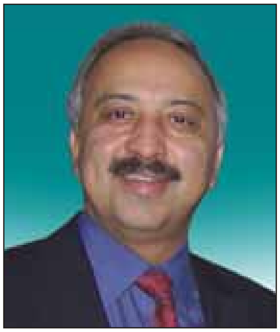
Mr. Ranjit Mathur is a finance professional with over 19 years of work experience. After graduating as Bachelor of Commerce from Mumbai University, Mr. Mathur qualified as a Chartered Accountant in 1993. Mr. Mathur has mainly worked in large multinational companies and has rich international experience having worked in India, South Africa, the UK and the Middle East with exposure to key markets in Asia, Africa and Turkey region. Most of his experience has been with Unilever, where the last position he held was of Category Finance Director for Foods in Asia and Africa based out of South Africa. Before joining Bata India Limited, Mr. Mathur was the Head of Finance at Dow Corning in India.

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

Mr. Jack Clemons is the Group Chief Executive Officer (CEO) of Bata Shoe Organization (BSO), the leading global retailer and manufacturer of footwear. The group operates over 5000 stores in over 90 countries worldwide. In his role Mr. Clemons provides the strategic direction for the group's long-term growth, which includes developing the group's sourcing expertise and updating the retail network. Mr. Clemons joined Bata in 2006 and served for a number of years as Group Chief Financial Officer (CFO) and President of Bata Brands. In a career spanning over 20 years Mr. Clemons has held senior roles in operations, business development and finance. He has served as Group Chief Operating Officer (COO) in a private equity backed international group, served as European Practice Leader as a Partner at Deloitte and has led the restructuring of various activities at SwissLife. Mr. Clemons is also President of the Bata Childrens' Foundation which sets up and leads projects to educate and support disadvantaged children in communities throughout Latin America, Africa, India and Asia. Mr. Clemons has lived and worked in Europe, Asia, North America and Australia and currently teaches strategic finance and corporate governance at various European Business Schools including EPFL and HEC Geneva. He holds an MA from Cambridge University and an MBA from INSEAD and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Mr. Jorge Carbajal - Non-Executive Director

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



Mr. Atul Singh - Independent Director

Mr Atul Singh is an MBA from the Texas Christian University, USA. Mr. Singh joined The Coca-Cola Company in 1998 and is at present the President of India and South West Asia Business Unit of The Coca-Cola Company, responsible for its operations in India, Sri Lanka, Bangladesh, Bhutan, Nepal and the Maldives. Under his leadership, The Coca-Cola Company's business in these Countries recorded excellent growth in all areas of its operations. Prior to his assignment in India he was the President of the East, Central & South China Division of The Coca-Cola Company. Before joining the Coca-Cola Company, Mr. Singh has worked with other leading companies like The Colgate Palmolive Company, where he held key positions in USA, Romania & Nigeria in a career spanning ten years and also with Price Waterhouse as an Auditor in New York. Mr. Atul Singh is a Director on the Board of The Coca-Cola Bottling Company of Saudi Arabia and The Coca-Cola Bottling Company of Egypt. He is also on the Board of AMCHAM India and has been its past Chairman on two occasions. Mr. Atul Singh is the Chairman of the Sports Committee of Confederation of Indian Industry (CII) having earlier chaired CII's National Committee on Rural Development and the National Committee on CSR. He is the Chairman of the Federation of Indian Chambers of Commerce and Industry (FICCI) Water Council. He is also a part of the National Executive of FICCI, having earlier led the Sports Committee of FICCI for three years. Mr. Atul Singh is a member of the Advisory Board of AIESEC, the world's largest student organization and a member of the Young Presidents' Organization, a global body dedicated to creating 'Better Leaders through Education and Idea Exchange'. He is also on the Advisory Board of Catalyst in India, a leading global non-profit membership organization founded in 1962, focused on expanding opportunities for women and business. With more than 500 pre-eminent corporations as members, Catalyst has been contributing towards women's progress in the workplace over the last five decades. Mr. Singh has been a panelist and speaker at various key forums around the World.

Mr. Akshay Chudasama - Independent Director

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

Content

BATA INDIA LIMITED

Board of Directors

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

Audit Committee

Mr. Atul Singh	*Chairman*
Mr. Uday Khanna	*Member*
Mr. Jack G. N. Clemons	*Member*
Mr. Jorge Carbajal	*Member*
Mr. Akshay Chudasama	*Member*

Nomination, Governance and Compensation Committee

Mr. Uday Khanna	*Chairman*
Mr. Jack G. N. Clemons	*Member*
Mr. Jorge Carbajal	*Member*
Mr. Atul Singh	*Member*
Mr. Akshay Chudasama	*Member*

Shareholder / Investor Grievance Committee

Mr. Uday Khanna	*Chairman*
Mr. Rajeev Gopalakrishnan	*Member*
Mr. Ranjit Mathur	*Member*

Company Secretary & Compliance Officer

Mr. Maloy Kumar Gupta

Executive Committee

Mr. Rajeev Gopalakrishnan
Mr. Ranjit Mathur
Mr. Enrico Tonolli
Ms. Sook Fong
Mr. Sanjay Kanth
Mr. Amitava Nandy
Mr. Inderpreet Singh
Mr. Kumar Sambhav

Auditors

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

Cost Auditors

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

Company Secretaries in Wholetime Practice

(i) M/s. S M Gupta & Co.
P - 15, Bentinck Street
Kolkata - 700 001

(ii) M/s. P Sarawagi & Associates
Narayani Building
Room No. 107, First Floor
27, Brabourne Road
Kolkata - 700 001

Bankers

State Bank of India
HDFC Bank Limited

Investor Relations Manager

Mr. J Banerjee

Share Department

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

Registrar & Share Transfer Agent

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

Corporate Office

Bata House
418/02, M G Road, Sector - 17
Gurgaon - 122 002
Telephone : (0124) 4120100/3990300
Fax : (0124) 4120116
E-mail : customer.service@bata.co.in

Registered Office

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

BATA INDIA LIMITED

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

NOTICE CONVENING ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eightieth Annual General Meeting of the Members of Bata India Limited ('the Company') will be held **at 'KALAMANDIR', 48, Shakespeare Sarani, Kolkata - 700017 on Tuesday, June 4, 2013 at 10:30 a.m.**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as on December 31, 2012, the Statement of Profit and Loss for the year ended on that date, Notes on Accounts, Auditors' Report and Directors' Report thereon.

2. To declare a dividend.

3. To elect Directors in place of those who retire by rotation. Mr. Uday Khanna and Mr. Atul Singh retire by rotation and being eligible, offer themselves for re-election.

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

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

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

   "RESOLVED THAT subject to such consents, permissions and approvals as may be necessary and pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Schedule XIII to the Act, approval of the Company be and is hereby accorded to the appointment of Mr. Gigi Abraham (Mr. Abraham) as a Director of the Company designated as Group Brands Director (whose office would be liable to retirement by rotation notwithstanding the provisions of Article 96 of the Articles of Association of the Company) for a period from July 26, 2012 upto December 19, 2012 (both days inclusive) on the terms and conditions contained in the Agreement dated August 10, 2012 entered into between the Company and Mr. Abraham provided that the total remuneration of Mr. Abraham for the aforesaid tenure of his directorship in the Company shall not exceed the overall limits approved by the Members by way of a Special Resolution passed at the Seventy-Sixth Annual General Meeting held on May 26, 2009."

By Order of the Board

Place : Gurgaon
Date : February 26, 2013

Maloy Kumar Gupta
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

3. The Share Transfer Books and Register of Members of the Company will remain closed from Tuesday, May 21, 2013 to Tuesday, June 4, 2013 (both days inclusive).

4. Members are requested to produce the Attendance Slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.

5. Members, who hold shares in de-materialized form, are requested to bring their DP I.D. and Client I.D. No(s). for easier identification of attendance at the meeting.

6. A member desirous of receiving any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

7. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.

8. In all correspondence with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialized form, they must quote their DP I.D. and Client I.D. No(s).

9. Members holding shares in physical form can avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form duly filled in, to the Company/RTA by quoting their respective Folio No(s).

10. Investors/Shareholders are requested to kindly note that if physical documents viz., Demat Request Forms (DRF) and Share Certificates etc. are not received from their Depository Participant(s) by the RTA within a period of 15 days from the date of generation of the DRN for dematerialization, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) so that no demat request remains pending beyond a period of 21 days. Upon rejection/cancellation of the DRN, a fresh DRF with new DRN has to be forwarded along with the Share Certificates by the Depository Participant(s) to the RTA. This note is only to caution investors/shareholders that they should ensure that their Depository Participant(s) do not delay in sending the DRF and share certificates to the RTA after generating the DRN.

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

    (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended December 31, 1993 have been transferred to the General Revenue Account of the Central Government. Members, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C. Bose Road, Kolkata - 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 un-paid or unclaimed for a period of seven years from the date they first become due for payment, shall be transferred to the Investor Education and Protection Fund set up by the Government of India. It may be noted that once the unclaimed / unpaid amount of dividend is transferred to the Fund, the same cannot be claimed by the Members there from.

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

Members who have not yet encashed their dividend warrant(s) for the financial year ended December 31, 2007 onwards, are requested to claim the amount of dividend from the Company immediately. The folio-wise details of unpaid dividend for the financial year ended December 31, 2007 onwards are available on the Company's website www.bata.in as well as on the website of Ministry of Corporate Affairs www.iepf.gov.in.

(iii) During the year ended December 31, 2012, the Company has deposited a sum of Rs.1,74,641 (Rupees One Lac Seventy-four Thousands Six Hundred Forty-one only) to the Investor Education and Protection Fund of the Central Government, on account of unclaimed/unpaid share application money due for refund.

12. Dividend on Equity Shares as recommended by the Board of Directors of the Company for the year ended December 31, 2012, when declared at the meeting, will be paid to:

i) those members whose names shall appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company / RTA on or before May 20, 2013.

ii) those "Beneficial Owners" in respect of shares held in electronic form, whose names shall appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on May 20, 2013.

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

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

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

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

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

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

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

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

ANNEXURE TO THE NOTICE

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

Item No 5

At the meeting of Board of Directors held on July 26, 2012, Mr. Gigi Abraham ('Mr. Abraham') was appointed as an Additional Director in terms of section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company and was designated as Group Brands Director (a Wholetime Director) of the Company, for a period of five years with effect from July 26, 2012, subject to approval of the Members at the forthcoming Annual General Meeting.

The remuneration of Mr. Abraham has been fixed within the overall limits specified under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the Act and shall be within the limits approved by the Members by way of a Special Resolution passed at the Seventy-sixth Annual General Meeting of the Company held on May 26, 2009.

An Agreement dated August 10, 2012 in this regard was also entered into by and between the Company and Mr. Abraham, and in compliance with the requirements of Section 302 of the Companies Act, 1956, the Company on August 14, 2012 circulated an abstract from the said Agreement, providing complete details of his remuneration as Group Brands Director.

However, Mr. Abraham vide his letter dated December 19, 2012 tendered his resignation from the Board of Directors of the Company with effect from December 19, 2012. Your Board at the Board Meeting held on February 26, 2013 accepted the resignation of Mr. Abraham.

With the appointment of Mr. Abraham as Group Brands Director, the total number of Directors, whose period of office is liable to determination by retirement of Directors by rotation, would have fallen below the specified number as aforesaid. Your Board has decided to seek approval of the shareholders for appointment of Mr. Abraham as a Wholetime Director designated as Group Brands Director, liable to retire by rotation till the Board of Directors of the Company is reconstituted pursuant to Section 255 of the Companies Act, 1956.

Accordingly, Members approval is being sought to the appointment Mr. Gigi Abraham as Group Brands Director of the Company and payment of remuneration to him during the tenure of his directorship in the Company for the period from July 26, 2012 to December 19, 2012 (both days inclusive).

Copies each of the aforesaid (i) Agreement entered into between Mr. Abraham and the Company; (ii) Abstract under Section 302 of the Companies Act, 1956; and (iii) Special Resolution passed by the Shareholders at the 76th Annual General Meeting held on May 26, 2009 shall be available for inspection by the Members at the Registered Office of the Company and also at the Office of the Company at 27B, Camac Street (1st Floor), Kolkata 700 016 on all working days except holidays observed by the Company during usual business hours up to the date of the Meeting and will also be available at this Annual General Meeting.

Your Board recommends passing of this Resolution as a Special Resolution.

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

By Order of the Board

Place : Gurgaon
Date : February 26, 2013.

Maloy Kumar Gupta
Company Secretary

Information relating to the appointment / re-appointment of Directors at the 80th Annual General Meeting

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

Mr. Uday Khanna

Mr. Uday Khanna ('Mr. Khanna'), aged 63 years, is currently the President of the Bombay Chamber of Commerce & Industry and non-executive Chairman of Lafarge India and Bata India Limited. Mr. Uday Khanna was the Managing Director & CEO of Lafarge India from July 1, 2005 to July 2011. He joined the Lafarge Group in Paris on June 01, 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever / Unilever in a variety of financial, commercial and general management roles both nationally and internationally. His last position before joining Lafarge was Senior Vice President Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director Exports. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA.

Mr. Uday Khanna is a Chartered Accountant- B Com, FCA and was the President of the Indo-French Chamber of Commerce & Industry in 2008 & 2009. 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.

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

Sl. No.	Name of the Company	Designation	Name of the Committee	Designation
1.	Lafarge India Private Limited	Non-Executive Chairman	Governance, Nomination & Remuneration Committee	Chairman
2.	Castrol India Limited	Director	Audit Committee	Chairman
3.	Pfizer Limited	Director	Nil	Nil
4.	Coromandel International Limited	Director	Nil	Nil
5.	Thomas Cook (India) Limited	Director	Nil	Nil

Mr. Khanna holds 5000 ordinary shares in the Company.

Mr. Atul Singh

Mr Atul Singh ('Mr. Singh'), aged 52 years, is an MBA from the Texas Christian University, USA. Mr. Singh joined The Coca-Cola Company in 1998 and is at present the President of India and South West Asia Business Unit of The Coca-Cola Company, responsible for its operations in India, Sri Lanka, Bangladesh, Bhutan, Nepal and the Maldives. Under his leadership, The Coca-Cola Company's business in these Countries recorded excellent growth in all areas of its operations. Prior to his assignment in India he was the President of the East, Central & South China Division of The Coca-Cola Company.

Before joining The Coca-Cola Company, Mr. Singh has worked with other leading companies like The Colgate Palmolive Company, where he held key positions in USA, Romania & Nigeria in a career spanning ten years and also with Price Waterhouse as an Auditor in New York. He is also on the Board of AMCHAM India and has been its past Chairman on two occasions. Mr. Atul Singh is the Chairman of the Sports Committee of Confederation of Indian Industry (CII) having earlier chaired CII's National Committee on Rural Development and the National Committee on

CSR. He is the Chairman of the Federation of Indian Chambers of Commerce and Industry (FICCI) Water Council. He is also a part of the National Executive of FICCI, having earlier led the Sports Committee of FICCI for three years. Mr. Atul Singh is a member of the Advisory Board of AIESEC, the world's largest student organization and a member of the Young Presidents' Organization, a global body dedicated to creating 'Better Leaders through Education and Idea Exchange'. He is also on the Advisory Board of Catalyst in India, a leading global non-profit membership organization founded in 1962, focused on expanding opportunities for women and business. With more than 500 pre-eminent corporations as members, Catalyst has been contributing towards women's progress in the workplace over the last five decades. Mr. Singh has been a panelist and speaker at various key forums around the World.

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

Sl. No.	Name of the Company	Designation	Name of the Committee	Designation
1.	Coca-Cola South Asia (India) Holdings Limited - Hong Kong	Director	Nil	Nil
2.	Coca-Cola India Private Limited	Director	Nil	Nil
3.	Hindustan Coca-Cola Holdings Private Limited	Director	Nil	Nil
4.	Hindustan Coca-Cola Overseas Holdings Pte. Limited - Singapore	Director	Nil	Nil
5.	Bharat Coca-Cola Overseas Holdings Pte. Limited - Singapore	Director	Nil	Nil
6.	Coca-Cola India Foundation (a 'not for profit' Section 25 company under the Companies Act, 1956)	Director	Nil	Nil
7.	The Coca-Cola Bottling Company of Egypt S.A.E. - Egypt	Director	Nil	Nil
8.	The Coca-Cola Bottling Company of Saudi Arabia, Riyadh, Saudi Arabia	Director	Nil	Nil

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

Mr. Gigi Abraham

Mr. Gigi Abraham ('Mr. Abraham'), aged 47 years, has 23 years of experience in Sales, Marketing & Retailing with various reputed Organizations in India and abroad. A Graduate of Economics from Kerala University and MBA specialized in Marketing Management from Shivaji University, Kolhapur, Mr. Abraham was born in Kerala and lived in various parts of India and abroad.

During the last 16 years he lived and worked out of Jakarta, Indonesia and had opportunity to work with the biggest textile manufacturer of Indonesia PT. Texmaco managing various brands and retail distribution, UK's biggest footwear material manufacturer Texon International as Sales Manager of Pacific Rim Countries. Prior to joining Bata as Group Brands Director, during the last 11 years he was working with one of the best managed companies and largest specialty retailing company in Indonesia, PT Mitra Adiperkasa tbk, wherein he started and managed licensing business of Puma, Converse, Reebok, Spalding, Airwalk, Diadora, Lotto and many other private label brands. He has served several senior roles such as Director of Merchandising and Director of Retail operations and managed 3000+ personnel and 500+ own & operated stores. He managed various multi-brand sports stores such as Sports station, Planet sports, The Athlete's foot, children's concept such as Kidz station, Barbie, Oshkosh, golf house and Payless - the fast fashion retail concepts, etc. He has finalized number of licensing deals with International brands and coordinated the regional business across SEA for MAP group. As a part of business development, he also has experience in concluding numerous real estate deals with shopping malls across Indonesia for Sports, Fashion, Children concepts, etc. Previously, Mr. Abraham has also worked with Bajaj Auto Limited and Kinetic Engineering Limited based in India, managing the Dealers network and business development.

Presently Mr. Gigi Abraham does not hold any Directorship or Committee Membership in any Company.

Mr. Gigi Abraham does not hold any share in the Company.

Bata

FINANCIAL HIGHLIGHTS 2003-2012

(Rs. in million)	2003	2004	2005
PROFIT & APPROPRIATIONS			
Sales & Other Income	7,166.99	7,289.93	7,525.39
Profit before Depreciation, Tax & Prior Period Items	(82.08)	(510.52)	255.93
Depreciation	131.20	124.16	120.02
Profit before Tax & Prior Period Items	(213.28)	(634.67)	135.91
Taxation	47.22	(7.19)	11.00
Profit after Tax & Prior Period Items	(260.50)	(627.48)	124.91
Prior Period Items	—	—	—
Net Profit	(260.50)	(627.48)	124.91
Dividend & Dividend Distribution Tax	—	—	—
Retained Earnings	—	—	—
ASSETS EMPLOYED			
Fixed Assets — Gross	3,436.78	3,594.90	3,639.10
— Net	1,665.04	1,396.55	1,319.24
Investments	48.52	48.52	49.77
Net Current Assets	1,699.11	1,379.00	2,061.99
	3,412.67	**2,824.06**	**3,431.00**
FINANCED BY			
Equity Shares	514.22	514.22	642.64
Reserves	2,265.85	1,066.36	1,972.07
Shareholders' Funds	2,780.07	1,580.59	2,614.71
Loan Funds	632.60	1,243.48	816.29
	3,412.67	**2,824.06**	**3,431.00**

2006	2007	2008	2009	2010	2011	2012
8,219.79	9,038.05	10,235.32	11,210.11	12,923.42	16,959.91	19,017.06
628.00	711.61	908.41	1,281.87	1,755.08	3,605.04	3,033.39
136.17	160.11	190.01	279.23	325.10	411.01	513.75
491.82	551.50	718.40	1,002.63	1,429.97	3,194.03	2,519.64
90.31	40.62	111.03	330.36	476.45	935.64	803.61
401.51	510.88	607.37	672.27	953.52	2,258.39	1,716.03
—	36.44	—	—	—	—	—
401.51	474.44	607.37	672.27	953.52	2,258.39	1,716.03
—	150.37	187.96	225.56	299.00	447.14	448.13
401.51	324.07	419.40	446.72	654.52	1,811.25	1,267.90
3,076.87	3,251.91	3,506.48	3,754.87	4,178.77	5,084.40	5,793.97
802.47	1,042.33	1,178.80	1,309.17	1,534.39	2,270.66	2,594.66
172.43	172.48	172.48	172.48	172.48	48.51	48.51
1,750.39	1,805.05	1,930.06	2,096.40	2,413.23	3,423.89	4,360.13
2,725.30	**3,019.87**	**3,281.34**	**3,578.06**	**4,120.11**	**5,743.05**	**7,003.30**
642.64	642.64	642.64	642.64	642.64	642.64	642.64
1,477.35	1,859.22	2,192.40	2,684.93	3,339.73	5,100.42	6,360.66
2,119.98	2,501.86	2,835.04	3,327.57	3,982.37	5,743.05	7,003.30
605.32	518.01	446.30	250.49	137.74	—	—
2,725.30	**3,019.87**	**3,281.34**	**3,578.06**	**4,120.11**	**5,743.05**	**7,003.30**

			2003	2004	2005
MEASURES OF INVESTMENTS					
Return on Equity	Profit after tax / Shareholders' Funds	(%)	(9.37)	(25.41)	4.01
Earnings per Share	Net Profit / No. of Shares	(Rs.)	(5.07)	(12.20)	2.07
Dividend Cover		(times)	—	—	—
Dividend		(%)	—	—	—
Book Value of an Equity Share	Shareholders' Funds / No. of Shares	(Rs.)	54.06	48.02	48.51
MEASURES OF PERFORMANCE					
Profitability	a) Profit before Tax / Sales	(%)	(3.00)	(8.76)	1.85
	b) Profit after Tax / Sales	(%)	(3.66)	(8.66)	1.70
Capital Turnover	Sales / Total Funds	(times)	2.08	1.95	1.87
Stock Turnover	Sales / Stocks	(times)	2.59	2.76	2.63
Working Capital Turnover	Sales / Net Current Assets	(times)	4.19	3.20	2.87
MEASURES OF FINANCIAL STATUS					
Debt Equity Ratio	Loan Funds / Shareholders' Funds	(times)	0.23:1	0.50:1	0.26:1
Current Ratio	Current Assets / Current Liabilities	(times)	1.72:1	1.91:1	1.94:1
Fixed Assets to Shareholders' Funds	Net Fixed Assets / Shareholders' Funds	(times)	0.60:1	0.56:1	0.42:1

* Without considering Prior Period Items

** Without considering Gains from Surplus Property Development

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

2006	2007	2008	2009	2010	2011	2012***
18.94	20.42*	21.42	20.20	23.94	24.74**	24.50
6.25	7.38	9.45	10.46	14.84	22.11**	26.70
—	3.69	3.78	3.49	3.71	3.68**	4.45
—	20.00	25.00	30.00	40.00	60.00	60.00
32.99	38.93	44.12	51.78	61.97	89.37	108.98
6.19	6.19*	7.10	9.01	11.20	13.42**	13.46
5.05	5.74*	6.00	6.04	7.47	9.08**	9.17
2.92	2.95	3.09	3.11	3.10	2.73	2.67
2.88	2.93	3.46	4.01	4.27	4.00	4.05
4.54	4.93	5.25	5.31	5.29	4.57	4.29
0.29:1	0.21:1	0.16:1	0.08:1	0.03:1	—	—
1.93:1	1.77:1	1.71:1	1.72:1	1.53:1	2.00:1	1.93:1
0.38:1	0.42:1	0.42:1	0.39:1	0.39:1	0.40:1	0.37:1

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure to present the 80th Annual Report of your Company covering the operating and financial performance for the year ended December 31, 2012.

