

BATA INDIA LIMITED

Board of Directors

P M Sinha	<i>Chairman</i>
M Villagran	<i>Managing Director</i>
S Sinha	<i>Director – Finance</i>
V Narayanan	<i>Retired w.e.f. 26.05.09</i>
N Sankar	
U Khanna	
J Carbajal	
M K Sharma	
Jack G N Clemons	

Audit Committee

U Khanna	<i>Chairman</i>
P M Sinha	<i>Member</i>
N Sankar	<i>Member</i>
J Carbajal	<i>Member</i>
M K Sharma	<i>Member</i>

Nomination, Governance and Compensation Committee

P M Sinha	<i>Chairman</i>
N Sankar	<i>Member</i>
U Khanna	<i>Member</i>
J Carbajal	<i>Member</i>
M K Sharma	<i>Member</i>

Shareholders' Grievance Committee

P M Sinha	<i>Chairman</i>
S Sinha	<i>Member</i>

Vice-President & Company Secretary & Compliance Officer

A B Anand

Executive Committee

M Villagran
S Sinha
E Tonolli
R S Gautam
C C Ponnappa
M Chandra

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**Auditors**

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

Cost Auditors

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

Bankers

State Bank of India
HDFC Bank Ltd.

Investors' Grievance Manager

A Banerjee

Share Department

27B, Camac Street, 1st Floor, Kolkata 700 016
Telephone : (033) 2289 5796; (033) 3982 9418
E-mail : share.dept@bata.co.in

Registrar & Share Transfer Agent

R&D INFOTECH PVT. LIMITED
22/4, Nakuleshwar Bhattacharjee Lane
Kolkata 700 026.
Telephone : (033) 2463 1657/58
Fax : (033) 2463 1658
E-mail : rdinfotec@yahoo.com; rd.infotech@vsnl.net

Corporate Office

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

Registered Office

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



BATA INDIA LIMITED

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

NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy Seventh Annual General Meeting of the Members of Bata India Limited will be held on **Thursday, May 27, 2010 at 10.30 a.m.** at KALAMANDIR, 48, Shakespeare Sarani, Kolkata 700 017, to transact the following business :

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended December 31, 2009, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To elect Directors in place of those who retire by rotation. Mr. N Sankar and Mr. J Carbajal retire by rotation and being eligible, offers themselves for re-election.
4. To appoint Auditors and to fix their remuneration and to pass, with or without modification, the following resolution, which will be proposed as an Ordinary Resolution.

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

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions :

5. (As Special Resolution)

"RESOLVED that the Directors of the Company (other than directors in the wholetime employment of the Company or the Managing Director) be paid for a period of five years commencing from January 1, 2011, a commission (to be divided among them in such proportion as the Board may determine from time to time) not exceeding 1% (one percent) 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, provided that no commission shall be payable to any director for any of the five financial years where the Company has no profits as computed under section 198(1) of the Companies Act, 1956."

By Order of the Board

Gurgaon,
February 24, 2010

A B ANAND
Vice-President & Company Secretary

NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself 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 May 8, 2010 to May 27, 2010 (both days inclusive).
4. Members are requested to produce the enclosed 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 Client I.D and DP I.D Nos. for easier identification of attendance at the meeting.
6. A member desirous of getting 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. Number.
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 or its Registrar & Share Transfer Agent by quoting their respective Folio Numbers.
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 DP's by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialization, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL) 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 DP's to the Registrar. This note is only to caution investors/shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the Registrar after generating the DRN.
11. Information u/s. 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below:
 - (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31.12.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C Bose Road, Kolkata 700 020, by submitting an application in the prescribed Form.
 - (ii) Consequent upon amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining un-paid or unclaimed for a period of seven years from the date they first become due for payment, shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

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

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.12.2007 onwards, are requested to claim the amount forthwith from the Company.
12. Dividend on Equity Shares as recommended by the Directors for the year ended December 31, 2009, when declared at the meeting, will be paid:
 - i) To those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company and its Registrars on or before May 7, 2010.
 - ii) In respect of shares held in electronic form to those "deemed members" whose names appear on 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 7, 2010.
 - iii) SEBI has made it mandatory for all the companies to use bank details furnished by the investors for distributing dividends or other cash benefits to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore members holding shares in physical mode are requested to provide their bank details to the Company/Registrar. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.
 - iv) The Securities and Exchange Board of India (SEBI) vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transaction. Thereafter, vide circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.

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

 - a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
 - b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
 - c) Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.



ANNEXURE TO THE NOTICE

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

ITEM NO. 3

(A) Re-election of Mr. N Sankar (64) (Resume)

Mr. N Sankar holds a Masters Degree from the Illinois Institute of Technology, Chicago, USA. He is the Chairman of The Sanmar Group, operating in the core areas of Chemicals, Shipping, Metals and Engineering. Apart from India, the Group owns manufacturing entities in Germany, USA, Mexico and Egypt. The Group's annual sales are expected to increase from about Rs. 3000 crores currently to Rs. 8000 crores in 2012-13.