FINANCIAL REVIEW:

	2012 (in Rs. millions)	2011 (in Rs. millions)
Gross Turnover	**18,717.54**	15,650.78
Less: Excise Duty on Turnover	**293.01**	225.43
Net Turnover	**18,424.53**	15,425.35
Other Income	**299.52**	1,309.14
	18,724.05	16,734.49
Profit / (Loss) before Depreciation & Taxation	**3,033.39**	3,605.04
Less: Depreciation	**513.75**	411.01
Profit / (Loss) before Taxation	**2,519.64**	3,194.03
Provision for Taxation:		
– Current Tax	**908.43**	966.79
– Deferred Tax Charge/ (Credit) (Net)	**(101.44)**	(31.15)
– Income Tax for earlier year	**(3.38)**	—
Net Profit *(Net profit of 2011 includes Rs. 837.67 Mn from surplus property development)*	**1,716.03**	2,258.39
Profit available for Appropriation	**5,288.76**	4,245.71

OPERATIONS

During the year 2012 your Company achieved a total turnover of Rs. 18,717.54 million as compared to Rs. 15,650.78 million in 2011, reflecting a growth of approx. 19.6% on year-on- year.

During the year under review, your Company continues to record good growth in the performance of all its business areas. Large scale expansion of retail stores, renovation of existing stores, improvement in customer service, introduction of new value oriented products, training of employees, consolidation of manufacturing processes and focus to improve non-retail sales division, all together has yet again enabled your Company to achieve new milestones.

Your Company always endeavours to provide good quality footwear at affordable pricing to its customers. Use of modern technology in its factories and consistent improvement in its manufacturing and procuring process, enabled your Company to offer new range of trendy and fashionable footwear at a reasonable price. Your Company's retail stores provide a great ambience and delightful shopping experience to the customers through specially designed shoe display systems, ultra-modern style, trained and friendly sales personnel and a range of attractive accessories. During the year 2012, your Company has improved its footwear collections under its existing brands to suit the requirements of its customers in all categories. Your Company has also introduced many new brands of footwear, e.g., Sundrops - a new premium range of stylish comfortable footwear for women, 'Angry Birds' - a new collection of merchandise offering school shoes, casual shoes and accessories for children and teenagers, etc.

In addition to recording a well deserved growth in its BATA HOME delivery services during the year 2012, your Company has improved its online shopping experience by making 'cash on delivery' and 'multiple order services' for the customers. Your Company has also made tie-up arrangements with various e-commerce sites, e.g., Jabong, Snapdeal, India Times, Rediff, Junglee, etc., to attract potential customers online.

Your Company continues to enjoy the highest market share in organized footwear industry in India. In order to maintain its leadership position and stay ahead of growing competition, your Company will continue to innovate and move in the right direction and shall take all available measures to improve its business performance in the years to come.

TRANSFER TO RESERVES

The Company has transferred a sum of Rs.171.60 million to General Reserve against Rs.225.84 million transferred last year.

DIVIDEND

The Board of Directors has recommended a dividend of Rs.6/- per share (i.e., 60% on an equity share of par value of Rs.10/- each) for the year ended December 31, 2012 as against Rs.5/-(i.e., 50% on an equity share of par value of Rs.10/- each) paid last year (excluding special dividend of Re.1/- per share for gains from surplus property development). The payment of aforesaid dividend is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

FIXED DEPOSIT

As on December 31, 2012 your Company had unclaimed matured deposits aggregating to Rs.0.63 million. Several reminders have been sent to the deposit holders concerned advising them to claim their matured deposits from the Company. Presently the Company is not accepting any fixed deposits.

CREDIT RATINGS

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

Your Company is in the process of obtaining revised Credit Ratings from ICRA and expects to receive the same before March 31, 2013.

AWARDS AND RECOGNITION

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

1. The Most Admired Footwear Brand (Retail) - Brand equity recognized Bata as one of the 'Top most trusted brands' in November 2012.

2. Most Admired Large Format Multi Brand Footwear Retailer of the year - National Chain Bata - Bata India was awarded the 'Most Admired Large Format Multi Brand Footwear Retailer of the Year - National Chain' by the Images Shoes & Accessories forum held at Mumbai in March 2012.

3. Customer & Brands loyalty awards in the footwear sector - Bata India was awarded the 'Customer & Brand Loyalty Award in the Footwear Sector ' from AIMIA at the 5th Loyalty Summit, held in Mumbai in February 2012.

4. Most Trusted Brand at the 18th position - The Brand Trust Report recognized Bata India as the most trusted brand at the 18th position. This ranking is post survey of 16,000 brands out of which only 300 top brands were felicitated by the trust advisory.

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen in India, your Company discharges its Corporate Social Responsibilities (CSR) with due importance and considers CSR as a continuous process. Your Company is committed to preserved the nature, protect the environment, contribute to the economic development, ensure improvement in the quality of life of its employees and their families as well as the local communities where it operates and also development of the society at a large, specially for the under-previleged and differently-abled people.

The following CSR activities have been undertaken by your Company during the year 2012:

- Your Company has organized **Polio Immunization Campaign**, routine vaccination awareness camp and polio vaccination in slums near Bataganj factory, Patna.
- Your Company is associated with Blood Donation Camp organized by Pan India on Bata Children Program day to help children suffering from Thalassemia.
- Your Company has celebrated World Environment Day with tree plantations in Retail West office. Team also received a certificate of appreciation from United Nations Environment Program (UNEP).
- Your Company has celebrated World Literacy Day with street children by involving them into different educational fun games and donated shoes to them in Gurgaon.
- Your Company has organized Eye Check-up Camp for the children of Govt. Middle School, Ramjeechak at Bataganj, Patna and the children of Bata Nursery School at Batanagar with an eye safety awareness session.
- Orphan and blind girl children were sensitized to raise awareness about girl child rights on the occasion of First International Day of the girl child and were given shoes in Kolkata & Patna.
- Your Company saluted the spirit of bravery of young hearts by honouring the bravery award recipients who won the National Bravery Award presented by the Hon'ble Prime Minster of India on the eve of 64th Republic Day on January 26, 2013. These children were given shoes, socks and bags.
- Under Bata Children's Program (BCP) India Initiative, this year Bata India Limited donated 250 pairs of Black School Shoes to all the differently-abled boys and girls in the age group of 7-23 years in deaf and dumb school in Gurgaon.

RETAIL

Your Company has continued its strategy of expanding its retail operations and has opened 189 new stores in 2012 across metros, tier 1 and tier 2 cities. The process of opening large format stores and renovating the existing stores to foster contemporary appeal has also continued with the majority of the stores above 3000 sq. ft. The company has renovated more than 50 retail stores and closed / relocated more than 60 retail stores. The strategy adopted by the Company has resulted in higher sales and improved profitability leading to improved financial results achieved by the Company in the year 2012. The Company has also continued expansion of its Hush Puppies brand with the opening of 15 exclusive new stores and 12 shop-in-shops stores across the country. Your Company continues to improve the strategic positioning of its retail stores to cater the needs of the customers and stay ahead of competition.

All the new retail stores of your Company are made as per Bata's global format, designed by experienced designers and architects, using the latest retail techniques and the best quality of furniture to enhance stores layout and provide an attractive product display. These new stores deliver an enjoyable shopping experience to its customers in an aesthetically designed ambience with attentive, friendly and trained staff.

Customer Service continued to remain the main focus during the year 2012. Many new initiatives, e.g., Home Delivery service; E-Commerce enabled website and a dedicated call centre for customer queries and suggestions, etc., have been introduced to enhance customer satisfaction. Extensive training of store staff, customer response, research management systems and customer relationship management are some of the measures adopted by your Company for improved Customer Services.

In order to achieve volume growth your Company has opened 10 new FOOTIN stores across India during the year 2012, with a new range of footwear for both men and women focusing on fashionable and trendy styles at an affordable price. These stores are unique in terms of display and ambience and different from other footwear retail stores in India.

Most of the existing brands of footwear sold by your Company viz., Comfit, Ambassador, Mocassino, Scholl, Power, North Star, etc., have recorded a healthy growth during the year 2012. Introduction of new range of Marie Claire shoes helped your Company gain market share in the ladies footwear segment. Bubblegummer continues to remain the most favourite brands amongst the children for its comfort and attractive designs. New Brands launched in the year 2012 e.g., Sundrops, Angry Birds, etc, have generated good response in the market.

Your Company shall continue to expand its retail operations across the Country in the future. Opening of large format stores at strategic locations, making available the footwear and accessories as per customers' choice in these retail stores and continuous improvement in the customer services, shall be the main focus area to enhance your Company's market share in the organized retail footwear industry.

NON RETAIL

Your Company's Industrial division has grown steadily year after year and has created a niche in the safety footwear market in the country. The Division is working with a vision to be the No.1 in the country in Industrial footwear segment. Strong initiatives have been taken in the year 2012 in the direction of creating technically superior merchandize suited to the market needs. The Division also covered newer segments by launch of new categories of products for various industrial applications and needs of industries, e.g., construction, steel, power, etc. A first time launch of product with PU-Rubber sole has been planned in the first quarter of the year 2013. This is revolutionary advancement over current products used by the smelter & chemical industry. A strong back-up support system has been put in place to provide personalized service to industrial buyers.

Your Company's Institutional business has expanded its customer base in different segments and is now introducing specialized collections with special features for specific needs of various institutions. With its new business expansion plan and increased focus on each specific segment, e.g., education, defence, hospitality, security agencies & service sector, the division is positioning itself as a footwear solution provider.

Defence segment has also been the key focus area for the division and a large order has been received from Indian Air force.

EXPORT

Your Company's Export sales in 2012 were Rs 149.82 million compared to Rs.169.34 million in 2011.

LOGISTICS

Your Company has a well-organized logistics team at its Corporate Office in Gurgaon which controls all transport & warehouse operations. Modernization of Retail Distribution Centre (RDC) at Bhiwandi was the highlight of the year 2012. Infrastructure at Bhiwandi RDC has been upgraded to meet the future requirements of the organization in line with growth plans.

The Logistics Team of your Company has successfully implemented the barcode enabled warehouse management system at three RDCs, i.e. Chennai, Farrukhnagar and Bhiwandi. This initiative has significantly increased the Inventory accuracy at RDCs.

Your Company is in the process of consolidating its warehouses across the business categories. The consolidation process for Industrial & Institutional business with RDCs at Farrukhnagar and Bhiwandi has been completed and a detailed consolidation plan of warehouses is currently under implementation.

CAPITAL EXPENDITURE

The Capital Expenditure incurred during the year amounted to Rs. 877.59 million as against Rs. 1,244.97 million (including Batanagar housing of Rs. 433.76 million) in 2011. The capital expenditure was predominantly due to opening a number of new stores and modernization of old stores. Capital expenditure has also been incurred for installation of machinery and moulds to modernize the factories and to produce footwear of the latest trendy designs.

INDUSTRIAL RELATIONS AND PERSONNEL

Your Company has continuously been working to improve human resources competencies and capabilities in the company to deliver results as per the plan. Major initiatives and interventions to this effect as taken up during the year 2012, are as under:

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

During 2012 your Company has recruited 43 Middle and Senior level Executives for its various functional areas and Executives moving out, retiring, etc. Your Company has endeavoured to get suitable replacement with competent people for each position in the organization to ensure smooth business operations.

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

Executive Development plan

For the third consecutive year, your Company pursued its aim of nurturing and developing new talent for various responsibilities by successfully training its Executive Trainees. 10 Executive Trainees have been hired from various retail management schools, who have undertaken training for 9 months under the Executive Development Plan (EDP) initiated by the Company in the year 2009. 7 Executive Trainees, who successfully completed their training, have been placed as District Managers across retail operations chains.

Training and Development

a) District Manager Training

Developing and Training of internal talents continued to be the focus area of your Company in 2012. During the year 94 nominated District Managers across all retail chains have attended 2 days District Manager program.

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

Training of shop floor employees to improve their knowledge and skill levels with an objective to provide excellent customer service in the retail stores continued to remain an important aspect. Accordingly, training has been conducted for 849 store employees and 265 Store Managers / K-Scheme Agents to enhance their performance and effectiveness.

c) Training on topic '5 S' Japanese system at Bataganj Factory

Training session on '5 S' Japanese system on Good Housekeeping standards for Managerial Staff, emphasizing on the fact that this system gives the potential benefits such as safe working environment, improvement in product, etc.

(iii) New Initiatives in the year 2012

a) BEM Interchange Program 2012 successfully launched

Bata Emerging Markets (BEM) Interchange Programme has been launched in your Company in the year 2012. Under this programme, participants from different countries of Bata World underwent extensive on-the-job training for six months to enrich their skills, knowledge, abilities and gained practical expertise in their specific area of work. They have also been made familiarized with Bata India's rich culture, values and work environment. Similarly, high performing employees from your Company have also been given opportunity to work and prove their merit in countries, viz., South Africa, Peru, Chile and Indonesia. This initiative has surely helped in identifying best talent across countries and will further aide in developing them for future roles. This program has helped create a bond in unifying Bata as “One Company”, cutting across borders of geography.

b) Talented Step-Up Program

The Step-Up Program Project has commenced under the guidance of the representatives of Bata Shoe Organization (BSO) and approximately spreads over a duration of three years and is composed of three phases: the BSO Assessment, the 1.0 Talented Step Up Program and the 2.0 Talented Step Up Program. All three phases have been conducted recently. Participants for these courses comprised of various departments ranging from retail, merchandise to production. The aim of the training was to equip participants with the necessary knowledge, skills and know-how to progress from being an effective manager to a future leader. The Emotional Intelligence training was focused on developing the ability to perceive, control and evaluate the emotions. The Effective Recruitment training put emphasis on how to recruit highly skilled and competent employees. While the Strategic Planning training session included possible avenues to develop and implement effective strategies.

c) STEP-UP Bata 2012 Event

In 2012, Your Company has launched the Step-Up Bata 2012 Theme in an event where 129 employees including District Managers, Retail Managers, Buyers-Family, Flagship & Wholesale and Functional Heads were taken to a valley of dreams in the outskirts of Manesar. The objective of the Meet was to bring everyone on a common platform, build camaraderie, know each other, instil team spirit and cascade the business objectives of the Company. The Conference gave way to successful SWOT Analysis of your Company. The highlight of the event was a glittering Awards Ceremony where selected Executives were given Awards in appreciation of the business acumen and hard work displayed by them.

d) Revamped Induction Program

Your Company has successfully revamped the induction program of new joiners under the umbrella of Kaleidoscope in the year 2012. The objective was to inspire a sense of welcome among all new joiners by means of inter-departmental interactions, create awareness and familiarization with cross functional systems and processes and make all employees feel comfortable and seem no complexity in settling down at the workplace from their very first day.

e) In-House Newsletter 'Walk of Life' Launched

Your Company's in-house Newsletter has undergone metamorphic transformation in the year 2012. 'Walk of Life' features snapshots from the events and campaigns organized throughout Corporate Office, Manufacturing, Retail Chains and Stores across India. It includes snapshots of Celebrations, insight into the career path of Leadership Team and their experience, stupendous feat achieved by the children of the employees of your Company, accolades won by the Company all that and much more make an interesting read inside this quarterly editions. The focus of this Newsletter has been towards representing a spectrum of identities, characters and voices which are important, informative, clear, precise and most importantly, inspirational.

(iv) Celebration of Occasions

During the year under review your Company has celebrated many occasions across its factories, offices and retail chains. Some of the celebrations were as under:

a) Bata Children's Program (BCP) India Initiative celebrated Christmas with differently-abled School Children in the Deaf & Dumb School in Gurgaon.

b) Employees' Kids Day was celebrated at the Corporate Office at Gurgaon.

c) Independence Day was celebrated at the Corporate Office at Gurgaon and all other establishments of the Company across India.

d) 'Town Hall' was organised at the Corporate Office at Gurgaon to brief all employees about your Company's objectives, business performance and initiatives to be taken for achieving the long-term goals during the year.

FINANCE

The Earning per Share (EPS) of your Company has increased by 20.8% (from Rs. 22.11 in 2011 to Rs. 26.70 in 2012) without considering the gains from Surplus Property Development in previous year. As mentioned in the Annual Report of the previous years, since April 2010, your Company is debt-free and the entire capital expenditure has been funded through internal sources. Your Company continues to focus on cash generation to record positive cash flow during the year under review.

RESEARCH & DEVELOPMENT ACTIVITIES AND ENERGY CONSERVATION

Your Company continued its local Research & Development activities during the year in the key areas of product, process, material development, footwear moulds, leather and tannery technology with emphasis on creating a pollution-free work environment. The in-house Research & Development Units of your Company at Batanagar, Bataganj, Faridabad and Hosur have obtained recognition from the Department of Scientific & Industrial Research (DS&IR) of the Ministry of Science & Technology, Government of India. Total expenditure incurred on Research & Development was Rs. 46.89 million during the year.

Your Company continues to actively pursue energy conservation measures.

SUPPORT FROM BATA GROUP

Your Company has seamless access to the benefits of technical research and innovative programs of the Bata group from Global Footwear Services Pte. Ltd., Singapore, for which your Company has paid a fee of Rs.160 million during the calendar year 2012.

Your Company continues to receive guidance and managerial support in its various functions including store layout, marketing, shoe line, upgradation of factories, training of managers and guidance from Bata Shoe Organization (BSO).

STATUTORY AUDITORS

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

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

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

COST AUDITORS

In compliance with the Order of the Central Government, your Board has appointed M/s. Mani & Co., Cost Accountants to carry out the Cost Audit of your Company in respect of Footwear. This appointment has to be made in each financial year and based on the application of your Company the Central Government has approved the re-appointment of the Cost Auditor for the financial year ended December 31, 2012. Necessary application will be made to the Central Government in due course seeking approval to the re-appointment of the Cost Auditors for the financial year ending December 31, 2013.

The Cost Audit reports of the Company for the financial year ended December 31, 2011 have been filed with the Ministry of Corporate Affairs, Cost Audit Branch, Government of India, New Delhi on December 31, 2012 within the stipulated time as extended.

DIRECTORS

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

Mr. Jack Clemons, a Member of your Board of Directors has been appointed as the new Chief Executive Officer of Bata Shoe Organization (BSO). Your Board is happy to have continued participation and guidance of Mr. Jack Clemons as a Non Executive Director on the Board of Directors of your Company. Mr. Clemon's appointment as the new CEO of BSO shall help your Board in guiding your Company to achieve its objectives going forward.

At the Board Meeting held on July 26, 2012, Mr. Gigi Abraham was appointed as the Group Brands Director of the Company for a period of five years, subject to approval of the shareholders at the forthcoming Annual General Meeting. The remuneration of Mr. Abraham as Group Brands Directors fixed by your Board falls within the overall limits specified under the Companies Act, 1956 and as approved by the Shareholders at the 76th Annual General Meeting held on May 26, 2009.

However, Mr. Abraham vide his letter dated December 19, 2012 tendered his resignation. Your Board at their Meeting held on February 26, 2013 accepted the resignation of Mr. Abraham with effect from December 19, 2012.

Accordingly, approval of the Shareholders is being sought at the forthcoming Annual General Meeting to the appointment and payment of remuneration to Mr. Gigi Abraham as Group Brands Director during the tenure of his directorship in the Company, i.e. for the period from July 26, 2012 to December 19, 2012 (both days inclusive).

BATANAGAR PROJECT

As mentioned in the Annual Reports of earlier years, in April - 2010, your Company restructured its Agreements with the Joint Venture Partners with revised terms and conditions for the development of the modern integrated township at Batanagar, West Bengal.

Pursuant to the restructuring of these Agreements, Riverbank Developers Private Limited (RDPL) ceased to be a jointly controlled entity during the previous year. Your Company has already fulfilled its obligation towards development of employee housing colony at Batanagar and met its obligation towards investment in the factory and retail stores in the State of West Bengal as mentioned in the said Order. The development of Batanagar Project is in progress and your Company will receive approximately 324,550 square feet of constructed space at no additional cost in a phased manner from the Developers.

Notwithstanding the aforesaid restructuring of Agreements, your Company continues to remain committed to the Government of West Bengal in terms of their approval on Batanagar Project. In order to meet its remnant obligations, your Company is carrying a liability of Rs. 216 million in its books of accounts as on December 31, 2012. Your Company will make additional investments to improve and modernize its factory at Batanagar and also for revitalization and rejuvenation of its employees at Batanagar in the years to come.

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

Your Directors hereby confirm:-

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

ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;

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

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

SUBSIDIARY COMPANIES

Bata Properties Limited and Coastal Commercial & Exim Limited continue to be wholly owned subsidiaries of your Company. In terms of the Circular No.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, a general exemption has been granted from the compliance of Section 212 of the Companies Act, 1956, requiring holding companies to attach with their balance sheet, a copy of the balance sheet, profit and loss account and other documents of each of its subsidiaries, provided that the Board of Directors of such companies have given consent, by way of a resolution, for not attaching the Accounts & Reports of the subsidiary companies concerned with the balance sheet of the Company and that the conditions prescribed in the said Circular are complied with. Your Board at their meeting held on February 26, 2013 have given their consent for not attaching, *inter alia,* the balance sheet, profit and loss account and other relevant reports and statements of its subsidiary companies to the balance sheet of your Company as on December 31, 2012 and have also agreed to comply with the conditions prescribed in the said Circular.

In view of the above Circular, the balance sheet, profit and loss account and other documents and statements of the aforesaid two subsidiaries have not been attached to the Balance Sheet as on December 31, 2012 of your Company. The Annual Reports -2012 of the aforesaid subsidiaries will be made available to the Shareholders of the Company upon receipt of written requests from them. The Annual Reports -2012 of the aforesaid subsidiary companies will be available for inspection by the Shareholders of the Company at the Registered Office of your Company and its subsidiaries and also at the Company's Office at 27B, Camac Street (1st Floor), Kolkata - 700 016 between 09.30 a.m. and 12.30 p.m. on any working day.

In compliance with the requirements of the aforesaid Circular, a Statement showing relevant details for the year ended December 31, 2012 of Bata Properties Limited and Coastal Commercial & Exim Limited, the wholly owned subsidiaries of the Company have been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

CORPORATE GOVERNANCE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian footwear industry comprises of the organized sector and the unorganized sector. The organized sector accounts for nearly 25% of the industry with handful of players controlling majority of the market share. The Indian footwear industry is the second largest footwear producers in the world next only to China. India is also the third largest footwear market in the world. In the recent past Indian footwear industry has seen a phenomenal growth and at present the market is estimated at USD 4 billion. The compounded annual growth rate (CAGR) of around 14% estimated during the period 2012-14 may lead this industry to cross USD 7 billion mark by 2015. Presently, Global footwear market size is estimated to be approximately USD 180 billion with a CAGR of 5%. Even though the per capita shoe consumption in India has gone up to 2.5 shoes per year in 2012, it is nearly half of the average per capita shoe consumption in other developing countries.

The footwear sector has matured from the level of manual footwear manufacturing methods to automated footwear manufacturing systems. A considerable number of manufacturing units in India are equipped with in-house design studios incorporating state-of-the-art CAD systems having 3D Shoe Design packages. Many Indian footwear factories have also been accredited with ISO 9000, ISO 14000 and SA 8000 Certifications. Leading players in the market have also developed facilities for physical and chemical testing in their laboratories having tie-ups with leading international agencies.

Indian footwear sectors' strength originates from its command on reliable supply of resources in the form of raw hides and skins, quality finished leather, large installed capacities of production, relatively low cost labour and ever improving technological support. While leather shoes and uppers are produced in medium to large scale units, the sandals and chappals are produced in the household and cottage sector. Traditionally, India produces more of gents' footwear contrary to the fact that the world's major production is in ladies footwear. For chappals and sandals use of non-leather materials is prevalent in the domestic market.

The major drivers for growth of the Indian footwear industry are: increasing disposable income and growing number of middle-class households, ever growing fashion consciousness, increasing number of working women, penetration in tier-2 and tier-3 cities, online availability and Government's initiatives boosting the industry. The market is de-licensed which further creates expansion opportunities for both organized and unorganized sectors. The unorganized players presently have the major shares in ladies and kids segment controlling almost 2/3rd of the market. Considering these facts many Indian players have now lined up their plan of action to increasing their market share in the ladies and kids segment by introducing trendy and comfortable shoelines at affordable prices.

OPPORTUNITIES AND THREATS

India has crossed the threshold of retail revolution and has witnessed fast changing retail scenario in the recent past. The footwear market is set to experience phenomenal growth in the coming years. The demand for high quality footwear products in Europe and other parts of the world is expected to slow down as people will look for medium and low priced products in view of the stagnant economic growth in many Western Countries. This is a good sign for the Indian footwear industry since India along with China are the main suppliers of low priced footwear to the world.

In India the frequency of footwear shopping has increased dramatically. On an average while men buy one pair of shoe every quarter, women buy the same in every two months. Changing footwear while updating the wardrobe with new apparel, has become quite a familiar trend in India.

Footwear industry in India is presently witnessing various shifts in the trends that are indicative of contributing in the future growth of the industry. Major players in the industry are dealing in with a range of stylish eco-friendly footwear to ensure that the buyers do not sacrifice on comfort or style, while opting for green shoes. Similarly, more and more people are now opting for custom-made or designer footwear providing opportunities for footwear designers.

The Indian footwear industry however, has to overcome many threats. Rising inflation has a direct impact on the input cost including raw materials and labour. Many players in the Indian footwear industry are struggling to strike a balance between increasing their bottomline and maintaining volume growth. Uncertain business and economic environment, drying up of capital inflow and ever increasing competition collectively pose serious challenges to the established players in the market. To overcome this, the players in India have to necessarily make innovation a key to every process of their operation be it sourcing of materials, design, store layout or logistics.

Your Company is operating in the Indian footwear industry for the past 80 years and initiated a re-structuring process in all area of its operation. In the recent past there has been considerable improvement in manufacturing, sourcing, credit management, supply chain management, retail expansion programs, working capital management, succession planning, internal control system, risk mitigation exercise and industrial relations. Collectively all these efforts have lead your Company to achieve many milestones and record excellent performance in the past couple of years. Your Company is moving in the right direction so that it can seize the opportunities available in the Indian footwear industry and also combat the challenges the industry is facing.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

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

OUTLOOK

The future growth of the footwear industry in India will continue to be market driven with technology and quality of the footwear improving year after year.

The Indian footwear industry is gearing up to leverage its strength towards maximizing benefits. However, with the entry of established foreign players in Indian market and ever changing fashion trends, especially for the youngsters, your Company will require constant improvement in the range of products being manufactured or sourced and also to provide value for money to the customers. The comfort of buying online by the new generation will also impose a challenge on your Company for increasing its presence through e-commerce sites. Your Company has already established tie-up arrangements with leading e-commerce sites such as, e-bay, jabong, flipkart, junglee, etc. and is expecting exponential growth in its revenue and profit through these online sales. Your Company's BATA HOME Delivery services coupled with exclusive Customer Care Centre in Gurgaon has led to an improved performance for the year 2012. Strengthening of all these aspects of business operations will surely help your Company to register better performance in the future. Since 2010 your Company continues to be a debt-free Company and meets its capital expenditure requirements through internal resources only.

The change in Foreign Direct Investment (FDI) policies for single brand retailing allowing 100% FDI and multi-brand retailing allowing 51% FDI will provide opportunities for new players to enter into the Indian market. Your Company is aware of these developments and has taken necessary steps to move towards the right direction in order to retain its market leadership position in the years to come.

RISKS AND CONCERNS

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

Economic Conditions

Indian GDP grew at mere 5.5% during the year 2012. High inflation rate coupled with high interest rates for bank borrowings led to increase input costs for the Industries across India. Industrial Policy Reforms in many Sectors have been stalled for various reasons and had an impact on slow economic growth.

Contingent Liability

Your Company's Contingent Liability is Rs.472.62 million at the end of December 31, 2012 in comparison to Rs.645.75 million in December 31, 2011.

This has been explained in point no. 30 of the Notes to Financial Statements. On the basis of current status of these cases and legal advice obtained, the Company is confident that no provision is required in respect of these cases at this point in time.

Litigation

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

Trade Unions

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

Globally Competitive Business Environment

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

Risk related to change in Law and Regulations

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system of internal controls in place, commensurate with its size and scale of operations, to ensure that all assets are safeguarded and protected and that all transactions are authorized, recorded and reported appropriately. The Internal Audit Report and Risk Inventory Report are reviewed by the Audit Committee of the Board of Directors. The Chief Internal Auditor is a permanent invitee to the Audit Committee Meetings. The Audit Committee advises on various risk mitigation exercises on quarterly basis.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, your Company has achieved approx. 19.6% increase in its Gross Turnover. The Earning Before Interest and Tax (EBIT) of 13.5% and Net Profit Margin of 9.2% achieved in the year 2012 are higher than the same recorded in the year 2011 (excluding gains from surplus property development). Your Company has maintained its profitable growth for the eighth consecutive year and the Management believes that this is sustainable, barring unforeseen circumstances.

Since April 2010, Bank borrowing of your Company is Nil and the entire capital expenditure is being funded through internal accruals. Your Company is deploying its internal accruals for its aggressive retail expansion program.

Your Board has recommended a dividend @ Rs.6/- per share (i.e., 60%) on equity shares for the year ended December 31, 2012, subject to approval of the shareholders at the ensuing Annual General Meeting.

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

People Employed

Total numbers of permanent employees of your Company was 5162 as on December 31, 2012.

Human Resources

Your Company continued with Executive Development Programmes in 2012 to create a ready talent pool of District Managers in retail operations. 10 Executive trainees were hired and confirmed as District Managers after nine months of training.

Your Company continued to enforce Performance Linked Salary at all level of employees. This leads to a culture of accountability as clear goals/ objectives have been set for the executives at all levels.

Bata Emerging Markets (BEM) Interchange program - a Talent Development initiative designed with an objective to provide global exposure to the participants and provide them with an opportunity to explore work experience outside their Country for a period of six months.

Industrial Relations

The overall Industrial Relations in all the manufacturing units were cordial in 2012. Some highlights are as under:

- Situations in the factory have been peaceful throughout the year. No man-day was lost during the year 2012.
- Your Company has amicably settled the matter with the Union pertaining to demolition of building at Batanagar, which was pending since 2010.
- Different HR initiatives have been taken in manufacturing units, e.g., Best Employee Awards, Medical Camps, Long Service Awards, Annual Sports, Celebration of National Festivals, etc.

CAUTIONARY STATEMENT

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

CONCLUSION

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

Your Board would like to thank the Management of the Company and also thank the nominated Directors on the Board and the Major Shareholders for their complete support in smooth operations of your Company. Your Board is very grateful to the Independent Directors for their valuable contributions. All of them despite other business exigencies have shared their rich experience and knowledge with the management to take your Company forward. Your Board would also like to thank all the employees and staff of the Company and wish them all the best for achieving many new milestones in the future.

For and on behalf of the Board of Directors

Uday Khanna
Chairman

Gurgaon, February 26, 2013.

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2012.

I. CONSERVATION OF ENERGY

A. Energy Savings Evaluation for the year 2012

Sl	Criteria	Value
1.	Annual savings in 2012	Rs.3.06 Mn
2.	Energy savings/ pair	Rs.0.28
3.	Energy savings against total cost of energy	3.01%

B. Energy Conservation Measures Obtained (2012)

1) Installation of energy efficient luminaries (LED).
2) Installation of energy efficient Servo motor in DIP.
3) Stoppage open blow of compressed air in process by using different gadgets.
4) Reduction of one shift in Cold Moulding section by adding a new 5 Ton Chiller.
5) Introduction of more translucent sheet for maximum day light application.
6) Installation of auto drain system in air receivers.
7) Reduction / elimination of energy wastage by proper monitoring.

C. Energy Conservation Measures Proposed (2013)

1) Installation of baby boiler required for production in Sheeting Line m/c when main boiler is not required in operation.
2) Installation of different drivers for energy efficient running of machine.
3) Installation of energy efficient screw compressor to eliminate old reciprocating compressor
4) Re-scheduling of production in low production area.
5) Replacement of Flood light & Bay lights by energy efficient LEDs.
6) Replacement of Conventional Tube lights by energy efficient LEDs.
7) Replacement of Street lights by energy efficient LEDs.
8) Insulation of Steam & thermic fluid bare lines.

Cost of Energy :

Units (KWH)	Year 2011(Rs)	Year 2012(Rs)
Cost of CESC	6.40	7.46
Cost of self generated	14.85	20.00

II. FOREIGN EXCHANGE EARNING AND OUTGO

A. Activities relating to exports : See Directors' Report (page no.17)

B. Total Foreign exchange used : Rs. 1,552.17 million

C. Total Foreign exchange earned : Rs. 149.82 million

III. PARTICULARS AS PER FORM B

A. Research & Development (R & D)

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

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

2) Benefits as a result of R & D

2.1 Developed Heat Insulated Safety Boot (Resistance to harsh environment) as per IS: 15298 (Part 2): 2002 standard

2.2 Introduced Polyolefin Elastomer for making new range of Hawai with better physical properties.

2.3 Introduced / substituted new chemicals or alternative chemicals for improvement of product quality with cost effectiveness.

2.4 Developed & Introduced water base B.G.Colour lacquer for Leather shoe polish in order to get pollution free environment.

2.5 Developed light weight ,high performance white air blown PVC compound for Bubble Gummers shoes

2.6 Developed light weight, high abrasion resistance roll sole compound for Canvas footwear.

2.7 Developed & introduced new range of EVA Hawai - light weight, better sale appeal with good physical properties.

2.8 Introduced soft PU insert in PU pouring Sandal -Gents & Ladies articles for cushion comfort feeling.

2.9 Developed double density PU pouring sports shoe.

2.10 Introduced use of crosslink foam wastage in to filler compound to get comfort with cost effectiveness.

3) Future plan of action

3.1 Development of Water absorption & water penetration resistance Leather Safety Boot.

3.2 Development of cost effective product to get competitive edge without deteriorating the quality level by substituting new /alternative chemicals.

3.3 Development of fire, solvents, acids, alkali resistance Safety Boot.

3.4 Utilization of PU waste materials for Healthy environment.

3.5 Development of Antifungal & Anti-bacterial Lining & Socks material in leather Industrial Boot.

3.6 Introduction of water-based mould release agent in place of solvent-based release agent for EHS point of view.

3.7 Development & Introduction of water base Primer for Leather shoe / sandal in order to get pollution free environment.

3.8. Development of Snow Boot as per Army Specified Standard.

3.9 Development of oil resistance golosh (Foxing) compound for Defence Shoes.

4) Expenditure on R & D

Capital	–	Rs. 1.07 mn
Recurring	–	Rs. 45.82 mn
Total	–	Rs. 46.89 mn
Percentage of turnover	–	0.25%

5) Technology absorption, adaptation & innovation

i. Efforts :

a) Continuous and strengthened technical efforts for development and Production of wide range of hi-tech shoes.

b) Development of products and components of international quality and to import of technology through B.S.O. assistance.

ii. Benefits :

a) International standard quality of products.

b) New techniques and technology of production.

For and on behalf of the Board of Directors

Uday Khanna
Chairman

Gurgaon, February 26, 2013.

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

STATEMENT OF EMPLOYEES FOR THE YEAR ENDED 31.12.2012 FORMING PART OF THE DIRECTORS' REPORT, PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED TILL DATE

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

Sl. No.	Name	Designation	Nature of Employment whether contractual or otherwise	Nature of duties of the employee	Qualification	Age	Date of Joining / resignation Bata India Limited	Experience No. of years including previous employment	Remuneration (Rs. in Millions)	Last Employment-Designation
1	Gopalakrishnan Rajeev	Managing Director	Contractual	Head of Company Operation	B.E (Mechanical)	48	01.01.2011	22	28.57	Bata Bangladesh Ltd-Managing Director
2	Ferraris F	Vice President	Contractual	Product Development	Diploma	64	18.03.2002	31	16.61	Eliesse, Italy-Vice President Product Development
3	Tonolli E	Sr Vice President	Contractual	Incharge of Merchandising-Flagship	Commercial School	65	01.06.2003	43	19.78	Bata Europe, Paris -Shoeline Builder
4	Mathur Ranjit	Director – Finance	Contractual	Finance & Accounts	B.Com, C.A.	44	01.01.2012	21	8.09	Dow Coming India Pvt. Ltd. – Head of Finance

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	Nature of duties of the employee	Qualification	Age	Date of Joining / resignation Bata India Limited	Experience No. of years including previous employment	Remuneration (Rs. in Millions)	Last Employment-Designation
1	Gautam Rakesh Singh	Sr Vice Pfesident	Contractual	Human Resource	MBA, LLB	49	31.07.2012	24	5.58	Whirlpool India Ltd. Director – Human Resources
2	Hussein Fadzilah Bin Mohd.	Director – Finance	Contractual	Finance & Accounts	DIA, B.Sc, MBA-Finance (USA)	54	15.02.2012	34	2.45	PT Sepatu Bata Tbk, Indonesia-Director – Finance
3	Kanth Sanjay	Sr. Vice President	Contractual	Manufacturing & Purchasing	B.A. - Economics, Diploma in Marketing Mgmt, MBA - Operations MDP	50	02.07.2012	28	3.97	Adidas Technical Services Pvt. Ltd. - Head of Operations
4	Abraham Gigi	Group Brands Director	Contractual	Brand Development	B.A., M.B.A.-Marketing Management	47	02.05.2012	24	11.36	PT Mitra Adiperkasa tbk Director – Retail Operations & Business Development

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

Gurgaon
26 February, 2013

Uday Khanna
Chairman

REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy

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

2. Board of Directors

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

During the year 2012, five Board Meetings were held on February 29, 2012; April 26, 2012; May 30, 2012; July 26, 2012 and October 31, 2012.

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

a. Composition

The composition of the present Board of Directors of the Company and attendance at the Board Meetings during the year 2012 and at the last Annual General Meeting as also the number of their other directorships and committee memberships are given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of Director-ships	No. of Committee Member-ships
1.	Mr. Uday Khanna	Chairman & Independent Director	5	Yes	6	3 (Chairman of 2)
2.	Mr. Rajeev Gopalakrishnan	Managing Director (Executive Director)	5	Yes	2	1
3.	Mr. Ranjit Mathur (appointed w. e. f. 29-02- 2012)	Director Finance (Executive Director)	5	Yes	3	1
4.	Mr. Jack G.N. Clemons	Non-Executive Director	4	Yes	1	1
5.	Mr. Jorge Carbajal	Non-Executive Director	4	Yes	1	1
6.	Mr. Atul Singh	Independent Director	4	Yes	4	1 (Chairman of 1)
7.	Mr. Akshay Chudasama	Independent Director	4	Yes	6	4
8.	Mr. Gigi Abraham*	Group Brands Director (Executive Director)	1	N.A.	1	NIL

* Mr. Gigi Abraham was appointed as an Additional Director w. e. f. July 26, 2012. He was also appointed as the Group Brands Director, for a period of five years w. e. f. July 26, 2012 subject to the approval of the shareholders at the forthcoming Annual General Meeting. However, Mr. Gigi Abraham ceased to be a Director with effect from December 19, 2012.

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

b. Code of Conduct

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

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

As the Managing Director (Chief Executive Officer) of Bata India Limited and as required by Clause 49(I)(D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial year ended December 31, 2012.

Sd/-
Rajeev Gopalakrishnan
Managing Director (CEO)

Gurgaon, February 26, 2013.

3. Audit Committee

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

The Audit Committee has been vested with the following powers:

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

b) to seek information from any employee;

c) to obtain outside legal or other professional advice;

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

I. Terms of reference

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

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending to the Board the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

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

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

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.

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

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

g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

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

i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

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

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

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

The Audit Committee also reviews the following:-

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

II. Composition

The Audit Committee comprises of three Independent Directors and two Non-Executive Directors. The Chairman of the Audit Committee is an Independent Director. The Audit Committee met five times in 2012, i.e., on February 29, 2012; April 26, 2012; May 30, 2012; July 26, 2012 and October 31, 2012 and attendances of the members at these meetings were as follows:

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

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

4. Nomination, Governance and Compensation Committee

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

(i) Composition

The Nomination, Governance & Compensation Committee consists of Mr. Uday Khanna, Mr. Atul Singh, Mr. Akshay Chudasama, Mr. Jack Clemons and Mr. Jorge Carbajal. During the year-2012, two meetings of the Nomination, Governance & Compensation Committee were held on February 29, 2012 and July 26, 2012. Details of the Members of this Committee and their attendance at those meetings were as follows:

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

(ii) Remuneration Policy

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

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and retaining the talent.

(iii) Details of remunerations paid to the Directors during the year ended December 31, 2012

(I) Executive Directors

The details of remuneration and perquisites paid to the Executive Directors during the year ended December 31, 2012, are as under:

(Rs. in million)

Name	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)
Mr. Rajeev Gopalakrishnan Managing Director	13.10	9.87	3.02	2.58
Mr. Ranjit Mathur Director Finance (w. e. f. 29.2.2012)	4.60	—	1.67	0.55
Mr. Gigi Abraham Group Brands Director (w.e.f. 26.7.2012)*	5.32	—	0.36	0.50
Mr. Fadzilah Mohd. Hussein (Director Finance - upto 15.2.2012)	1.95	—	0.30	0.20

* ceased to be a Director w. e. f. December 19, 2012.

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

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

The Executive Directors will also be entitled to a commission/ incentives on pro-rata basis in accordance with their respective tenure in office for the financial year ended December 31, 2012 based on the PBT (Profit Before Tax) performance of the Company and their entitlement will be decided by the Nomination, Governance & Compensation Committee at an appropriate time.

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

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

(II) Non-Executive Directors

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

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

The details of sitting fees and commission paid to the Non-Executive Indian Directors for the financial year ended December 31, 2012, are as under:

Name of Directors	Sitting Fees paid (Rs. in million)	Commission payable (Rs. in million)	No. of Shares Held
Mr. Uday Khanna	0.30*	2.00	5,000
Mr. Atul Singh	0.18	1.00	—
Mr. Akshay Chudasama	0.18	1.00	—

*includes fees for one meeting held on 31-10-2012

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

5. Shareholders' Committees

(i) Share Operations Committee

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

(ii) Shareholder / Investor Grievance Committee

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

The details of the Committee Members and their attendance at the Meetings held on January 30, 2012; February 29, 2012; March 28, 2012; June 25, 2012; July 26, 2012;September 21, 2012 and October 31, 2012 are as under:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. Uday Khanna	Chairman	2
2.	Mr. Rajeev Gopalakrishnan	Managing Director	7
3.	Mr. Ranjit Mathur (w.e.f.29-02-2012)	Director Finance	5
4.	Mr. Fadzilah Mohd. Hussein (upto 15-02-2012)	Director Finance	1

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

Investors' complaint(s) which cannot be settled at the level of Company Secretary & Compliance Officer and/or Investors' Relations Manager is/are referred to the Shareholder / Investor Grievance Committee of the Board for final settlement. The Company confirms that 1 (one) shareholder's complaint lying pending as on December 31, 2012 has since been resolved.

In compliance 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 the complaints and its current status by logging on to the SEBI's website i.e. www.sebi.gov.in. The Company affirms that no shareholder's complaint was lying pending as on December 31, 2012 under the 'SCORES'.

The Company confirms that there were no share transfers lying pending and affirms that all the requests for share transfers/transmissions, issue of new certificates, etc., received up to December 31, 2012 have since been processed. All the requests for dematerialisation and rematerialisation of shares as on that date have been confirmed / rejected through the NSDL / CDSL system.