Over the years, The Sanmar Group has been involved in over thirty joint ventures with international corporations like Emerson Electric, Tyco, Flowserve, Cabot, B F Goodrich, Bayer, ELF Atochem, etc., of which four have completed over twenty five years, bearing testimony to the group's uniquely successful joint venture management style.

Mr. Sankar serves on the Board of a few companies outside the group, such as F.L. Smidth Private Limited, Bata India Limited and National Organic Chemical Industries Limited.

Mr. Sankar has held offices in several public bodies, such as President, Assocham, Chairman, Indo-US Business Council, Member of the Board, IIMK and Cancer Institute Chennai.

(B) Re-election of Mr. J Carbajal (55) (Resume)

Mr. J. Carbajal is the Managing Director of Bata International Group (West). He is responsible for the operations of the Bata Companies in several countries and he is also responsible for the Power and Bubblegummer Brands and Bata International Procurement Centre in Guangzhou, China. Mr. Carbajal joined Bata Peru in 1988 as the Administrative Manager and he has a lot of experience in several countries where Bata operates. He was the Managing Director of Bata Malaysia from 2003-2005 before he joined his current position as the Managing Director of Bata International Group (West).

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

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

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

ITEM NO. 4

At the 74th Annual General Meeting of the Company held on June 27, 2007 Members had passed a resolution for the payment of commission at the rate of 1% of the net profits of the Company computed in the manner referred to in Section 309 (5) of the Companies Act, 1956 in any financial year to the non-executive directors of the Company (other than directors in the wholetime employment of the Company or the Managing Director) for a period of five years commencing from January 1, 2006 which will expire on December 31, 2010.

In view of the changes made in the Companies Act, 1956, by the Companies (Amendment) Act, 2000 and the Listing Agreement with Stock Exchanges and the responsibilities imposed on the directors by the Code of Corporate Governance, the involvement of the directors in the affairs of the Company has increased considerably and they are now called upon to give more of their time and attention in connection with the operations of the Company as well as on legal and financial matters. It is, therefore, considered appropriate that the non-executive directors are paid a commission as stated in Resolution No. 7. The existing Articles of Association of the Company allow payment of commission to non-executive directors. However, at present the non-executive directors representing the promoters on the Board do not take any remuneration from the Company

The non-executive directors of your Company may be deemed to be interested in this resolution to the extent they receive/or will receive their respective commissions.

By Order of the Board

Gurgaon,
February 24, 2010

A B ANAND
Vice-President & Company Secretary



FINANCIAL HIGHLIGHTS 2000-2009

(Rs. in '000s)	2000	2001	2002
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PROFIT & APPROPRIATIONS

Sales & Other Income	7,612,910	7,761,947	7,047,905
Profit before Depreciation, Tax & Prior Period Items	393,464	159,405	18,803
Depreciation	140,471	134,853	130,788
Profit before Tax & Prior Period Items	252,993	24,552	(111,985)
Taxation	97,000	(15,243)	(37,782)
Profit after Tax & Prior Period Items	155,993	39,795	(74,103)
Prior Period Items	—	—	—
Net Profit	155,993	39,795	(74,103)
Dividend & Dividend Distribution Tax	85,001	38,567	—
Retained Earnings	70,992	1,228	—

ASSETS EMPLOYED

Fixed Assets — Gross	3,382,980	3,319,172	3,348,913
— Net	2,083,045	1,855,935	1,724,024
Investments	48,564	48,564	48,564
Net Current Assets	1,892,754	1,856,695	1,920,428
	4,024,363	3,761,194	3,693,016

FINANCED BY

Equity Shares	514,221	514,221	514,221
Reserves	2,910,960	2,729,505	2,560,205
Shareholders' Funds	3,425,181	3,243,726	3,074,426
Loan Funds	599,182	517,468	618,590
	4,024,363	3,761,194	3,693,016

2003	2004	2005	2006	2007	2008	2009
7,166,985	7,289,930	7,525,386	8,219,786	9,038,049	10,235,319	11,210,110
(82,079)	(510,517)	255,929	627,996	711,607	908,410	1,281,868
131,203	124,156	120,018	136,174	160,107	190,009	279,234
(213,282)	(634,673)	135,911	491,822	551,500	718,401	1,002,634
47,219	(7,192)	11,000	90,310	40,624	111,033	330,362
(260,501)	(627,481)	124,911	401,512	510,876	607,368	672,272
—	—	—	—	36,436	—	—
(260,501)	(627,481)	124,911	401,512	474,440	607,368	672,272
—	—	—	—	150,371	187,963	225,556
—	—	—	401,512	324,069	419,405	446,716
3,436,779	3,594,903	3,639,102	3,076,871	3,251,913	3,506,479	3,754,871
1,665,038	1,396,547	1,319,238	802,474	1,042,332	1,178,798	1,309,174
48,520	48,518	49,768	172,433	172,483	172,483	172,483
1,699,111	1,378,996	2,061,994	1,750,393	1,805,052	1,930,059	2,096,404
3,412,669	2,824,061	3,431,000	2,725,300	3,019,867	3,281,340	3,578,061
514,221	514,221	642,638	642,638	642,638	642,638	642,638
2,265,849	1,066,364	1,972,069	1,477,345	1,859,224	2,192,397	2,684,934
2,780,070	1,580,585	2,614,707	2,119,983	2,501,862	2,835,035	3,327,572
632,599	1,243,476	816,293	605,317	518,005	446,305	250,489
3,412,669	2,824,061	3,431,000	2,725,300	3,019,867	3,281,340	3,578,061