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

Sl. No.	Subject matter of Complaints	Complaints pending as on January 01, 2012	Complaints Received during the year 2012	Total Complaints during the year 2012	Complaints Redressed up to December 31, 2012	Complaints pending as on December 31, 2012
1.	Non-receipt of Dividend	—	3	3	2	1
2.	Transfer/Transmission of Shares	—	—	—	—	—
3.	De-materialization of Shares	1	—	1	1	—
4.	Rights Issues related matters	—	—	—	—	—
5.	Others	—	13	13	13	—
	TOTAL	**1**	**16**	**17**	**16**	**1**

6. General Body Meetings

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

Financial Year ended	Day & Date	Time	Venue
December 31, 2011	Wednesday, May 30, 2012	10.30 a.m.	Kalamandir, Kolkata
December 31, 2010	Tuesday, June 28, 2011	10.30 a.m.	Kalamandir, Kolkata
December 31, 2009	Thursday, May 27, 2010	10.30.a.m.	Kalamandir, Kolkata

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

Date of AGM	Details of the Special Resolutions passed
May 27, 2010	A Special Resolution was passed at the 77th Annual General Meeting of the Company for payment of commission to the Directors of the Company [other than the Director(s) in wholetime employment of the Company or the Managing Director(s)] for a period of five years effective from January 01, 2011 not exceeding 1% of the net profits of the Company, computed in such manner referred to in Section 309(5) of the Companies Act, 1956 in any financial year.
June 28, 2011	A Special Resolution was passed at the 78th Annual General Meeting of the Company for appointment of Mr. Rajeev Gopalakrishnan as Managing Director - Bata Stores, Bata India Limited and payment of remuneration to him pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, of the Companies Act, 1956 read with Schedule XIII to the Act, be fixed by the Board and thereafter revised from time to time within the limits approved by the members by way of a Special Resolution passed at the Seventy-Sixth Annual General Meeting held on May 26, 2009.
May 30,2012	1. A Special Resolution was passed at the 79th Annual General Meeting for insertion of Article 55A in the Articles of Association of the Company to provide video conferencing facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in the General Meetings of the Company.
	2. A Special Resolution was also passed at the 79th Annual General Meeting for insertion of Article 85A in the Articles of Association of the Company to facilitate the Directors' participation in the Meetings of the Board and/or Committees of Directors through video conferencing and/or any other permissible electronic mode of communication.

iii. **Resolutions passed during the year 2012 through Postal Ballot under Section 192A of the Companies Act,1956**

No resolutions were passed through Postal Ballot during the year 2012.

7. **Subsidiary Companies**

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

8. **Disclosures**

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

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

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

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

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

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

g. **Management Responsibility Statement**

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

The Internal Auditors have conducted periodic audits to provide reasonable assurance that the Company's established policy and procedures have been followed.

The financial statements have been audited by M/s. S. R. Batliboi & Co., Chartered Accountants, the Statutory Auditors of the Company and have been discussed with the Audit Committee, before the same are approved and taken on record by the Board of Directors.

9. Means of Communication

I. Quarterly results are published in “The Economic Times” in English and one of the prominent business dailies in Bengali. The Annual financial results are posted to every shareholder of the Company in the prescribed manner. The results are also made available on the website of the Company, www.bata.in.

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

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

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

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

10. General Shareholder Information

I. Annual General Meeting will be held at 'KALAMANDIR', 48, Shakespeare Sarani, Kolkata - 700 017 on Tuesday, June 4, 2013 at 10.30 a.m.

II. Financial Calendar (tentative dates)

Fourth Quarter and Annual Results of the previous year (audited)	By end February, 2013
First Quarter Results (31st March)	By end April, 2013
Annual General Meeting	By early June, 2013
Second Quarter results (30th June)	By end July, 2013
Third Quarter results (30th September)	By end October, 2013
Fourth Quarter & Annual results of the current Year (audited)	By end February, 2014

III. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Tuesday, May 21, 2013 to Tuesday, June 4, 2013 (both days inclusive) for the purpose of the 80th Annual General Meeting.

IV. Dividend Payment Date

Dividend for the year 2012, if declared at the 80th Annual General Meeting shall be paid on June 18, 2012.

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

The Company's Equity Shares are listed on Calcutta Stock Exchange Limited (Scrip Code- 10000003), Bombay Stock Exchange Limited (Scrip Code- 500043) and the National Stock Exchange of India Limited (Scrip Code- BATAINDIA). The annual listing fees for the year 2012 - 2013 have been paid to all these Stock Exchanges and the same for the year 2013-14 shall be paid in due course. The ISIN code of the Company is INE176A01010.

VI. Stock Market price data for the year.

BATA share price on BSE and NSE

Month	B S E		SENSEX		N S E		NIFTY	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Jan 2012	691.10	**519.10**	17258.97	**15358.02**	691.50	**518.20**	5217.00	**4588.05**
Feb 2012	730.00	649.00	18523.78	17061.55	729.00	651.00	5629.95	5159.00
March 2012	796.85	658.00	18040.69	16920.61	796.70	656.35	5499.40	5135.95
April 2012	880.85	763.00	17664.10	17010.16	881.50	771.00	5378.75	5154.30
May 2012	921.90	816.50	17432.33	15809.71	921.80	822.70	5279.60	4788.95
June 2012	889.45	769.00	17448.48	15748.98	888.50	769.20	5286.25	4770.35
July 2012	919.50	866.10	17631.19	16598.48	919.50	804.80	5348.55	5032.40
Aug 2012	981.00	822.95	17972.54	17026.97	937.00	850.00	5448.60	5164.65
Sept 2012	985.90	866.00	18869.94	17250.80	986.00	865.00	5735.15	5215.70
Oct 2012	**989.00**	849.00	19137.29	18393.42	**989.50**	847.65	5815.35	4888.20
Nov 2012	949.40	841.00	19372.70	18255.69	949.00	839.95	5885.25	5548.35
Dec 2012	932.00	849.00	**19612.18**	19149.03	933.40	848.15	**5965.15**	5823.15

VII. Share Transfer Agent

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

VIII. Share Transfer System

The Board has delegated the powers of share operations to a Committee comprising of Mr. Maloy Kumar Gupta, Company Secretary and Mr. J. Banerjee, Investor Relations Manager. The Committee meets once in a week to approve the requests for transfer, transmission, consolidation, sub-division of shares and issue of share certificates on rematerialisation of shares.

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

Since the Company's shares can be traded only in dematerialized form, the shareholders are advised to hold their shares in dematerialized mode. Requests for dematerialization of shares should be sent directly by the Depository Participants (DPs) concerned to the Share Transfer Agents at R&D Infotech Private Limited, 1st Floor, 7A, Beltala Road, Kolkata 700 026. Any delay on the part of the DPs to send the Demat Request Forms (DRF) and relevant Share Certificates beyond 15 days from the date of generation of the

Demat Request Number (DRN) by the DPs will be rejected/ cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond a period of 21 days. Shareholders/ Investors should, therefore, ensure that their DPs do not delay in sending the DRF and relevant Share Certificates to the Share Transfer Agent immediately after generating the DRN.

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

IX. Distribution of Shareholding as on December 31, 2012:

No. of shares	No. of shareholders	No. of Shares
1 – 500	83294	5137598
501 – 1000	1876	1368124
1001 – 5000	823	1574543
5001 – 10000	79	548702
10001 and above	156	55634803
TOTAL	**86228**	**64263770**

X. Pattern of Shareholding as on December 31, 2012:

Sl. No.	Category	No. of Holders	No. of Shares	% of Capital
1.	Resident Individual	83942	8665585	13.49
2.	Domestic Companies	1500	2328964	3.62
3.	N.R.I.	563	160629	0.25
4.	Foreign Companies	1	33424100	52.01
5.	Mutual Fund	57	4969850	7.73
6.	Financial Institutions	16	1561419	2.43
7.	Banks	28	18740	0.03
8.	F.I.I.	120	13129483	20.43
9.	Directors	1	5000	0.01
	TOTAL	**86228**	**64263770**	**100.00**

XI. Dematerialization of Shares:

As on December 31, 2012, 97.95% of the Company's total paid-up share capital representing 62,947,278 equity shares are held in de-materialized mode and the balance 2.05% representing 13,16,492 equity shares are held in physical mode and these shareholders are requested to dematerialise their shares in their own interests.

XII. Factory Locations

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

I. Batanagar, 24 Parganas (S), West Bengal.

II. Bataganj, Patna, Bihar.

III. Faridabad New Industrial Town, Faridabad, Haryana.

IV. Peenya Industrial Area, Bangalore, Karnataka.

V. Batashatak, Sipcot Industrial Complex, Phase I, Hosur, Tamil Nadu.

VI. Mokamehghat, Hathidah, Bihar.

XIII. Address for Correspondence

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

Shareholders correspondence should be addressed to:

(a) **BATA INDIA LIMITED**

Share Department
27B Camac Street (1st Floor)
Kolkata - 700 016
Telephone Nos. 033-3982 9412/ 9418 3980 2001 / 3980 2021 & 2289 5796 (Direct)
Fax No. (033) 2289-5859
Email: maloy.gupta@bata.co.in /share.dept@bata.co.in

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

(b) **SHARE TRANSFER AGENT**

R&D Infotech Private Limited
1st Floor, 7A, Beltala Road,
Kolkata - 700 026
Tel: (033) 2419 2641/2642
Fax: (033) 2419 2642
E-mail Id: rd.infotech@vsnl.net, bata@rdinfotech.in

Contact Person: Mr. Ratan Mishra, Director

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

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

11. CEO/CFO Certification

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

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

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

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

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

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

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

The above certificate was placed before the Board Meeting held on February 26, 2013.

12. Tenure of Independent Directors

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

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

The information required to be furnished to the shareholders in terms of Clause 49 IV(G)(i) of the Listing Agreement with the Stock Exchanges, relating to appointment / re-appointment of Director(s) have been furnished as an Annexure to the Notice convening the 80th Annual General Meeting of the Company.

14. Corporate Governance Compliance

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

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

The Company has initiated the process of following the Voluntary Corporate Governance Guidelines-2009 issued by the Ministry of Corporate Affairs, Government of India. Accordingly, a Secretarial Audit Report for the year ended December 31, 2012 received from M/s P. Sarawagi & Associates, Company Secretaries, 27 Brabourne Road, Kolkata - 700 001 has been placed before the Board of Directors of the Company at their meeting held on February 26, 2013. The said Secretarial Audit Report also forms part of this Annual Report. The Company is in the process of complying with remaining requirements of the said Voluntary Corporate Governance Guidelines - 2009 issued by the Ministry of Corporate Affairs.

For and on behalf of the Board of Directors

Uday Khanna
Chairman

Gurgaon, February 26, 2013

AUDITORS' CERTIFICATE

To
The Members of Bata India Limited

We have examined the compliance of conditions of corporate governance by Bata India Limited, for the year ended on December 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

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

per Rajiv Goyal
Partner
Membership No.: 94549

Place: Gurgaon
Date: 26th February, 2013

To the Shareholders
BATA INDIA LIMITED

SECRETARIAL AUDIT REPORT - 2012

We have conducted the Secretarial Audit of the compliances of the applicable statutory provisions and good corporate practices by the Company. We have examined the registers, records and documents of BATA INDIA LIMITED (“the Company”) for the financial year ended on 31st December, 2012 being maintained according to the provisions of:

- The Companies Act, 1956 and the Rules framed thereunder;
- The Depositories Act, 1996 and the Regulations and bye-laws framed under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act; and
- The following Regulations and Guidelines prescribed Under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
    - The Equity Listing Agreements with the Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited.

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

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

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

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

We further report that:

(a) during our examination we have not come across any instance for which any prosecution was initiated and fines or penalties were imposed on the Company or any of its directors during the year under review under the Companies Act, SEBI Act, SCR Act, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed trader these Acts;

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

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

(d) the Company has complied with the applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

For P. SARAWAGI & ASSOCIATES
Company Secretaries

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

Place : Kolkata
Date : 26th February, 2013

AUDITORS' REPORT TO THE MEMBERS OF BATA INDIA LIMITED

1. We have audited the attached Balance Sheet of Bata India Limited ('the Company') as at December 31, 2012 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on December 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;

      b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

      c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

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

per Rajiv Goyal
Partner
Membership No.: 94549

Place: Gurgaon
Date: February 26, 2013

Bata

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

Re: Bata India Limited

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

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

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

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

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (the Order) are not applicable to the Company and hence not commented upon

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

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

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

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

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

Name of the statute	**Nature of dues**	**Amount (Rs. million)**	**Period to which the amount relates**	**Forum where dispute is pending**
Various State Sales Tax Acts	MRP-Tax on tax case	16.48	1987-88 to 2001-02	High Court, Chennai
Various State Sales Tax Acts	Purchase Tax Dispute at Faridabad	5.10	1984-85	Supreme Court
Various State Sales Tax Acts	Revenue recovery against non-payment of demand in assessment	6.70	1994-95 1998-99 1999-00 2000-01	STAT, Kerala
Various State Sales Tax Acts	Tax in dispute u/s 92 of Central Sales tax Act regarding non-submission of forms	2.78	1991-92	High Court, UP
Various State Sales Tax Acts	Misclassification of Article for VAT Payment	21.38	2005-06 to 2006-07	High Court, Kerala
Central Excise Act, 1944	Excise Duty demand on closing balance of exempted footwear.	1.50	1987-88	CESTAT-Kolkata
Central Excise Act, 1944	Duty demanded for sale of footwear at domestic Tariff area of which final hearing before commissioner concluded and order is pending	7.03	1997-1999	Commissioner of Central Excise, Chennai
Central Excise Act, 1944	Disallowance for trade discount for sale of footwear to retail outlet	2.75	1995-97	CESTAT-Chennai
Central Excise Act, 1944	Excise duty demanded for movement of raw material to job worker without payment of duty	15.56	2004-05	CESTAT-Kolkata

Name of the statute	Nature of dues	Amount (Rs. million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act,1944	Disallowing of abatement @ 40% on MRP for Institutional Sales. Sale of Industrial Boots & Mines Safety Boots.	9.00	2006 2007 2008 2009 2010	CESTAT, Kolkata
Central Excise Act, 1944	Non compliance of the condition of the notification for marking MRP on factory seconds cleared on payment of appropriate C.E duty.	21.48	2008	CESTAT, Kolkata
Central Excise Act, 1944	Exclusion of sales tax @ 8% for payment of an amount equal to 8% /10% on exempted footwear as per CCR 6(3)(b).	3.00	2009	CESTAT, Kolkata
Finance Act, 1994	Disallowance of Service tax Credit on input service availed for outward transportation	4.34	2006-2010	Commissioner of Central Excise, Kolkata
Customs Act, 1942	Duty demand on account of short levy of customs duty (anti dumping duty) for which hearing before commissioner concluded and the order received.	10.34	2001	CESTAT-Kolkata
Customs Act, 1942	Wrong availment of concessional rate of customs duty etc. against which the hearing has not finalized as yet	81.20	1998-2003	CESTAT-Kolkata

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

(xi) The Company has neither taken any loan from financial institution or banks nor issued any debentures, therefore the provisions of Clause 4(xi) of the Order are not applicable, hence not commented upon.

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

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

(xxi) We have been informed *that there have been cash and stock shortages at certain retail locations of Rs.2.11 million and Rs.8.22 million, respectively during the year under audit.* The Company has recovered Rs.6.04 million against the said shortages and has made provision for the balance amount in the books of account. Necessary action, such as termination of concerned persons, filing of police complaint, etc. has been initiated by the Company in this regard.

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

per Rajiv Goyal
Partner
Membership No.: 94549

Place: Gurgaon
Date: February 26, 2013

Bata

BALANCE SHEET AS AT 31ST DECEMBER, 2012

	Notes	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**642.64**	642.64
Reserves and surplus	4	**6,360.66**	5,100.42
		7,003.30	5,743.06
Non-current liabilities			
Trade payables	5	**561.10**	409.55
Long-term provisions	6	**—**	216.24
		561.10	625.79
Current liabilities			
Trade payables	5	**2,379.69**	1,936.21
Other current liabilities	5	**565.24**	436.60
Short-term provisions	6	**794.99**	500.30
		3,739.92	2,873.11
Total		**11,304.32**	9,241.96
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	**2,406.72**	2,184.57
Intangible assets	8	**6.77**	5.42
Capital work-in-progress		**181.17**	80.67
Non-current investments	9	**48.51**	48.51
Deferred tax assets (net)	10	**443.59**	342.15
Long-term loans and advances	11	**995.38**	845.20
		4,082.14	3,506.52
Current assets			
Inventories	12	**4,620.93**	3,913.22
Trade receivables	13.1	**449.47**	313.94
Cash and bank balances	14	**1,871.01**	1,229.46
Short-term loans and advances	11	**212.43**	238.01
Other current assets	13.2	**68.34**	40.81
		7,222.18	5,735.44
Total		**11,304.32**	9,241.96
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Bata

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes		Year ended 31.12.2012 Rs. millions		Year ended 31.12.2011 Rs. millions
Income					
Revenue from operations (gross)	15		**18,717.54**		15,650.78
Less: excise duty			**293.01**		225.43
Revenue from operations (net)			**18,424.53**		15,425.35
Other income	16		**299.52**		1,309.14
Total revenue			**18,724.05**		16,734.49
Expenses					
Cost of raw material and components consumed	17		**2,952.19**		2,551.71
Purchase of traded goods	18		**6,323.01**		5,590.91
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	18		**(594.77)**		(877.16)
Employee benefits expense	19		**1,959.33**		1,858.54
Other expenses	20		**5,040.58**		3,996.75
Depreciation and amortization expense	21	**520.63**		419.96	
Less: recoupment from revaluation reserve		**(6.88)**		(8.95)	
Net depreciation and amortization expense			**513.75**		411.01
Finance costs	22		**10.32**		8.70
Total Expenses			**16,204.41**		13,540.46
Profit before tax			**2,519.64**		3,194.03
Tax expenses					
Current tax			**908.43**		966.79
Deferred tax (credit)/charge			**(101.44)**		(31.15)
Income Tax for earlier year			**(3.38)**		—
Total tax expenses			**803.61**		935.64
Profit for the year			**1,716.03**		2,258.39
Earnings per equity share [nominal value of share Rs.10 (Previous year: Rs.10)]	23				
Earning per share (basic & diluted) (Rs.)			**26.70**		35.14
Summary of significant accounting policies	2.1				

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**2,519.64**	3,194.03
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	**513.75**	411.01
Liabilities no longer required written back	**(31.34)**	—
Lease rent straightlining	**163.95**	87.09
(Gain) / Loss on Disposal of Fixed Assets (net)	**12.88**	0.02
Provision for Doubtful Debts & Advances	**11.25**	10.07
Unrealized foreign exchange gain	**(0.08)**	0.42
Gain on disposal of investment in Immovable Property	**—**	(994.85)
Gain on disposal of investment in shares	**—**	(98.70)
Interest expense	**10.32**	8.70
Interest income	**(128.28)**	(90.35)
Operating profit before working capital changes	**3,072.09**	2,527.44
Movements in working capital :		
Increase / (decrease) in trade payables	**443.56**	87.51
Increase / (decrease) in long-term provisions	**(216.24)**	—
Increase / (decrease) in short-term provisions	**215.84**	(30.51)
Increase / (decrease) in other current liabilities	**(37.53)**	49.05
Increase / (decrease) in other long-term trade payables	**151.56**	97.92
Decrease / (increase) in trade receivables	**(135.54)**	(11.91)
Decrease / (increase) in inventories	**(707.71)**	(919.58)
Decrease / (increase) in long-term loans and advances	**(193.88)**	(136.78)
Decrease / (increase) in short-term loans and advances	**45.66**	(165.56)
Decrease / (increase) in other current assets	**(5.33)**	65.24
Cash generated from / (used in) operations	**2,632.48**	1,562.82
Direct taxes paid (net of refunds)	**(786.97)**	(864.85)
Net cash flow from/ (used in) operating activities (A)	**1,845.51**	697.97

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	**(856.85)**	(828.65)
Proceeds from sale of fixed assets	**19.29**	47.12
Proceeds from non-current investments	**—**	200.00
Investments in bank deposits (having original maturity of more than three months)	**(540.01)**	194.96
Interest received	**89.83**	64.23
Net cash flow from/(used in) investing activities (B)	**(1,287.74)**	(322.34)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(10.32)**	(8.70)
Dividends paid on equity shares (including DDT)	**(445.92)**	(298.23)
Net cash flow from/(used in) in financing activities (C)	**(456.24)**	(306.93)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**101.53**	68.70
Cash and cash equivalents at the beginning of the year	**225.20**	156.50
Cash and cash equivalents at the end of the year	**326.73**	225.20
Components of cash and cash equivalents		
Cash on hand	**31.51**	27.26
With banks- on current & cash credit account	**288.37**	193.29
-- unpaid dividend accounts*	**6.73**	4.52
-- unpaid matured deposits*	**0.12**	0.13
Total cash and cash equivalents (note 14)	**326.73**	225.20
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.
Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

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

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in the accounting policy explained below.

2.1 Summary of significant accounting policies

a. Change in Accounting policy

Presentation and disclosure of Financial statements

During the year ended 31st December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of estimates

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

c. Investments

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

d. Fixed Assets

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

e. Depreciation

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

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

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

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

f. Impairment

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

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

g. Inventories

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

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

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

h. Revenue Recognition

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

i. Sale of Goods:

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

ii. Interest:

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

iii. Export Benefits:

Export Entitlements in the form of Duty Drawback. Duty Entitlement Pass Book (DEPB) and other schemes are recognized in the 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 as expenses in the year in which they arise.

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

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

iv. Segment Policies

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

m. Intangible Assets

i. Computer Software Acquired for Internal Use

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

ii. Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

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

n. Retirement and Other Employee Benefits

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

ii. 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 confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The Company has adopted actuary valuation to arrive at provident fund liability as at 31st December, 2012.

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

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

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

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 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.

r. Earnings Per Share (Basic & Diluted)

Basic earnings (loss) 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.

s. Cash and cash equivalents

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

3. SHARE CAPITAL

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Authorized shares		
70,000,000 (Previous year: 70,000,000) equity shares of Rs.10/- each	**700.00**	700.00
Issued shares*		
64,285,000 (Previous year: 64,285,000) equity shares of Rs. 10/-each	**642.85**	642.85
Subscribed and fully paid-up shares		
64,263,770 (Previous year: 64,263,770) equity shares of Rs.10/- each	**642.64**	642.64
Total issued, subscribed and fully paid-up share capital	**642.64**	642.64

***Shares held in abeyance**

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

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

Equity shares

	As at 31.12.2012		As at 31.12.2011	
	No. of Shares	**Rs. millions**	No. of Shares	Rs. millions
At the beginning of the year	**64,263,770**	**642.64**	64,263,770	642.64
Outstanding at the end of the year	**64,263,770**	**642.64**	64,263,770	642.64

b. Terms/rights attached to equity shares

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

During the year, the amount of per share dividend recognized as distributions to equity shareholders was Rs.6 (Previous year: Rs.6).

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

c. Shares held by holding company

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

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company		
33,424,100 (Previous year: 33,424,100) equity shares of Rs.10/- each fully paid	**334.24**	334.24

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

	As at 31.12.2012		As at 31.12.2011	
	No. of Shares	% Holding in the class	No. of Shares	% Holding in the class
Equity shares of Rs.10 each fully paid				
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company	**33,424,100**	**52.01%**	33,424,100	52.01%
FID FUNDS (Mauritius) Limited	**2,951,518**	**4.59%**	4,649,159	7.23%

4. RESERVES AND SURPLUS

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Securities premium account		
Balance as per the last financial statements	**501.36**	501.36
Closing balance	**501.36**	501.36
Revaluation reserve		
Balance as per the last financial statements	**296.21**	346.77
Less: used on sold/ discarded fixed assets	**(0.78)**	(41.61)
Less: amount transferred to the statement of profit and loss as reduction from depreciation	**(6.88)**	(8.95)
Closing balance	**288.55**	296.21
General reserve		
Balance as per the last financial statements	**730.12**	504.28
Add: amount transferred from surplus balance in the statement of profit and loss	**171.60**	225.84
Closing balance	**901.72**	730.12
Surplus in the statement of profit and loss		
Balance as per last financial statements	**3,572.73**	1,987.32
Profit for the year	**1,716.03**	2,258.39
Amount available for appropriations	**5,288.76**	4,245.71
Less: Appropriations		
Proposed final equity dividend (amount per share Rs. 6 (Previous year: Rs. 6))	**(385.58)**	(385.58)
Tax on proposed equity dividend (net of NIL (Previous year Rs.0.99 million) written back for previous year)	**(62.55)**	(61.56)
Transfer to general reserve	**(171.60)**	(225.84)
Total appropriations	**(619.73)**	(672.98)
Net surplus in the statement of profit and loss	**4,669.03**	3,572.73
Total reserves and surplus	**6,360.66**	5,100.42

5. OTHER CURRENT LIABILITIES

	Current		Non-current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Trade payables (including acceptances) (refer note 33 for details of dues to micro and small enterprises)	**2,379.69**	1,936.21	**561.10**	409.55
Other liabilities				
Advance from customers	**10.30**	7.54	**—**	—
Unearned revenue	**1.58**	3.07	**—**	—
Investor education and protection Fund will be credited by following amounts (as and when due):				
Unpaid dividend	**6.73**	4.51	**—**	—
Unpaid matured deposits	**0.63**	0.66	**—**	—
Others:				
Deposit from agents and franchisees	**267.48**	194.05	**—**	—
Statutory Payables	**278.52**	226.77	**—**	—
	565.24	436.60	**—**	—
	2,944.93	2,372.81	**561.10**	409.55

6. PROVISIONS

	Short-term		Long-term	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Provision for employee benefits				
Provision for leave benefits	**31.76**	26.76	**—**	—
	31.76	26.76	**—**	—
Other provisions				
Provision for warranties	**8.05**	10.27	**—**	—
Provision for contingencies	**218.27**	5.22	**—**	216.24
Provision for taxation (net)	**88.78**	9.92	**—**	—
Proposed equity dividend	**385.58**	385.58	**—**	—
Provision for tax on proposed equity dividend	**62.55**	62.55	**—**	—
	763.23	473.54	**—**	216.24
	794.99	500.30	**—**	216.24

Provision for warranties

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

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
At the beginning of the year	**10.27**	21.89
Arising during the year	**106.20**	83.61
Utilized during the year	**(92.79)**	(67.55)
Unused amounts reversed	**(15.63)**	(27.68)
At the end of the year	**8.05**	10.27

Provision for contingencies

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

Particulars	ESI		Labour Case, House Tax and Other Civil Cases		Liability for Land Development (Refer note 25)		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Opening balance as on 1st Jan	1.27	1.27	3.95	13.70	216.24	—	221.46	14.97
Additions	—	—	2.27	4.72	—	216.24	2.27	220.96
Utilized	—	—	5.46	10.36	—	—	5.46	10.36
Reversals	—	—	—	4.11	—	—	—	4.11
Closing balance as on 31st Dec	1.27	1.27	0.76	3.95	216.24	216.24	218.27	221.46

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

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.

(Rs. millions)

7.	TANGIBLE ASSETS	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total	Previous Year
	Cost or valuation							
	At 01.01.2012	240.84	1,035.76	1,913.42	1,789.12	18.76	4,997.90	4,175.55
	Additions	—	187.85	81.59	498.52	6.57	774.53	1,161.69
	Disposals	—	(12.65)	(118.10)	(33.05)	(4.22)	(168.02)	(339.34)
	At 31.12.2012	**240.84**	**1,210.96**	**1,876.91**	**2,254.59**	**21.11**	**5,604.41**	**4,997.90**
	Depreciation							
	At 01.01.2012	—	365.94	1,528.00	905.79	13.60	2,813.33	2,644.38
	Charge for the year	—	87.61	123.27	306.65	1.89	519.42	419.55
	Disposals	—	(6.14)	(111.11)	(14.36)	(3.45)	(135.06)	(250.60)
	At 31.12.2012	**—**	**447.41**	**1,540.16**	**1,198.08**	**12.04**	**3,197.69**	**2,813.33**
	Net Block							
	At 31.12.2012	**240.84**	**763.55**	**336.75**	**1,056.51**	**9.07**	**2,406.72**	**2,184.57**
	At 31.12.2011	240.84	669.82	385.42	883.33	5.16	2,184.57	1,531.17

(Rs. millions)

8.	INTANGIBLE ASSETS (COMPUTER SOFTWARE)	Current Year	Previous Year
	Gross block		
	At 01.01.2012	**5.83**	**—**
	Purchase	2.56	5.83
	At 31.12.2012	**8.39**	**5.83**
	Amortization		
	At 01.01.2012	**0.41**	**—**
	Charge for the year	1.21	0.41
	At 31.12.2012	**1.62**	**0.41**
	Net block		
	At 31.12.2012	**6.77**	**5.42**
	At 31.12.2011	5.42	—

9. NON-CURRENT INVESTMENTS

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
4,851,000 (Previous year: 4,851,000) Equity shares of Rs.10 each fully paid-up in Bata Properties Limited	**48.51**	48.51
	48.51	48.51
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
	0.00	0.00
	48.51	48.51
Aggregate amount of unquoted investments	**48.51**	48.51

10. DEFERRED TAX ASSETS (NET)

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**232.16**	154.55
Impact of expenditure charged to the statement of profit and loss in the current/earlier year but allowable for tax purposes on payment basis	**199.94**	169.60
Provision for doubtful debts and advances	**11.49**	18.00
	443.59	342.15

11. LOANS AND ADVANCES

	Non-current		Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Capital advances				
Unsecured, considered good	**37.06**	57.80	**—**	—
(A)	**37.06**	57.80	**—**	—
Security deposit				
Unsecured, considered good	**738.68**	582.23	**43.74**	47.18
Doubtful	**1.89**	0.65	**—**	—
	740.57	582.88	**43.74**	47.18
Provision for doubtful security deposit	**(1.89)**	(0.65)	**—**	—
(B)	**738.68**	582.23	**43.74**	47.18
Loan and advances to related parties				
Unsecured, considered good	**—**	—	**7.65**	4.41
(C)	**—**	—	**7.65**	4.41
Advances recoverable in cash or kind				
Unsecured considered good	**—**	—	**47.56**	78.72
Doubtful	**—**	—	**25.22**	17.71
	—	—	**72.78**	96.43
Provision for doubtful advances	**—**	—	**(25.22)**	(17.71)
(D)	**—**	—	**47.56**	78.72
Balances with statutory/ government authorities				
Unsecured considered good	**85.17**	47.77	**30.18**	29.94
Doubtful	**8.29**	37.13	**—**	—
	93.46	84.90	**30.18**	29.94
Provision for doubtful advances	**(8.29)**	(37.13)	**—**	—
(E)	**85.17**	47.77	**30.18**	29.94
Other loans and advances				
Advance income-tax (net of provision for taxation)	**111.67**	134.63	**—**	—
Prepaid expenses	**22.80**	22.77	**83.30**	77.76
(F)	**134.47**	157.40	**83.30**	77.76
Total (A+ B + C + D + E + F)	**995.38**	845.20	**212.43**	238.01

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

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Raw materials and components (including goods in transit Rs. 5.12 million (Previous year: Rs.5.21 million)) (refer note 17)	**239.91**	173.05
Work-in-progress (refer note 18)	**257.62**	236.33
Finished goods*(including goods in transit Rs.222.58 million (Previous year: Rs.354.79 million)) (refer note 18)	**4,113.23**	3,494.95
Stores and spares	**10.17**	8.89
	4,620.93	3,913.22

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

13. TRADE RECEIVABLES AND OTHER ASSETS

13.1 Trade receivables

	Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	**1.22**	0.27
	1.22	0.27
Other receivables		
- Unsecured, considered good	**448.25**	313.67
	448.25	313.67
	449.47	313.94

13.2 Other assets

	Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Unsecured, considered goods unless stated otherwise		
Interest accrued on fixed deposits	**54.42**	32.22
Insurance claims	**13.92**	8.59
	68.34	40.81

14. CASH AND BANK BALANCES

	Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Cash and cash equivalents		
Balances with banks:		
-On current & cash credit accounts	**288.37**	193.29
-On unpaid dividend account	**6.73**	4.52
Unpaid matured deposits	**0.12**	0.13
Cash on hand	**31.51**	27.26
	326.73	225.20
Other bank balances		
Deposits with original maturity for more than 12 months	**—**	200.00
Deposits with original maturity for more than 3 months but less than 12 months*	**1,544.28**	804.26
	1,544.28	1,004.26
	1,871.01	1,229.46

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

15. REVENUE FROM OPERATIONS

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Revenue from operations		
Sale of products		
Finished goods	**18,705.46**	15,634.79
Other operating revenue		
Others (including export incentives, scrap sales etc.)	**12.08**	15.99
Revenue from operations (gross)	**18,717.54**	15,650.78
Less: Excise duty*	**293.01**	225.43
Revenue from operations (net)	**18,424.53**	15,425.35

* Excise duty on sales amounting to Rs. 293.01 million (Previous year: Rs. 225.43 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. 44.80 million [Previous Year: Rs. 19.47 million] has been adjusted from (increase)/decrease in inventories in Note 18.

Details of products sold

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Footwear	**17,767.58**	15,015.85
Accessories, Garments and others	**937.88**	618.94
	18,705.46	15,634.79

16. OTHER INCOME

	Year ended 31.12.2012 Rs. millions		Year ended 31.12.2011 Rs. millions
Interest income on			
- Bank deposits	**117.18**		88.62
- Others	**11.10**		1.73
Gain on Foreign Exchange Fluctuations (Net)	**6.76**		4.18
Gain on Investment (Refer Note 25)			
- on disposal of Long Term Immovable Property	**—**	994.85	
- on disposal of Investment of Shares in JV Co.	**—**	98.70	1,093.55
Provision No Longer Required Written Back	**31.34**		—
Insurance Claim Received	**9.61**		25.04
Other Non-Operating Income	**123.53**		96.02
	299.52		1,309.14

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Inventory at the beginning of the year	**173.05**	149.20
Add: Purchases	**3,019.05**	2,575.56
	3,192.10	2,724.76
Less: inventory at the end of the year	**239.91**	173.05
Cost of raw material and components consumed	**2,952.19**	2,551.71
Details of raw material and components consumed		
Leather (natural and synthetic)	**447.06**	374.92
Rubber	**207.64**	222.65
Textiles	**204.62**	175.76
Chemical	**561.39**	531.16
Packaging	**260.14**	238.93
Job processing charges	**270.39**	209.58
Other Materials	**1,000.95**	798.71
	2,952.19	2,551.71
Details of inventory		
Raw materials and components		
Leather (natural and synthetic)	**46.30**	46.28
Rubber	**34.58**	21.19
Textiles	**33.33**	19.61
Chemical	**50.97**	33.01
Packaging	**5.29**	5.47
Other Materials	**69.44**	47.49
	239.91	173.05

18. (INCREASE) / DECREASE IN INVENTORIES

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions	(Increase)/ decrease Rs. millions
Inventories at the end of the year			**Year ended 31.12.2012**
Finished goods	**4,113.23**	3,494.95	**(618.28)**
Work-in-progress	**257.62**	236.33	**(21.29)**
	4,370.85	3,731.28	**(639.57)**
Inventories at the beginning of the year			Year ended 31.12.2011
Finished goods	**3,494.95**	2,659.23	(835.72)
Work-in-progress	**236.33**	175.42	(60.91)
	3,731.28	2,834.65	(896.63)
	(639.57)	(896.63)	
(Increase)/decrease of excise duty on change in inventories	**44.80**	19.47	
Total (increase)/decrease	**(594.77)**	(877.16)	

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Details of purchase of traded goods		
Footwear	**5,916.55**	5,304.22
Accessories, garments and others	**406.46**	286.69
	6,323.01	5,590.91
Details of inventory		
Finished goods		
Footwear	**3,930.99**	3,385.64
Accessories, garments and others	**182.24**	109.31
	4,113.23	3,494.95
Work-in-progress		
Footwear	**257.62**	236.33
	257.62	236.33

19. EMPLOYEE BENEFIT EXPENSE

Salaries, wages and bonus	**1,727.02**	1,629.44
Contribution to provident and other funds	**117.87**	117.64
Gratuity expense (refer note 32)	**21.47**	24.01
Staff welfare expenses	**92.97**	87.45
	1,959.33	1,858.54

20. OTHER EXPENSES

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Consumption of stores and spares	**31.92**	29.83
Power and fuel	**446.00**	381.24
Freight	**407.34**	405.34
Rent (net) [Refer note 26]	**2,154.08**	1,452.89
(Including impact of straight lining of lease rent Rs.163.95 million (Previous year: Rs. 87.09 million))		
Rates and taxes	**130.06**	124.10
Insurance	**67.49**	65.00
Repairs and maintenance		
Plant and machinery	**31.04**	22.19
Buildings	**46.84**	63.86
Others	**20.67**	27.19
Advertising and sales promotion	**156.90**	171.50
Sales commission	**564.64**	415.60
Legal and professional fees*	**139.31**	114.21
Technical collaboration fee	**178.71**	151.76
Provision for doubtful debt, loans, advances etc.	**11.25**	10.07
Loss on sale/discard of fixed assets (net)	**12.88**	0.02
Bank charges	**109.58**	87.75
Miscellaneous expenses	**531.87**	474.20
	5,040.58	3,996.75
***Payment to auditor (under legal & professional fees)**		
As auditor	**5.80**	5.70
In other capacity:		
Other services (certification fees)	**0.42**	0.24
Reimbursement of expenses	**0.80**	1.30
	7.02	7.24

21. DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Depreciation of tangible assets	**519.42**	419.55
Amortization of intangible assets	**1.21**	0.41
	520.63	419.96
Less: recoupment from revaluation reserve	**6.88**	8.95
	513.75	411.01

22. FINANCE COSTS

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Interest	**10.32**	8.70
	10.32	8.70

23. EARNINGS PER SHARE (EPS)

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

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Profit after tax (Rs in millions)	**1,716.03**	2,258.39
Weighted average number of equity shares in calculating basic EPS	**64,263,770**	64,263,770
Basic and Diluted EPS (Rs.)	**26.70**	35.14

24. Note 19 includes R&D expenses of Rs.29.48 million (Previous year Rs.30.63 million) and Note 20 includes R&D expenses of Rs. 16.34 million (Previous year Rs.19.53 million).

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

Since conditions precedent to recognizing sale of investment and variation of development rights in the Immovable Property were satisfied in March 2011, gains of Rs. 994.85 million on disposal of Immovable Property and Rs.98.70 million on disposal of investment in shares of erstwhile JV Co before tax arising on the said transaction were recognized under Other Income in the previous year financial statements.

As per the order of the Government of West Bengal, the total obligation on the Company towards development of employee housing colony was Rs.650.00 million, the Company has recorded a liability of Rs.216.24 million for obligation yet to be fulfilled.

Pursuant to the restructuring of these agreements as described above, RDPL ceased to be a jointly controlled entity as at the previous year end.

Further as a part of the consideration, the Company is yet to receive from RDPL, approximately 325,000 square feet of constructed space as per the terms of the revised agreements.

During F.Y-2012 as per the terms of agreement, the Company should have been given possession of certain constructed space from RDPL but is yet to be given possession (date being extended) & hence it has not been capitalized in books of account.

26. 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-Dec-12	31-Dec-11
Within one year	38.87	16.87
After one year but not more than five years	2.74	1.60
More than five years	—	—

27. **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 Derivatives	Currency	Current Year	Previous Year	Purpose
Purchase	USD	488,024.66	—	Hedge of Trade Payable

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

Particulars of Unhedged foreign currency exposure as at the balance sheet date	Amount in Foreign Currency			Amount in Indian Currency (Rs. million)	
	Currency	Current Year	Previous Year	Current Year	Previous Year
Trade payables	USD	428,968.60 @ Rs. 55.16	2,144,535.90 @ Rs. 53.62	23.66	114.99
	EURO	26,170.00 @ Rs. 73.09	7,114.00 @ Rs. 69.67	1.91	0.50
Advance for Import purchases	USD	112,458.47 @ Rs. 54.34	176,778.90 @ Rs. 52.80	6.11	9.33
	EURO	608.25@ Rs. 71.59	3,138.00 @ Rs. 68.08	0.04	0.21
Advance from Customer	USD	20,000.00@ Rs. 55.16	—	1.10	—
Trade receivables	USD	95,196.80 @ Rs. 54.34	376,553.65 @ Rs. 52.80	5.17	19.88

28. **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 & Accessories		Surplus Property Development		Total	
	2012	2011	2012	2011	2012	2011
REVENUE						
External Turnover	18,424.53	15,425.35	—	—	18,424.53	15,425.35
Other income*	171.24	125.24	—	1,093.55	171.24	1,218.79
RESULT	2,408.70	2,026.07	—	1,093.55	2,408.70	3,119.62
Unallocated Corporate Expenses					(7.02)	(7.24)
Operating Profit					2,401.68	3,112.38
Interest Expenses					(10.32)	(8.70)
Interest Income					128.28	90.35
Income Taxes					(803.61)	(935.64)
Net Profit					1,716.03	2,258.39
OTHER INFORMATION						
Segment assets	10,694.64	8,732.95	—	—	10,694.64	8,732.95
Unallocated corporate assets					609.68	509.01
Total assets					11,304.32	9,241.96
Segment liabilities	3,539.87	2,820.22	216.24	216.24	3,756.11	3,036.46
Unallocated corporate liabilities					544.91	462.43
Total liabilities					4,301.02	3,498.90
Capital expenditure	856.85	1,262.41	—	—	856.85	1,262.41
Depreciation	512.54	410.60	—	—	512.54	410.60
Amortisation	1.21	0.41			1.21	0.41
Non-cash expenses other than depreciation and amortisation	11.25	10.07	—	—	11.25	10.07

* Other income as reported does not include the interest income amounting to Rs.128.28 million (Previous year Rs. 90.35 million)

B. INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Sundry Debtors as per Geographical Markets (Rs. million)

Particulars	Revenue		Trade Receivables	
	2012	2011	2012	2011
India	18,274.71	15,256.01	441.96	292.22
Outside India	149.82	169.34	7.51	21.72
Total	18,424.53	15,425.35	449.47	313.94

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

29. A. Related Party Transactions

(Rs. millions)

Nature of Transaction		Holding Company		Subsidiaries		Fellow Subsidiaries		Joint Venture		Transactions with Key Management Persons		Total	
		Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance
Sales (Refer 29B(i))	This Year	–	–	–	–	**20.74**	**1.38**	–	–	–	–	**20.74**	**1.38**
	Previous Year	–	–	–	–	22.67	0.68	–	–	–	–	22.67	0.68
Purchases (Refer 29B(ii))	This Year	–	–	–	–	**2.53**	–	–	–	–	–	**2.53**	–
	Previous Year	–	–	–	–	0.42	0.42	–	–	–	–	0.42	0.42
Advance Recoverable (Refer 29B(viii)A)	This Year	–	–	**0.92**	**0.99**	–	–	–	–	–	–	**0.92**	**0.99**
	Previous Year	–	–	0.52	1.31	–	–	–	–	–	–	0.52	1.31
Rent Expenses (Refer 29B(viii)B)	This Year	–	–	**1.67**	–	–	–	–	–	–	–	**1.67**	–
	Previous Year	–	–	1.67	–	–	–	–	–	–	–	1.67	–
Reimbursement of Expenses to (Refer 29B(iii)),29B(viii)C)	This Year	–	–	–	–	**4.62**	**0.24**	–	–	–	–	**4.62**	**0.24**
	Previous Year	–	–	0.04	–	5.82	0.17	–	–	–	–	5.86	0.17
Reimbursement of Expenses from (Refer 29B(iv), 29B(vii)A)	This Year	–	–	–	–	**26.91**	**6.66**	–	–	–	–	**26.91**	**6.66**
	Previous Year	–	–	–	–	13.29	3.14	3.93	8.05	–	–	17.22	11.19
Technical Fee (Refer 29B (v))	This Year	–	–	–	–	**160.00**	**32.00**	–	–	–	–	**160.00**	**32.00**
	Previous Year	–	–	–	–	140.00	28.00	–	–	–	–	140.00	28.00
Royalty (Refer 29B (vi))	This Year	–	–	–	–	**0.69**	–	–	–	–	–	**0.69**	–
	Previous Year	–	–	–	–	–	–	–	–	–	–	–	–
Remuneration (Refer 29B(ix))	This Year	–	–	–	–	–	–	–	–	**44.02**	–	**44.02**	–
	Previous Year	–	–	–	–	–	–	–	–	88.21	–	88.21	–
Dividend Paid (Refer 29B(x))	This Year	**200.55**	–	–	–	–	–	–	–	–	–	**200.55**	–
	Previous Year	133.70	–	–	–	–	–	–	–	–	–	133.70	–
Income from Restructuring of Development Agreement (Refer 29B(vii)(C))	This Year	–	–	–	–	–	–	–	–	–	–	–	–
	Previous Year	–	–	–	–	–	–	900.00	–	–	–	900.00	–
Land Obligations pertaining to Employee Housing fulfilled by the JV company (Refer 29B(vii)(B1))	This Year	–	–	–	–	–	–	–	–	–	–	–	–
	Previous Year	–	–	–	–	–	–	433.76	–	–	–	433.76	–

29.B. Related Party Transaction Details

i. Sale of Goods:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Shoe Co. (Bangladesh) Ltd.	**2012**	**14.81**	**0.91**
	2011	21.93	—
Bata Shoe Co. of Ceylon Ltd.	**2012**	**3.91**	**0.47**
	2011	0.38	0.68

ii. Purchase of Goods:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Industrial Europa	**2012**	**1.79**	**—**
	2011	0.42	0.42
P.T Sepatu Bata Tbk	**2012**	**0.74**	**—**
	2011	—	—

iii. Reimbursement of Expenses to:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Shoe Singapore Pte Ltd.	**2012**	**0.46**	**—**
	2011	—	—
Bata Malaysia SDN. BHD.	**2012**	**1.58**	**0.24**
	2011	1.88	0.17
Compass Limited	**2012**	**0.53**	**—**
	2011	—	—
Global Footwear Services Pte Ltd.	**2012**	**1.08**	**—**
	2011	1.48	—
Euro Footwear Holdings S.a.r.l.	**2012**	**0.97**	**—**
	2011	1.54	—

iv. Reimbursement of Expenses from:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Shoe (Singapore) Pte Ltd.	**2012**	**2.54**	**1.24**
	2011	2.91	0.53
Bata Italy,Compar S.P.A.	**2012**	**—**	**—**
	2011	7.21	1.70
Global Footwear Services Pte Ltd.	**2012**	**0.43**	**—**
	2011	3.17	0.89
Footwear Distributors BV	**2012**	**9.05**	**2.19**
	2011	—	—
Euro Footwear Holdings S.a.r.l.	**2012**	**14.73**	**3.16**
	2011	—	—

v. Technical Collaboration Fees:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Global Footwear Services Pte ltd	**2012**	**160.00**	**32.00**
	2011	140.00	28.00

vi. Royalty:

Details of Royalty paid/payable to Fellow Subsidiaries:

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Brands S.a.r.l.	**2012**	**0.69**	**—**
	2011	—	—

vii. Transaction with erstwhile Joint Venture Company (a JV Company till March 31, 2011):

Details of transaction with erstwhile Joint Venture Company which are material (more than 10% of the total transaction with the Related Parties) :

A. Reimbursement of Expenses:

Name of the Party	Year	Transaction Value (Rs. million)	Closing Balance (Rs. million)
River Bank Developers Private Limited	**2012**	**—**	**—**
	2011	3.93	8.05

B1. Land Obligations pertaining to Employee Housing to be fulfilled by the erstwhile JV company:

Name of the Party	Year	Future Transaction Value (Rs. million)	Outstanding Balance (Rs.million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	433.76	—

B2. Future Land Obligations pertaining to Employee Housing to be fulfilled by the erstwhile JV company:

Name of the Party	Year	Future Transaction Value (Rs. million)	Outstanding Balance (Rs.million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	216.24	—

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

C. Restructuring of Development Agreement :

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	900.00	—

viii. Transaction with Subsidiaries :

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

A. Advance Recoverable:

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Properties Limited	**2012**	**0.40**	**—**
	2011	0.32	—
Coastal Commercial & Exim Limited	**2012**	**0.52**	**0.99**
	2011	0.20	1.31

B. Rent Expenses:

Name of the Party	Year	Transaction Value (Rs. million)
Bata Properties Limited	**2012**	**0.83**
	2011	0.83
Coastal Commercial & Exim Limited	**2012**	**0.84**
	2011	0.84

C. **Reimbursement of Expenses to**:

Name of the Party	Year	Transaction Value (Rs. million)
Bata Properties Limited	**2012**	**—**
	2011	0.04

ix. **Remuneration to Directors *:**

Name of the Director	Year	Transaction Value (Rs. million)
Rajeev Gopalakrishnan	**2012**	**28.57**
	2011	16.85
Ranjit Mathur	**2012**	**6.82**
	2011	—
Gigi Abraham	**2012**	**6.18**
	2011	—
Marcelo Villagran	**2012**	**—**
	2011	55.21
Fadzilah Mohd. Hussein	**2012**	**2.45**
	2011	16.15

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

x. **Transaction with Holding Company** :

Dividend Payment :

Name of the Party	Year	Transaction Value (Rs.million)
BATA (BN) B.V. The Netherlands, Amsterdam	**2012**	**200.55**
	2011	133.70

29. C. Related Party Disclosure

I. **Where Control Exists:**

Nature of Relationship		Name
A. Holding Company	:	BATA (BN) B.V. The Netherlands, Amsterdam
B. Subsidiaries	:	Bata Properties Limited, Coastal Commercial & Exim Limited (a step down subsidiary)

II. **Where Control Does Not Exists:**

Nature of Relationship		Name
A. Key Management Personnel	:	Rajeev Gopalakrishnan - Managing Director Marcelo Villagran - Managing Director upto 30.09.2011 Ranjit Mathur - Director Finance w.e.f. 29.02.2012 Fadzilah Mohd. Hussein - Director Finance upto 15.02.2012 Gigi Abraham - Group Brands Director from 26.07.2012 to 19.12.2012

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

Company Name	**Company Name**
Bata Italy, Compar S.P.A.	Sabre Footwear (Pty) Ltd.
Bata Shoe (Singapore) Pte. Ltd.	Compass Limited
Global Footwear Services Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Bata Marketing Sdn, Bhd.	Bata Shoe Company of Ceylon Ltd.
P.T. Sepatu Bata Tbk	Bata Industrial Europa
Euro Footwear Holdings S.a.r.l.	Bata Shoe of Thailand Public Company Limited
Bata Brands S.a.r.l.	Footwear Distributors B.V.

30. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

- Claims against Company not acknowledged as debts includes

Nature	**2012 (Rs. million)**	2011 (Rs. million)
Excise and Customs Cases	**158.74**	154.40
Sales Tax Cases	**34.20**	34.20
Others*	**279.68**	226.60
Income Tax Cases**	**—**	230.55
Total	**472.62**	645.75

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

** During the 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 previous year had received favourable order from the CIT (Appeal). However, Income Tax Department had filed an appeal with the Appellate Tribunal (ITAT) against the said order. The Company during the current year has received favourable order from the ITAT Kolkata.

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

- Future obligations imposed by the Govt of West Bengal in respect of property project are Rs.42.13 million (Previous year: Rs. 58.86 million).
- The erstwhile JV company will fulfil the obligation of development of 88 acres (Previous Year: 88 acres) of land for social and economic purposes as per conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time.

31. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for (net of advances) amounted to Rs.83.51 million (Previous year: Rs.62.21 million).

32. (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	
	2012	2011
Current service cost	18.07	17.62
Interest cost on benefit obligation	26.91	25.48
Expected return on plan assets	(31.05)	(29.16)
Net actuarial(gain) / loss recognised in the year	7.54	10.07
Past Service Cost	—	—
Net benefit expense	21.47	24.01

Balance sheet

Details of Provision for gratuity

(Rs. million)

	Gratuity	
	2012	2011
Defined benefit obligation	360.44	348.68
Fair value of plan assets	397.61	387.31
	37.17	38.63
Plan asset / (liability)	37.17	38.63

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

(Rs. million)

	Gratuity	
	2012	2011
Opening defined benefit obligation	348.68	346.55
Interest cost	18.07	25.48
Current service cost	26.91	17.62
Plan Amendments	—	—
Benefits paid	(64.14)	(75.32)
Actuarial (gains) / losses on obligation	30.92	34.35
Closing defined benefit obligation	360.44	348.68

Changes in the fair value of plan assets are as follows: (Rs. million)

	Gratuity 2012	Gratuity 2011
Opening fair value of plan assets	387.31	352.18
Expected return	31.05	29.16
Contributions by employer	20.00	57.00
Benefits paid	(64.14)	(75.32)
Actuarial gains / (losses)	23.39	24.29
Closing fair value of plan assets	397.61	387.31

The Defined benefit obligation amounting to Rs. 360.44 million is funded by assets amounting to Rs.397.61 million and Company has contributed Rs. 37.17 million excess during the year 2012. The company expects to contribute Rs.20 million (Previous Year Rs.50.00 million) during the year 2013.

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

	Gratuity 2012 %	Gratuity 2011 %
Investments	100.00	100.00
– With Insurer	48.90	45.93
– With Government securities and Bonds	4.06	4.24
– With Special deposit scheme	47.04	49.83

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

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

	2012 %	2011 %
Discount rate	8.30	8.50
Expected rate of return on assets	8.50	8.50
Employee turnover		
Non Management		
20-24	0.50	0.50
25-29 and 55-60	0.30	0.30
30-34 and 50-54	0.20	0.20
35-49	0.10	0.10
Management		
20-25	5.00	5.00
26-35	3.00	3.00
36 and above	0.50	0.50

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

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

(Rs. million)

	Experience History	2012	2011	2010	2009	2008
1	Defined Benefit Obligation at end of the period	(360.46)	(348.70)	(346.55)	(346.94)	(386.83)
2	Plan Assets at end of the period	397.61	387.31	352.18	353.21	317.57
3	Funded Status	37.15	38.62	5.63	6.27	(69.26)
4	Experience Gain/(Loss) adjustments on plan liabilities	(25.67)	(40.92)	(55.33)	(35.52)	(65.56)
5	Experience Gain/(Loss) adjustments on plan assets	23.39	24.29	(04.98)	(09.95)	(11.76)
6	Actuarial Gain/(Loss) due to change on assumptions	05.25	6.57	06.78	28.80	28.91

Contribution to Defined Contribution Plans:

	2012 (Rs.million)	2011 (Rs.million)
Pension fund	1.73	1.15

(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 confirm to the interest rate declared by the government for the Employees Provident Fund. As per the Actuarial Society of India guidance note (GN21) for measurement of provident fund liabilities, the actuary has accordingly provided a valuation and based on the below provided assumptions, there is no shortfall as at 31st December, 2012.

	31st December 2012 (Rs. million)	31st December 2011 (Rs. million)
Contribution to provident and other funds	116.14	116.49

The detail of fund and plan asset position as at 31st December, 2012 is given below:

	31st December, 2012 (Rs. million)
Plan assets at fair value	3630.39
Present value of the defined benefit obligation	3297.62
Asset recognized in the balance sheet	NIL

33. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

S. No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006	2012 (Rs. million)	2011 (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	72.02	58.61
	Interest Due	—	—
II	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
	Payment made beyond the Appointed Date	530.46	456.65
	Interest Paid beyond the Appointed Date	—	—
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	—	—
IV	The amount of interest accrued and remaining unpaid at the end of the year; and	—	—
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	—	—

	31.12.2012 (Rs.million)	31.12.2011 (Rs.million)
34. VALUE OF IMPORTS ON CIF BASIS		
Raw Materials	**43.39**	39.75
Stores & Spare Parts	**1.28**	1.85
Capital Goods	**50.27**	45.18
Finished Goods	**984.82**	1,127.93
	1,079.76	1,214.71

35. (a) Consumption of Raw Materials	**31.12.2012**		31.12.2011	
	(Rs.million)	**% of total Consumption**	(Rs.million)	% of total Consumption
Imported	**42.57**	**1.44**	43.60	1.96
Indigenous	**2,909.62**	**98.56**	2,508.11	98.04
	2,952.19	**100.00**	2,551.71	100.00

(b) Consumption of Stores and Spare Parts	**31.12.2012**		31.12.2011	
	(Rs.million)	**% of total Consumption**	(Rs.million)	% of total Consumption
Imported	**2.87**	**8.98**	2.89	11.00
Indigenous	**29.05**	**91.02**	26.94	89.00
	31.92	**100.00**	29.83	100.00

36. FOREIGN CURRENCY INCOME & EXPENDITURE	**31.12.2012**		31.12.2011	
	(Rs.million)	**(Rs.million)**	(Rs.million)	(Rs.million)
Income - Exports (F.O.B. value)		**149.82**		169.34
Expenditure				
Royalty	**86.06**		67.27	
Technical Collaboration Fees	**160.00**		140.00	
Others	**25.80**	**271.86**	23.08	230.35

37. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND	**31.12.2012**	31.12.2011
Dividend on Equity Shares* (Rs. In million)	**200.55**	133.70
Number of Non-resident Equity Shareholders	**1**	1
Number of Equity Shares held by them on which dividend is paid during the year	**33,424,100**	33,424,100

* Dividend of Rs. 200.55 million pertains to year 2011 (2010: Rs. 133.70 million)

38. Till the year ended 31st December 2011, the Company was using pre-revised Schedule-VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st December 2012 the revised Schedule-VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figure to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even date

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

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

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

1.	Name of the Subsidiary Company	:	BATA PROPERTIES LIMITED
2.	Financial year of the Subsidiary Company ended on	:	December 31, 2012
3.	Extent of interest in Subsidiary Company	:	100%
4.	Net aggregate amount of the profits of the Subsidiary Company as far as it concerns the members of the Company.		
	a) Dealt with in the Company's accounts		
	i) for the financial year of the Subsidiary	:	NIL
	ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	NIL
	b) Not dealt with in the Company's accounts		
	i) for the financial year of the Subsidiary	:	Rs. 4.58 million
	ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	Rs. (17.32) million

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Gurgaon, February 26, 2013

Bata

BATA INDIA LIMITED

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

1.	Name of the Subsidiary Company	:	COASTAL COMMERCIAL & EXIM LIMITED
2.	Financial year of the Subsidiary Company ended on	:	December 31, 2012
3.	Extent of interest in Subsidiary Company	:	100%
4.	Net aggregate amount of the profits of the Subsidiary Company as far as it concerns the members of the Company.		
	a) Dealt with in the Company's accounts		
	i) for the financial year of the Subsidiary	:	NIL
	ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	NIL
	b) Not dealt with in the Company's accounts		
	i) for the financial year of the Subsidiary	:	Rs. 0.22 million
	ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	Rs. (0.38) million

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Gurgaon, February 26, 2013

MOVEMENT OF BATA INDIA LIMITED SHARE PRICES

YEAR	HIGH	LOW
1983	35.20	18.40
1984	50.75	32.50
1985	91.00	47.40
1986	131.60	54.00
1987	160.00	59.25
1988	91.00	50.00
1989	89.00	60.00
1990	107.00	61.75
1991	149.00	72.00
1992	400.00	135.00
1993	358.00	72.00
1994	350.00	195.00
1995	205.00	55.00
1996	104.00	46.00
1997	174.00	49.00
1998	259.00	112.40
1999	282.00	127.00
2000	175.20	43.20
2001	73.95	28.00
2002	51.00	31.10
2003	72.50	26.00
2004	98.90	38.25
2005	195.40	74.60
2006	329.25	140.50
2007	290.50	125.55
2008	296.00	76.55
2009	208.90	76.50
2010	391.90	171.00
2011	740.70	295.00
2012	989.00	519.10

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

Amount (Rs. in million)

Sl. No.	Particulars	BATA PROPERTIES LIMITED		COASTAL COMMERCIAL & EXIM LIMITED	
		31.12.2012	31.12.2011	**31.12.2012**	31.12.2011
a	**Capital**				
	Authorised	**100.00**	100.00	**1.00**	1.00
	Issued & Subscribed	**48.51**	48.51	**0.50**	0.50
b	**Reserve**	**(12.74)**	(17.32)	**(0.15)**	(0.38)
c	**Total Assets**	**39.38**	33.16	**1.61**	1.67
d	**Total Liability**	**39.38**	33.16	**1.61**	1.67
e	**Details of Investment (Except Investment in Subsidiary)**	**—**	—	**—**	—
f	**Turnover**	**6.42**	1.51	**0.84**	0.84
g	**Profit before taxation**	**6.20**	1.31	**0.41**	0.47
h	**Provision for taxation**	**1.62**	0.39	**0.18**	0.18
i	**Profit after taxation**	**4.58**	0.92	**0.22**	0.29
j	**Proposed dividend**	**—**	—	**—**	—

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

Gurgaon, February 26, 2013

AUDITOR'S REPORT

The Board of Directors

Bata India Limited

We have audited the consolidated Balance Sheet of Bata India Limited and its subsidiaries collectively referred as "Group", as at 31st December 2012, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bata India Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st December 2012;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

per Rajiv Goyal
Partner
Membership No.: 94549

Place: Gurgaon
Date: 26th February, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2012

	Notes	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**642.64**	642.64
Reserves and surplus	4	**6,347.78**	5,082.73
		6,990.42	5,725.37
Non-current liabilities			
Trade payables	5	**561.10**	409.55
Long-term provisions	6	**—**	216.24
		561.10	625.79
Current liabilities			
Trade payables	5	**2,379.82**	1,936.29
Other current liabilities	5	**565.64**	436.60
Short-term provisions	6	**798.30**	502.41
		3,743.76	2,875.30
Total		**11,295.28**	9,226.46
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	**2,427.64**	2,205.75
Intangible assets	8	**6.76**	5.42
Capital work-in-progress		**181.17**	80.67
Non-current investments	9	**0.00**	0.00
Deferred tax assets (net)	10	**443.59**	342.15
Long-term loans and advances	11	**997.78**	847.60
Other non-current assets	13.2	**11.29**	9.86
		4,068.23	3,491.45
Current assets			
Inventories	12	**4,620.92**	3,913.22
Trade receivables	13.1	**449.47**	313.94
Cash and bank balances	14	**1,876.85**	1,230.32
Short-term loans and advances	11	**211.44**	236.69
Other current assets	13.2	**68.37**	40.84
		7,227.05	5,735.01
Total		**11,295.28**	9,226.46
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.
Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes		Year ended 31.12.2012 Rs. millions		Year ended 31.12.2011 Rs. millions
Income					
Revenue from operations (gross)	15		**18,717.54**		15,715.95
Less: excise duty			**293.01**		225.43
Revenue from operations (net)			**18,424.53**		15,490.52
Other income	16		**300.57**		1,649.68
Total revenue			**18,725.10**		17,140.20
Expenses					
Cost of raw material and components consumed	17		**2,952.19**		2,551.71
Purchase of traded goods	18		**6,323.01**		5,590.91
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	18		**(594.77)**		(877.16)
Employee benefits expense	19		**1,959.33**		1,859.62
Other expenses	20		**5,034.80**		4,062.31
Depreciation and amortization expense	21	**520.85**		421.38	
Less: recoupment from revaluation reserve		**(6.88)**		(8.95)	
Net depreciation and amortization expense			**513.97**		412.43
Finance costs	22		**10.32**		15.58
Total Expenses			**16,198.85**		13,615.40
Profit before tax			**2,526.25**		3,524.80
Tax expenses					
Current tax			**910.23**		967.36
Deferred tax (credit)/charge			**(101.44)**		(31.15)
Income Tax for earlier year			**(3.38)**		—
Total tax expenses			**805.41**		936.21
Profit for the year			**1,720.84**		2,588.59
Earnings per equity share [nominal value of share Rs.10 (Previous year: Rs.10)]	23				
Earning per share (basic & diluted) (Rs.)			**26.78**		40.28
Summary of significant accounting policies	2.3				

The accompanying notes are an integral part of the financial statements

As per our report of even date
For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

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Uday Khanna
Chairman
DIN: 00079129

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**2,526.25**	3,524.80
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	**513.97**	412.42
Gain on sale of JV Company	**—**	(100.00)
Liabilities no longer required written back	**(31.34)**	—
Lease rent straightlining	**163.93**	87.09
(Gain) / Loss on Disposal of Fixed Assets (net)	**8.34**	0.02
Provision for Doubtful Debts & Advances	**11.25**	10.07
Unrealized foreign exchange gain	**(0.08)**	0.42
Gain on disposal of investment in Immovable Property	**—**	(994.85)
Gain on disposal of investment in shares	**—**	(337.99)
Interest expense	**10.32**	15.60
Interest income	**(129.32)**	(91.31)
Operating profit before working capital changes	**3,073.32**	2,526.27
Movements in working capital :		
Increase / (decrease) in trade payables	**443.61**	69.45
Increase / (decrease) in long-term provisions	**(216.24)**	—
Increase / (decrease) in short-term provisions	**215.84**	(30.51)
Increase / (decrease) in other current liabilities	**(37.11)**	49.07
Increase / (decrease) in other long-term trade payables	**151.56**	97.37
Decrease / (increase) in trade receivables	**(135.54)**	(13.71)
Decrease / (increase) in inventories	**(707.70)**	(1,271.83)
Decrease / (increase) in long-term loans and advances	**(193.88)**	(136.78)
Decrease / (increase) in short-term loans and advances	**45.35**	(175.60)
Decrease / (increase) in other current assets	**(5.33)**	65.24
Decrease / (increase) in other non-current assets	**(1.72)**	—
Cash generated from / (used in) operations	**2,632.16**	1,178.97
Direct taxes paid (net of refunds)	**(787.58)**	(865.40)
Net cash flow from/ (used in) operating activities (A)	**1,844.58**	313.57

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	**(856.85)**	(828.69)
Proceeds from sale of fixed assets	**23.88**	47.12
Proceeds from non-current investments	**—**	540.30
Proceeds from sale/maturity of current investments	**—**	10.07
Investments in bank deposits (having original maturity of more than three months)	**(540.12)**	199.97
Interest received	**91.15**	64.74
Net cash flow from/(used in) investing activities (B)	**(1,281.94)**	33.51
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	**—**	35.00
Interest paid	**(10.32)**	(14.13)
Dividends paid on equity shares (including DDT)	**(445.91)**	(298.23)
Net cash flow from / (used in) in financing activities (C)	**(456.23)**	(277.36)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**106.41**	69.72
Cash and cash equivalents at the beginning of the year	**225.55**	155.83
Cash and cash equivalents at the end of the year	**331.96**	225.55
Components of cash and cash equivalents		
Cash on hand	**31.51**	27.26
Cheques / drafts on hand	**5.00**	—
With banks- on current & cash credit accounts	**288.60**	193.65
-- unpaid dividend accounts*	**6.73**	4.51
-- unpaid matured deposits*	**0.12**	0.13
Total cash and cash equivalents (note 14)	**331.96**	225.55
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.
Firm Registration No.: 301003E
Chartered Accountants

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

1. CORPORATE INFORMATION

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

ii) The financial statements of the Subsidiary Companies used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended December 31, 2012.

iii) Pursuant to the restructuring of agreements as described in note 25 below, RDPL ceases to be a jointly controlled entity with effect from April 1, 2011, thereby financial statements of the Joint Venture Company used in the consolidation are drawn for the period January to March 31, 2011.

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

Sl. No.	Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power (%) as on December 31, 2012	Extent of Holding/ Voting Power (%) as on December 31, 2011
1.	Bata Properties Limited	Subsidiary	India	100.00	100.00
2.	Coastal Commercial & Exim Limited	Subsidiary	India	100.00	100.00
3.	River Bank Developers Private Limited (RDPL)*	Joint Venture	India	—	—*
4.	River Bank Holdings Private Limited (RHPL)*	Joint Venture of RDPL	India	—	—*

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

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

2.2 Basis of Accounting

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

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

2.3 Summary of significant accounting policies

a. Change in Accounting policy

Presentation and disclosure of Financial statements

During the year ended 31st December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of estimates

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

c. Investments

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

d. Fixed Assets

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

e. Depreciation

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

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

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

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

f. Impairment

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

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

g. Inventories

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

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

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

h. Revenue Recognition

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

i. Sale of Goods:

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

ii. Revenue from Real Estate Projects:

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

iii. Interest:

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

iv. **Export Benefits:**

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

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

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

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 as expenses in the year in which they arise.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

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

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

ii. Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

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

n. Retirement and Other Employee Benefits

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

ii. The Provident Fund (where administered by a Trust) is a defined benefit scheme where by the Group 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 confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The Group has adopted actuary valuation to arrive at provident fund liability as at 31st December, 2012.

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

r. Earnings Per Share (Basic & Diluted)

Basic earnings (loss) 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.

s. Cash and cash equivalents

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

3. SHARE CAPITAL

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Authorized shares		
70,000,000 (Previous year: 70,000,000) equity shares of Rs.10/- each	**700.00**	700.00
Issued shares*		
64,285,000 (Previous year: 64,285,000) equity shares of Rs. 10/-each	**642.85**	642.85
Subscribed and fully paid-up shares		
64,263,770 (Previous year: 64,263,770) equity shares of Rs.10/- each	**642.64**	642.64
Total issued, subscribed and fully paid-up share capital	**642.64**	642.64

***Shares held in abeyance**

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

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

Equity shares

	As at 31.12.2012		As at 31.12.2011	
	No. of Shares	**Rs. millions**	No. of Shares	Rs. millions
At the beginning of the year	**64,263,770**	**642.64**	64,263,770	642.64
Outstanding at the end of the year	**64,263,770**	**642.64**	64,263,770	642.64

b. Terms/rights attached to equity shares

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

During the year, the amount of per share dividend recognized as distributions to equity shareholders was Rs.6 (Previous year: Rs.6).

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

c. Shares held by holding company

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

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company		
33,424,100 (Previous year: 33,424,100) equity shares of Rs.10/- each fully paid	**334.24**	334.24

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

	As at 31.12.2012		As at 31.12.2011	
	No. of Shares	**% Holding in the class**	No. of Shares	% Holding in the class
Equity shares of Rs.10 each fully paid				
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company	**33,424,100**	**52.01%**	33,424,100	52.01%
FID FUNDS (Mauritius) Limited	**2,951,518**	**4.59%**	4,649,159	7.23%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

4. RESERVES AND SURPLUS

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Securities premium account		
Balance as per the last financial statements	**501.36**	794.73
Less: Share in Joint Venture (refer note 34(c))	**—**	(293.37)
Closing balance	**501.36**	501.36
Revaluation reserve		
Balance as per the last financial statements	**296.21**	346.77
Less: used on sold/ discarded fixed assets	**(0.78)**	(41.61)
Less: amount transferred to the statement of profit and loss as reduction from depreciation	**(6.88)**	(8.95)
Closing balance	**288.55**	296.21
General reserve		
Balance as per the last financial statements	**734.75**	508.91
Add: amount transferred from surplus balance in the statement of profit and loss	**171.60**	225.84
Closing balance	**906.35**	734.75
Surplus in the statement of profit and loss		
Balance as per last financial statements	**3,550.41**	1,634.80
Profit for the year	**1,720.84**	2,588.59
Amount available for appropriations	**5,271.25**	4,223.39
Less: Appropriations		
Proposed final equity dividend (amount per share Rs. 6 (Previous year: Rs. 6))	**(385.58)**	(385.58)
Tax on proposed equity dividend (net of NIL (Previous year Rs.0.99 million) written back for previous year)	**(62.55)**	(61.56)
Transfer to general reserve	**(171.60)**	(225.84)
Total appropriations	**(619.73)**	(672.98)
Net surplus in the statement of profit and loss	**4,651.52**	3,550.41
Total reserves and surplus	**6,347.78**	5,082.73

5. OTHER CURRENT LIABILITIES

	Current		Non-current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Trade payables (including acceptances) (refer note 33 for details of dues to micro and small enterprises)	**2,379.82**	1,936.29	**561.10**	409.55
Other liabilities				
Advance from customers	**10.30**	7.54	**—**	—
Unearned revenue	**1.58**	3.07	**—**	—
Investor education and protection Fund will be credited by following amounts (as and when due):				
Unpaid dividend	**6.73**	4.51	**—**	—
Unpaid matured deposits	**0.63**	0.66	**—**	—
Others:				
Deposit from agents and franchisees	**267.48**	194.05	**—**	—
Statutory Payables	**278.92**	226.77	**—**	—
	565.64	436.60	**—**	—
	2,945.46	2,372.89	**561.10**	409.55

6. PROVISIONS

	Short-term		Long-term	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Provision for employee benefits				
Provision for leave benefits	**31.76**	26.76	**—**	—
	31.76	26.76	**—**	—
Other provisions				
Provision for warranties	**8.05**	10.27	**—**	—
Provision for contingencies	**218.27**	5.22	**—**	216.24
Provision for taxation (net)	**92.09**	12.03	**—**	—
Proposed equity dividend	**385.58**	385.58	**—**	—
Provision for tax on proposed equity dividend	**62.55**	62.55	**—**	—
	766.54	475.65	**—**	216.24
	798.30	502.41	**—**	216.24

Provision for warranties

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

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
At the beginning of the year	**10.27**	21.89
Arising during the year	**106.20**	83.61
Utilized during the year	**(92.79)**	(67.55)
Unused amounts reversed	**(15.63)**	(27.68)
At the end of the year	**8.05**	10.27

Provision for contingencies

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

Particulars	ESI		Labour Case, House Tax and Other Civil Cases		Liability for Land Development (Refer note 25)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Opening balance as on 1st Jan	1.27	1.27	3.95	13.70	216.24	—	221.46	14.97
Additions	—	—	2.27	4.72	—	216.24	2.27	220.96
Utilized	—	—	5.46	10.36	—	—	5.46	10.36
Reversals	—	—	—	4.11	—	—	—	4.11
Closing balance as on 31st Dec	1.27	1.27	0.76	3.95	216.24	216.24	218.27	221.46

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

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.

(Rs. millions)

7.

TANGIBLE ASSETS	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total	Previous Year
Cost or valuation							
At 01.01.2012	252.65	1,047.05	1,913.39	1,789.76	18.76	5,021.61	4,228.92
Additions	—	187.85	81.59	498.52	6.57	774.53	1,161.71
Adjustments	—	—	—	—	—	—	(29.67)
Disposals	(0.05)	(12.66)	(118.08)	(33.06)	(4.22)	(168.07)	(339.34)
At 31.12.2012	**252.60**	**1,222.24**	**1,876.90**	**2,255.22**	**21.11**	**5,628.07**	**5,021.62**
Depreciation							
At 01.01.2012	—	368.20	1,527.98	906.08	13.60	2,815.86	2,656.29
Charge for the year	—	87.63	123.27	306.85	1.89	519.64	420.83
Adjustments	—	—	—	—	—	—	(10.66)
Disposals	—	(6.14)	(111.11)	(14.37)	(3.45)	(135.07)	(250.60)
At 31.12.2012	**—**	**449.69**	**1,540.14**	**1,198.56**	**12.04**	**3,200.43**	**2,815.86**
Net Block							
At 31.12.2012	**252.60**	**772.55**	**336.76**	**1,056.66**	**9.07**	**2,427.64**	**2,205.76**
At 31.12.2011	252.65	678.85	385.41	883.68	5.16	2,205.75	1,572.63

(Rs. millions)

8.

INTANGIBLE ASSETS (COMPUTER SOFTWARE)	Current Year	Previous Year
Gross block		
At 01.01.2012	**6.52**	**3.54**
Purchase	2.56	5.85
Adjustments	(0.69)	(2.87)
At 31.12.2012	**8.39**	**6.52**
Amortization		
At 01.01.2012	**1.10**	**2.87**
Charge for the year	1.21	0.55
Adjustments	(0.68)	(2.32)
At 31.12.2012	**1.63**	**1.10**
Net block		
At 31.12.2012	**6.76**	**5.42**
At 31.12.2011	5.42	0.67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

9. NON-CURRENT INVESTMENTS

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Investment in Cooperative Societies (Unquoted)		
250 (Previous year : 250) Shares of Rs. 10 each in Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	**0.00**	0.00
5 (Previous year : 5) Shares of Rs. 10 each in Bhadrakali Market Co-operative Society Limited, Nasik	**0.00**	0.00
	0.00	0.00
	0.00	0.00
Aggregate amount of unquoted investments	**0.00**	0.00

10. DEFERRED TAX ASSETS (NET)

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**232.16**	154.55
Impact of expenditure charged to the statement of profit and loss in the current/earlier year but allowable for tax purposes on payment basis	**199.94**	169.60
Provision for doubtful debts and advances	**11.49**	18.00
	443.59	342.15

11. LOANS AND ADVANCES

	Non-current		Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Capital advances				
Unsecured, considered good	**37.06**	57.80	**—**	—
(A)	**37.06**	57.80	**—**	—
Security deposit				
Unsecured, considered good	**738.80**	582.35	**43.74**	47.18
Doubtful	**1.89**	0.65	**—**	—
	740.69	583.00	**43.74**	47.18
Provision for doubtful security deposit	**(1.89)**	(0.65)	**—**	—
(B)	**738.80**	582.35	**43.74**	47.18
Loan and advances to related parties				
Unsecured, considered good	**—**	—	**6.66**	3.09
(C)	**—**	—	**6.66**	3.09
Advances recoverable in cash or kind				
Unsecured considered good	**—**	—	**47.56**	78.72
Doubtful	**—**	—	**25.22**	17.71
	—	—	**72.78**	96.43
Provision for doubtful advances	**—**	—	**(25.22)**	(17.71)
(D)	**—**	—	**47.56**	78.72
Balances with statutory/ government authorities				
Unsecured considered good	**85.17**	47.77	**30.18**	29.94
Doubtful	**8.29**	37.13	**—**	—
	93.46	84.90	**30.18**	29.94
Provision for doubtful advances	**(8.29)**	(37.13)	**—**	—
(E)	**85.17**	47.77	**30.18**	29.94
Other loans and advances				
Advance income-tax (net of provision for taxation)	**113.95**	136.91	**—**	—
Prepaid expenses	**22.80**	22.77	**83.30**	77.76
(F)	**136.75**	159.68	**83.30**	77.76
Total (A+ B + C + D + E + F)	**997.78**	847.60	**211.44**	236.69

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

	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Raw materials and components (including goods in transit Rs. 5.12 million (Previous year: Rs.5.21 million)) (refer note 17)	**239.91**	173.05
Work-in-progress (refer note 18)	**257.62**	236.33
Finished goods*(including goods in transit Rs.222.58 million (Previous year: Rs.354.79 million)) (refer note 18)	**4,113.23**	3,494.95
Stores and spares	**10.16**	8.89
	4,620.92	3,913.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

13. TRADE RECEIVABLES AND OTHER ASSETS

13.1 Trade receivables

	Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	**1.22**	0.27
	1.22	0.27
Other receivables		
- Unsecured, considered good	**448.25**	313.67
	448.25	313.67
	449.47	313.94

13.2 Other assets

	Non-current		Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Unsecured, considered goods unless stated otherwise				
Non-current bank balances (note 14)	**10.92**	9.20	**—**	—
(B)	**10.92**	9.20	**—**	—
Others				
Interest accrued on fixed deposits	**0.37**	0.66	**54.45**	32.25
Insurance claims	**—**	—	**13.92**	8.59
	11.29	9.86	**68.37**	40.84

14. CASH AND BANK BALANCES

	Non-current		Current	
	As at 31.12.2012 Rs. millions	As at 31.12.2011 Rs. millions	**As at 31.12.2012 Rs. millions**	As at 31.12.2011 Rs. millions
Cash and cash equivalents				
Balances with banks:				
-On current & cash credit accounts	**—**	—	**288.60**	193.65
-On unpaid dividend account	**—**	—	**6.73**	4.51
Cheques/drafts on hand	**—**	—	**5.00**	-
Unpaid matured deposits	**—**	—	**0.12**	0.13
Cash on hand	**—**	—	**31.51**	27.26
	—	—	**331.96**	225.55
Other bank balances				
Deposits with original maturity for more than 12 months	**10.92**	9.20	**0.61**	200.50
Deposits with original maturity for more than 3 months but less than 12 months*	**—**	—	**1,544.28**	804.27
	10.92	9.20	**1,544.89**	1,004.77
Amount disclosed under non-current assets (note 13.2)	**(10.92)**	(9.20)	**—**	—
	—	—	**1,876.85**	1,230.32

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

15. REVENUE FROM OPERATIONS

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Revenue from operations		
Sale of products		
Finished goods	**18,705.46**	15,634.79
Revenue from Real Estate Project	**—**	63.89
Other operating revenue		
Others (including export incentives, scrap sales etc.)	**12.08**	17.27
Revenue from operations (gross)	**18,717.54**	15,715.95
Less: Excise duty*	**293.01**	225.43
Revenue from operations (net)	**18,424.53**	15,490.52

* Excise duty on sales amounting to Rs. 293.01 million (Previous year: Rs. 225.43 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. 44.80 million [Previous Year: Rs. 19.47 million] has been adjusted from (increase)/decrease in inventories in Note 18.

Details of products sold

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Footwear	**17,767.58**	15,015.85
Accessories, Garments and others	**937.88**	618.94
	18,705.46	15,634.79

16. OTHER INCOME

	Year ended 31.12.2012 Rs. millions		Year ended 31.12.2011 Rs. millions
Interest income on			
- Bank deposits	**118.22**		89.58
- Others	**11.10**		1.73
Gain on Foreign Exchange Fluctuations (Net)	**6.76**		4.18
Income from Disinvestment in Share of JV (refer note 34(c))	**—**		337.99
Gain on Investment (Refer Note 25)			
- on disposal of Long Term Immovable Property	**—**	994.85	
- on disposal of Investment of Shares in JV Co.	**—**	100.00	1,094.85
Provision No Longer Required Written Back	**31.34**		—
Insurance Claim Received	**9.61**		25.04
Other Non-Operating Income	**123.54**		96.31
	300.57		1,649.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Inventory at the beginning of the year	**173.05**	149.20
Add: Purchases	**3,019.05**	2,575.57
	3,192.10	2,724.77
Less: inventory at the end of the year	**239.91**	173.06
Cost of raw material and components consumed	**2,952.19**	2,551.71
Details of raw material and components consumed		
Leather (natural and synthetic)	**447.06**	374.92
Rubber	**207.64**	222.65
Textiles	**204.62**	175.76
Chemical	**561.39**	531.16
Packaging	**260.14**	238.93
Job processing charges	**270.39**	209.58
Other Materials	**1,000.95**	798.71
	2,952.19	2,551.71
Details of inventory		
Raw materials and components		
Leather (natural and synthetic)	**46.30**	46.28
Rubber	**34.58**	21.19
Textiles	**33.33**	19.61
Chemical	**50.97**	33.01
Packaging	**5.29**	5.47
Other Materials	**69.44**	47.50
	239.91	173.06

18. (INCREASE) / DECREASE IN INVENTORIES

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions	(Increase)/ decrease Rs. millions
Inventories at the end of the year			**Year ended 31.12.2012**
Finished goods	**4,113.23**	3,494.95	**(618.28)**
Work-in-progress	**257.62**	236.33	**(21.29)**
	4,370.85	3,731.28	**(639.57)**
Inventories at the beginning of the year			Year ended 31.12.2011
Finished goods	**3,494.95**	2,659.23	(835.72)
Work-in-progress	**236.33**	175.42	(60.91)
	3,731.28	2,834.65	(896.63)
	(639.57)	(896.63)	
(Increase)/decrease of excise duty on change in inventories	**44.80**	19.47	
Total (increase)/decrease	**(594.77)**	(877.16)	

Details of purchase of traded goods	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Footwear	**5,916.55**	5,304.22
Accessories, garments and others	**406.46**	286.69
	6,323.01	5,590.91
Details of inventory		
Finished goods		
Footwear	**3,930.99**	3,385.64
Accessories, garments and others	**182.24**	109.31
	4,113.23	3,494.95
Work-in-progress		
Footwear	**257.62**	236.33
	257.62	236.33

19. EMPLOYEE BENEFIT EXPENSE

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Salaries, wages and bonus	**1,727.02**	1,630.39
Contribution to provident and other funds	**117.87**	117.64
Gratuity expense (refer note 32)	**21.47**	24.01
Staff welfare expenses	**92.97**	87.58
	1,959.33	1,859.62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

20. OTHER EXPENSES

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Consumption of stores and spares	**31.92**	29.83
Power and fuel	**446.00**	384.31
Freight	**407.34**	405.34
Rent (net) [Refer note 26]	**2,152.71**	1,451.52
(Including impact of straight lining of lease rent Rs.163.95 million (Previous year: Rs. 87.09 million))		
Rates and taxes	**130.06**	125.71
Insurance	**67.49**	65.01
Repairs and maintenance		
Plant and machinery	**31.04**	22.19
Buildings	**46.84**	63.87
Others	**20.67**	27.58
Advertising and sales promotion	**156.90**	176.04
Sales commission	**564.64**	415.60
Legal and professional fees*	**139.43**	119.85
Technical collaboration fee	**178.71**	151.76
Provision for doubtful debt, loans, advances etc.	**11.25**	10.07
Loss on sale/discard of fixed assets (net)	**8.34**	0.02
Bank charges	**109.59**	87.75
Miscellaneous expenses	**531.87**	525.86
	5,034.80	4,062.31
***Payment to auditor (under legal & professional fees)**		
As auditor	**5.88**	5.74
In other capacity:		
Other services (certification fees)	**0.45**	0.27
Reimbursement of expenses	**0.81**	1.32
	7.14	7.33

21. DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Depreciation of tangible assets	**519.64**	420.83
Amortization of intangible assets	**1.21**	0.55
	520.85	421.38
Less: recoupment from revaluation reserve	**6.88**	8.95
	513.97	412.43

22. FINANCE COSTS

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Interest	**10.32**	15.58
	10.32	15.58

23. EARNINGS PER SHARE (EPS)

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

	Year ended 31.12.2012 Rs. millions	Year ended 31.12.2011 Rs. millions
Profit after tax (Rs in millions)	**1,720.84**	2,588.59
Weighted average number of equity shares in calculating basic EPS	**64,263,770**	64,263,770
Basic and Diluted EPS (Rs.)	**26.78**	40.28

24. Note 19 includes R&D expenses of Rs.29.48 million (Previous year Rs.30.63 million) and Note 20 includes R&D expenses of Rs.16.34 million (Previous year Rs.19.53 million).

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

Since conditions precedent to recognizing sale of investment and variation of development rights in the Immovable Property were satisfied in March 2011, gains of Rs. 994.85 million on disposal of Immovable Property and Rs.98.70 million on disposal of investment in shares of erstwhile JV Co before tax arising on the said transaction were recognized under Other Income in the previous year financial statements.

As per the order of the Government of West Bengal, the total obligation on the Company towards development of employee housing colony was Rs.650.00 million, the Company has recorded a liability of Rs.216.24 million for obligation yet to be fulfilled.

Pursuant to the restructuring of these agreements as described above, RDPL ceased to be a jointly controlled entity as at the previous year end.

Further as a part of the consideration, the Company is yet to receive from RDPL, approximately 325,000 square feet of constructed space as per the terms of the revised agreements.

During F.Y-2012 as per the terms of agreement, the Company should have been given possession of certain constructed space from RDPL but is yet to be given possession (date being extended) & hence it has not been capitalized in books of account.

26. 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:

		Rs. million
Lease rentals	31-Dec-12	31-Dec-11
Within one year	38.87	16.87
After one year but not more than five years	2.74	1.60
More than five years	—	—

27. 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 Derivatives	Currency	Current Year	Previous Year	Purpose
Purchase	USD	488,024.66	—	Hedge of Trade Payable

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

Particulars of Unhedged foreign currency exposure as at the balance sheet date	Amount in Foreign Currency			Amount in Indian Currency (Rs. million)	
	Currency	Current Year	Previous Year	Current Year	Previous Year
Trade payables	USD	428,968.60 @ Rs. 55.16	2,144,535.90 @ Rs. 53.62	23.66	114.99
	EURO	26,170.00 @ Rs. 73.09	7,114.00 @ Rs. 69.67	1.91	0.50
Advance for Import purchases	USD	112,458.47 @ Rs. 54.34	176,778.90 @ Rs. 52.80	6.11	9.33
	EURO	608.25@ Rs. 71.59	3,138.00 @ Rs. 68.08	0.04	0.21
Advance from Customer	USD	20,000.00@ Rs. 55.16	—	1.10	—
Trade receivables	USD	95,196.80 @ Rs. 54.34	376,553.65 @ Rs. 52.80	5.17	19.88

28. 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 & Accessories		Surplus Property Development		Total	
	2012	2011	2012	2011	2012	2011
REVENUE						
External Turnover	18,424.53	15,490.52	—	—	18,424.53	15,490.52
Other income*	171.25	463.51	—	1,094.85	171.25	1,558.36
RESULT	2,414.39	2,361.46	—	1,094.85	2,414.39	3,456.31
Unallocated Corporate Expenses					(7.14)	(7.24)
Operating Profit					2,407.25	3,449.07
Interest Expenses					(10.32)	(15.58)
Interest Income					129.32	91.31
Income Taxes					(805.41)	(936.21)
Net Profit					1,720.84	2,588.59
OTHER INFORMATION						
Segment assets	10,683.29	8,715.14	—	—	10,683.29	8,715.14
Unallocated corporate assets					611.99	511.32
Total assets					11,295.28	9,226.46
Segment liabilities	3,540.41	2,820.21	216.24	216.24	3,756.65	3,036.45
Unallocated corporate liabilities					548.22	464.54
Total liabilities					4,304.87	3,501.09
Capital expenditure	856.85	1,262.45	—	—	856.85	1,262.45
Depreciation	512.76	411.88	—	—	512.76	411.88
Amortisation	1.21	0.55			1.21	0.55
Non-cash expenses other than depreciation and amortisation	11.25	10.07	—	—	11.25	10.07

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

B. INFORMATION ABOUT SECONDARY SEGMENTS

a) Revenue & Sundry Debtors as per Geographical Markets (Rs. million)

Particulars	Revenue		Trade Receivables	
	2012	2011	2012	2011
India	18,274.71	15,321.18	441.96	292.22
Outside India	149.82	169.34	7.51	21.72
Total	18,424.53	15,490.52	449.47	313.94

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

29. A. Related Party Transactions

(Rs. millions)

Nature of Transaction		Holding Company		Fellow Subsidiaries		Joint Venture		Transactions with Key Management Persons		Total	
		Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance
Sales (Refer 29B(i))	This Year Previous Year	– –	– –	**20.74** 22.67	**1.38** 0.68	– –	– –	– –	– –	**20.74** 22.67	**1.38** 0.68
Purchases (Refer 29B(ii))	This Year Previous Year	– –	– –	**2.53** 0.42	– 0.42	– –	– –	– –	– –	**2.53** 0.42	– 0.42
Reimbursement of Expenses to (Refer 29B(iii))	This Year Previous Year	– –	– –	**4.62** 5.82	**0.24** 0.17	– –	– –	– –	– –	**4.62** 5.82	**0.24** 0.17
Reimbursement of Expenses from (Refer 29B(iv), 29B(vii)A)	This Year Previous Year	– –	– –	**26.91** 13.29	**6.66** 3.14	– 2.07	– 4.02	– –	– –	**26.91** 15.36	**6.66** 7.16
Technical Fee (Refer 29B (v))	This Year Previous Year	– –	– –	**160.00** 140.00	**32.00** 28.00	– –	– –	– –	– –	**160.00** 140.00	**32.00** 28.00
Royalty (Refer 29B (vi))	This Year Previous Year	– –	– –	**0.69** –	– –	– –	– –	– –	– –	**0.69** –	– –
Remuneration (Refer 29B(viii))	This Year Previous Year	– –	– –	– –	– –	– –	– –	**44.02** 88.21	– –	**44.02** 88.21	– –
Dividend Paid (Refer 29B(xi))	This Year Previous Year	**200.55** 133.70	– –	– –	– –	– –	– –	– –	– –	**200.55** 133.70	– –
Project Management and Administration fees (Refer 29B(vii)(D))	This Year Previous Year	– –	– –	– –	– –	– 1.28	– –	– –	– –	– 1.28	– –
Income from Restructuring of Development Agreement (Refer 29B(vii)(C))	This Year Previous Year	– –	– –	– –	– –	– 900.00	– –	– –	– –	– 900.00	– –
Land Obligations pertaining to Employee Housing fulfilled by the JV company (Refer 29B(vii)(B1))	This Year Previous Year	– –	– –	– –	– –	– 433.76	– –	– –	– –	– 433.76	– –
Interest on Unsecured Loan (Refer 29B(vii)(E))	This Year Previous Year	– –	– –	– –	– –	– 0.28	– –	– –	– –	– 0.28	– –

29.B. Related Party Transaction Details

i. Sale of Goods:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Shoe Co. (Bangladesh) Ltd.	**2012**	**14.81**	**0.91**
	2011	21.93	—
Bata Shoe Co. of Ceylon Ltd.	**2012**	**3.91**	**0.47**
	2011	0.38	0.68

ii. Purchase of Goods:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Industrial Europa	**2012**	**1.79**	**—**
	2011	0.42	0.42
P.T Sepatu Bata Tbk	**2012**	**0.74**	**—**
	2011	—	—

iii. Reimbursement of Expenses to:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Shoe Singapore Pte Ltd.	**2012**	**0.46**	**—**
	2011	—	—
Bata Malaysia SDN. BHD.	**2012**	**1.58**	**0.24**
	2011	1.88	0.17
Compass Limited	**2012**	**0.53**	**—**
	2011	—	—
Global Footwear Services Pte Ltd.	**2012**	**1.08**	**—**
	2011	1.48	—
Euro Footwear Holdings S.a.r.l.	**2012**	**0.97**	**—**
	2011	1.54	—

iv. Reimbursement of Expenses from:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Shoe (Singapore) Pte Ltd.	**2012**	**2.54**	**1.24**
	2011	2.91	0.53
Bata Italy,Compar S.P.A.	**2012**	**—**	**—**
	2011	7.21	1.70
Global Footwear Services Pte Ltd.	**2012**	**0.43**	**—**
	2011	3.17	0.89
Footwear Distributors BV	**2012**	**9.05**	**2.19**
	2011	—	—
Euro Footwear Holdings S.a.r.l.	**2012**	**14.73**	**3.16**
	2011	—	—

v. Technical Collaboration Fees:

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

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Global Footwear Services Pte Ltd.	**2012**	**160.00**	**32.00**
	2011	140.00	28.00

vi. Royalty:

Details of Royalty paid to Fellow Subsidiaries:

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Bata Brands S.a.r.l.	**2012**	**0.69**	**—**
	2011	—	—

vii. Transaction with erstwhile Joint Venture Company (a JV Company till March 31, 2011):

Details of transaction with erstwhile Joint Venture Company which are material (more than 10% of the total transaction with the Related Parties)

A. Reimbursement of Expenses from :

Name of the Party	Year	Transaction Value (Rs. million)	Closing Balance (Rs. million)
River Bank Developers Private Limited	**2012**	**—**	**—**
	2011	1.97	4.02
River Bank Holding Private Limited	**2012**	**—**	**—**
	2011	0.10	—

B1. Land Obligations pertaining to Employee Housing to be fulfilled by the erstwhile JV company:

Name of the Party	Year	Future Transaction Value (Rs. million)	Outstanding Balance (Rs.million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	433.76	—

B2. Future Land Obligations pertaining to Employee Housing to be fulfilled by the erstwhile JV company:

Name of the Party	Year	Future Transaction Value (Rs. million)	Outstanding Balance (Rs.million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	216.24	—

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

C. Income from Restructuring of Development Agreement :

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	900.00	—

D. Project Management and Administration fees :

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Riverbank Holding Private Limited	**2012**	**—**	**—**
	2011	1.28	—

E. Interest on unsecured loan :

Name of the Party	Year	Transaction Value (Rs. million)	Outstanding Balance (Rs. million)
Riverbank Developers Private Limited	**2012**	**—**	**—**
	2011	0.28	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

viii. Remuneration to Directors *:

Name of the Director	Year	Transaction Value (Rs. million)
Rajeev Gopalakrishnan	**2012**	**28.57**
	2011	16.85
Ranjit Mathur	**2012**	**6.82**
	2011	—
Gigi Abraham	**2012**	**6.18**
	2011	—
Marcelo Villagran	**2012**	**—**
	2011	55.21
Fadzilah Mohd. Hussein	**2012**	**2.45**
	2011	16.15

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

ix. Transaction with Holding Company :

Dividend Payment :

Name of the Party	Year	Transaction Value (Rs.million)
BATA (BN) B.V. The Netherlands, Amsterdam	**2012**	**200.55**
	2011	133.70

29. C. Related Party Disclosure

I. Where Control Exists:

Nature of Relationship		**Name**
Holding Company	:	BATA (BN) B.V. The Netherlands, Amsterdam

II. Where Control Does Not Exists:

Nature of Relationship		**Name**
A. Key Management Personnel	:	Rajeev Gopalakrishnan - Managing Director Marcelo Villagran - Managing Director upto 30.09.2011 Ranjit Mathur - Director Finance w.e.f. 29.02.2012 Fadzilah Mohd. Hussein - Director Finance upto 15.02.2012 Gigi Abraham - Group Brands Director from 26.07.2012 to 19.12.2012

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

Company Name	**Company Name**
Bata Italy,Compar S.P.A.	Sabre Footwear (Pty) Ltd.
Bata Shoe (Singapore) Pte. Ltd.	Compass Limited
Global Footwear Services Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Bata Marketing Sdn, Bhd.	Bata Shoe Company of Ceylon Ltd.
P.T. Sepatu Bata Tbk	Bata Industrial Europa
Euro Footwear Holdings S.a.r.l.	Bata Shoe of Thailand Public Company Limited
Bata Brands S.a.r.l.	Footwear Distributors B.V.

30. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

- Claims against Company not acknowledged as debts includes

Nature	**2012 (Rs. million)**	2011 (Rs. million)
Excise and Customs Cases	**158.74**	154.40
Sales Tax Cases	**34.20**	34.20
Others*	**279.68**	226.60
Income Tax Cases**	**—**	230.55
Total	**472.62**	645.75

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

** During the 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 previous year had received favourable order from the CIT (Appeal). However, Income Tax Department had filed an appeal with the Appellate Tribunal (ITAT) against the said order. The Parent Company during the current year has received favourable order from the ITAT Kolkata.

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

- Future obligations imposed by the Govt of West Bengal in respect of property project are Rs.42.13 million (Previous year: Rs. 58.86 million).
- The erstwhile JV company will fulfil the obligation of development of 88 acres (Previous Year: 88 acres) of land for social and economic purposes as per conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time.

31. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for (net of advances) amounted to Rs.83.51 million (Previous year: Rs.62.21 million).

32. (a) Gratuity and other post-employment benefit plans:

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

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

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the defined benefit gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Gratuity expense)

(Rs. million)

	Gratuity	
	2012	2011
Current service cost	18.07	17.62
Interest cost on benefit obligation	26.91	25.48
Expected return on plan assets	(31.05)	(29.16)
Net actuarial(gain) / loss recognised in the year	7.54	10.07
Past Service Cost	—	—
Net benefit expense	21.47	24.01

Balance sheet

Details of Provision for gratuity (Rs. million)

	Gratuity	
	2012	2011
Defined benefit obligation	360.44	348.68
Fair value of plan assets	397.61	387.31
	37.17	38.63
Plan asset / (liability)	37.17	38.63

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

(Rs. million)

	Gratuity	
	2012	2011
Opening defined benefit obligation	348.68	346.55
Interest cost	18.07	25.48
Current service cost	26.91	17.62
- Plan Amendments	—	—
Benefits paid	(64.14)	(75.32)
Actuarial (gains) / losses on obligation	30.92	34.35
Closing defined benefit obligation	360.44	348.68

Changes in the fair value of plan assets are as follows: (Rs. million)

	Gratuity 2012	Gratuity 2011
Opening fair value of plan assets	387.31	352.18
Expected return	31.05	29.16
Contributions by employer	20.00	57.00
Benefits paid	(64.14)	(75.32)
Actuarial gains / (losses)	23.39	24.29
Closing fair value of plan assets	397.61	387.31

The Defined benefit obligation amounting to Rs. 360.44 million is funded by assets amounting to Rs.397.61 million and Group has contributed Rs. 37.17 million excess during the year 2012. The Group expects to contribute Rs.20 million (Previous Year Rs.50.00 million) during the year 2013.

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

	Gratuity 2012 %	Gratuity 2011 %
Investments	100.00	100.00
– With Insurer	48.90	45.93
– With Government securities and Bonds	4.06	4.24
– With Special deposit scheme	47.04	49.83

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

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

	2012 %	2011 %
Discount rate	8.30	8.50
Expected rate of return on assets	8.50	8.50
Employee turnover		
Non Management		
20-24	0.50	0.50
25-29 and 55-60	0.30	0.30
30-34 and 50-54	0.20	0.20
35-49	0.10	0.10
Management		
20-25	5.00	5.00
26-35	3.00	3.00
36 and above	0.50	0.50

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

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

(Rs. million)

	Experience History	2012	2011	2010	2009	2008
1	Defined Benefit Obligation at end of the period	(360.46)	(348.70)	(346.55)	(346.94)	(386.83)
2	Plan Assets at end of the period	397.61	387.31	352.18	353.21	317.57
3	Funded Status	37.15	38.62	5.63	6.27	(69.26)
4	Experience Gain/(Loss) adjustments on plan liabilities	(25.67)	(40.92)	(55.33)	(35.52)	(65.56)
5	Experience Gain/(Loss) adjustments on plan assets	23.39	24.29	(04.98)	(09.95)	(11.76)
6	Actuarial Gain/(Loss) due to change on assumptions	05.25	6.57	06.78	28.80	28.91

Contribution to Defined Contribution Plans:

	2012 (Rs.million)	2011 (Rs.million)
Pension fund	1.73	1.15

(b) Provident Fund

The Provident Fund (where 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 confirm to the interest rate declared by the government for the Employees Provident Fund. As per the Actuarial Society of India guidance note (GN21) for measurement of provident fund liabilities, the actuary has accordingly provided a valuation and based on the below provided assumptions, there is no shortfall as at 31st December, 2012.

	31st December 2012 Rs. million	31st December 2011 Rs. million
Contribution to provident and other funds	116.14	116.49

The detail of fund and plan asset position as at 31st December, 2012 is given below:

	31st December, 2012 Rs. million
Plan assets at fair value	3630.39
Present value of the defined benefit obligation	3297.62
Asset recognized in the balance sheet	NIL

33. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

S. No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006	2012 (Rs. million)	2011 (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	72.02	58.61
	Interest Due	—	—
II	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
	Payment made beyond the Appointed Date	530.46	456.65
	Interest Paid beyond the Appointed Date	—	—
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	—	—
IV	The amount of interest accrued and remaining unpaid at the end of the year; and	—	—
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	—	—

34. (a) Details of Company's share in Joint Venture (engaged in business of Real Estate Development) included in the Consolidated Financial Statements are as follows:

Particulars	For the year ended December 31, 2012 (Rs. million)	For the period January 1, 2011 to March 31, 2011 (Rs. million)
INCOME		
Turnover	—	63.89
Other Income	—	1.86
Total Income	**—**	**65.75**
EXPENDITURE		
Raw Materials, Finished Goods, Work in Progress and Job Processing Charges	—	59.16
Other Expenses	—	8.81
Depreciation / Amortisation	—	1.19
Financial Expenses	—	6.88
Total Expenditure	**—**	**76.04**
Profit / (Loss) before Tax	**—**	**(10.29)**
Provision for Current Tax	—	—
Profit / (Loss) after Tax	**—**	**(10.29)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

(b) The Breakup of Cost of Sales of real estate projects(included in respective heads in Other Expenses in Note no. 20) is as below:

Nature	2012 (Rs. million)	2011 (Rs. million)
Legal and Professional Charges	—	4.58
Power & Fuel Expenses	—	3.03
Rates & Taxes	—	1.61
Miscellaneous Expenses		
– Provision for Land Development	—	14.04
– Construction expenses	—	32.53
– Soil testing charges	—	0.10
– Travelling expenses	—	1.17
– Others	—	2.11
Grand Total	—	**59.17**

(c) Pursuant to the restructuring of agreements as described in note 25 above, RDPL ceases to be a jointly controlled entity with effect from April 1, 2011, the Company's share of Rs.44.61 million in net liabilities of the joint venture as at March 31, 2011 has been adjusted under other income in note 16 and securities premium in note 4.

Share of Net liabilities as at March 31, 2011 in Joint venture

Net Asset	2012 (Rs. million)	2011 (Rs. million)
Fixed Assets Net off Accumulated Depreciation	—	19.56
Inventories	—	1427.11
Sundry Debtors	—	6.14
Cash & Bank balance	—	20.15
Other Current Assets	—	7.64
Loans & Advances	—	13.70
Share Capital	—	—
Secured Loans	—	(650.00)
Unsecured Loans	—	(9.00)
Current Liabilities	—	(541.34)
Provisions	—	(338.57)
Net liabilities as at March 31, 2011	—	**44.61***

*Rs. 337.99 million representing the Company's share in accumulated losses of joint venture and has been recognized as other Income and balance of Rs. 293.37 million representing Company's share in the Security premium of the Joint venture has been reduced from the balance of Securities premium.

35. Till the year ended 31st December 2011, the Group was using pre-revised Schedule-VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st December 2012 the revised Schedule-VI notified under the Companies Act 1956, has become applicable to the Group. The Group has reclassified previous year figure to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even date

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

Per Rajiv Goyal
Partner
Membership No.: 94549
Gurgaon, February 26, 2013

For and on behalf of the Board of Directors

Ranjit Mathur
Director Finance
DIN: 03551291

Rajeev Gopalakrishnan
Managing Director
DIN: 03438046

Maloy Kumar Gupta
Company Secretary

Uday Khanna
Chairman
DIN: 00079129

BATA STORE KARMANA, TIRUVANATHAPURAM

Retail Network of more than 1250 Stores

- More than 2 million Sq. Ft. of retail space
- Average store size 3000 sq. ft.
- Plans to open about 100 stores every year

The retail expansion strategy continues at Bata; with more than 100 new stores opening every year and existing stores being renovated during the year. In the year 2012, the number of new Bata stores opened was 152. The growth of the retail business with penetration in newer markets and expansion in existing markets is the focus for Bata India. All the new stores are created on large international retail formats, which offer an incomparable footwear shopping experience to the customers. The renovated stores are also modeled on the same format, promising a great shopping experience.

BATA STORE - CITY CENTRE, SILIGURI

BATA STORE - KAMLA NAGAR, NEW DELHI

Retail **DIVISION**

HUSH PUPPIES STORE LINKING ROAD, MUMBAI

HUSH PUPPIES STORE, C21, INDORE

HUSH PUPPIES

- Retail network of 31 Exclusive Concept Stores
- 28 Shop-in-Shop Stores

Hush Puppies - Bata India's offering in the premium segment, is also on an aggressive growth path and has reached new heights with 31 exclusive brand outlets in all major metros across India. These exclusive brand outlets offer the complete brand experience and offer the entire Hush Puppies product range to the customers. The brand has also expanded its presence in large departmental stores via shop in shop and is also available with most of the Bata stores and its dealers, across the metros. Hush Puppies is observed as one of the fastest growing casual footwear brand in India.

FOOTIN STORE - PUNE

FOOTIN

- Casual Footwear for Men & Women
- Affordable Fashion

Bata India has launched a separate chain of stores branded as Footin in 2011 targeting the young and trendy, with new range of footwear focusing on affordable fashion. Bright, colorful & attractive price points play a key role here. These stores are totally unique and different in terms of display and ambience from the other shoe retailers in India.

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

COLLECTION Comfortable and Durable

Bata

The footwear collection has been vastly improved during the years with the Company launching trendy and fashionable designs which has been well received by the modern day young customer. These new designs have resulted in earning Bata new customers as well as renewing the support among its loyal customer base.

The company launched sundrops, a new premium range of stylish comfortable footwear for Women, the brand caters to women aged 35+ who value comfort without compromising the style and look.

Bata's new designs are specially aimed at increasing its market share of the growing ladies and youth segment. Bata's popularity in the ladies segment continues to grow with the marie claire brand offering the latest vibrant patent, metallic, elastic stories and animal print styles.

The youth focused brand of NORTH STAR and specialty outdoor brand WEINBRENNER continue to show good response with an increased focus on casual styles. The recently introduced selection of men hand bags have also met with a very good response.

The new dress shoe collection under its famous ambassador & Mocassino brands has been in great demand, new offerings in vibrant colours of the popular Sandak and Bata & I labels continued to delight millions of customers with trendy & lightweight footwear.

The premium brand of Hush Puppies offers a complete offering for customers looking for city casual styles.

Scholl & Bata COMFIT launched many new styles catering to the young audience with great quality, we also continued to upgraded the professional shoe line under the famous brand in the sports category POWER.

Bata India also introduced a new collection of ANGRY BIRDS merchandise, offering school shoes, casual shoes and accessories for children and teenagers. The design's created are trendy, comfortable and mix & match of various characters from the popular angry birds red, blue, black, boomerang, etc.

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

With such a wide variety, new designs and great prices, Bata continued to be the customer's Most Preferred Footwear Brand.

CORPORATE Social Responsibility (CSR)

First International Day of the Girl Child - 11th October 2012

- Bata India celebrates the "First International day of the Girl Child" with " Voice of World" (An orphanage) at its blind school, Kolkata
- An awareness march past was organized by the girls of the school to spread the critical message of girl's rights
- In all, 108 children participated with complete enthusiasm along with 4 teachers & volunteers from Bata India

Bata Children's Program India, organized 'Eye Check-Up Camp' - 23rd November 2012

- Bata organized a free Eye Check-Up camp at the Government Middle School, Ramjeechak, Patna
- Around 1020 children attended the camp & got themselves examined, 200 children were found to have vision related issues & were treated

BCP India celebrated Christmas with Differently-abled School Children - 25th December 2012

- Bata India celebrated Christmas with the differently-abled children in the Deaf & Dumb School, Gurgaon
- On the occasion, the team decorated the school premises, distributed gifts, candies & stationary to the school children
- Adding to the smiles, Bata India donated 250 pairs of Black School Shoes to all the school children

Event Sunshine "World Literacy Day" - 8th September 2012

- Bata India celebrates the occasion of 'World Literacy Day' with the underprivileged children from slums and streets
- Under the program "Sunshine", 80 children aged between 3 to 14 years were involved in a daylong event of learning & fun activities

AWARDS & ACCOLADES

The Most Trusted Brand (Retail)

The Most Admired Footwear Brand (Retail) - Brand Equity Recognized Bata into the 'Top Most Trusted Brands' in November 2012

The Most Trusted Brand at the 18th position

Most trusted brand at the 18th position.

Customer and Brand Loyalty Award in Footwear Sector

Customer & brands loyalty awards in the footwear sector - Bata India was awarded the 'Customer & Brand Loyalty Award in the footwear sector' from AIMIA at the 5th Loyalty Summit, held in Mumbai in February 2012

Most admired Large Format Multi Brand Footwear Retailer of the Year - National Chain Bata

Most Admired Large Format Multi Brand Footwear Retailer of the year National Chain - Bata India was awarded the 'most admired large format multi brand footwear retailer of the year - national chain' by the Images Shoes & Accessories forum held at Mumbai in March 2012

Bata India Limited

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