SIGNIFICANT RATIOS 2000-2009

			2000	2001	2002
MEASURES OF INVESTMENTS					
Return on Equity	$\frac{\text{Profit after tax}}{\text{Shareholders' Funds}}$	(%)	4.55	1.23	(2.41)
Earnings per Share	$\frac{\text{Net Profit}}{\text{No. of Shares}}$	(Rs.)	3.03	0.77	(1.44)
Dividend Cover		(times)	2.02	1.03	—
Dividend		(%)	15.00	7.50	—
Book Value of an Equity Share	$\frac{\text{Shareholders' Funds}}{\text{No. of Shares}}$	(Rs.)	66.61	63.08	59.79
MEASURES OF PERFORMANCE					
Profitability	a) $\frac{\text{Profit before Tax}}{\text{Sales}}$	(%)	3.33	0.32	(1.61)
	b) $\frac{\text{Profit after Tax}}{\text{Sales}}$	(%)	2.05	0.52	(1.07)
Capital Turnover	$\frac{\text{Sales}}{\text{Total Funds}}$	(times)	1.89	2.02	1.88
Stock Turnover	$\frac{\text{Sales}}{\text{Stocks}}$	(times)	3.46	3.91	3.00
Working Capital Turnover	$\frac{\text{Sales}}{\text{Net Current Assets}}$	(times)	4.02	4.13	3.71
MEASURES OF FINANCIAL STATUS					
Debt Equity Ratio	$\frac{\text{Loan Funds}}{\text{Shareholders' Funds}}$	(times)	0.17:1	0.16:1	0.20:1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	(times)	2.19:1	2.18:1	2.01:1
Fixed Assets to Shareholders' Funds	$\frac{\text{Net Fixed Assets}}{\text{Shareholders' Funds}}$	(times)	0.61:1	0.57:1	0.56:1
* Without Considering Prior Period Items					



2003	2004	2005	2006	2007	2008	2009
(9.37)	(25.41)	4.01	18.94	20.42*	21.42	20.20
(5.07)	(12.20)	2.07	6.25	7.38	9.45	10.46
—	—	—	—	3.69	3.78	3.49
—	—	—	—	20.00	25.00	30.00
54.06	48.02	48.51	32.99	38.93	44.12	51.78
(3.00)	(8.76)	1.85	6.19	6.19*	7.10	9.01
(3.66)	(8.66)	1.70	5.05	5.74*	6.00	6.04
2.08	1.95	1.87	2.92	2.95	3.09	3.11
2.59	2.76	2.63	2.88	2.93	3.46	4.01
4.19	3.20	2.87	4.54	4.93	5.25	5.31
0.23:1	0.50:1	0.26:1	0.29:1	0.21:1	0.16:1	0.08:1
1.72:1	1.91:1	1.94:1	1.93:1	1.77:1	1.71:1	1.72:1
0.60:1	0.56:1	0.42:1	0.38:1	0.42:1	0.42:1	0.39:1



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure to present the 77th Annual Report of your Company covering the operating and financial performance for the year ended December 31, 2009.

FINANCIAL REVIEW:

	2009 (in Rs '000)	2008 (in Rs '000)
Turnover	11,125,882	10,123,323
Less: Excise Duty	209,365	253,843
Net Turnover	10,916,517	9,869,480
Other Income	84,228	111,996
	11,000,745	9,981,476
Profit / (Loss) before Depreciation & Tax	1,281,868	908,410
Less : Depreciation	279,234	190,009
Profit / (Loss) before Taxation	1,002,634	718,401
Provision for Taxation :		
– Current Tax	401,757	247,554
– Deferred Tax-(Net credit)	(66,361)	(147,521)
– Fringe Benefit Tax	1,722	11,000
– Tax for earlier years	(6,756)	—
Net Profit	672,272	607,368
Available for Appropriation	1,720,938	1,297,366

OPERATIONS

During the year your Company achieved a total turnover of Rs. 11,126 Million as compared to Rs. 10,123 Million in 2008, which is a growth of around 10%.

The Company continued re-engineering of all its operations with a special focus to give the best service to its customers and improve Bata brand image. During the year 2009, the Company continued with its strategy of opening new stores and renovating existing stores. These new stores are in large format and help in better display of the collection and offer better service to the customers. The Company is getting very positive response from its valued customers and they have appreciated the new quality and the improved shoe designs.

The Wholesale business has also shown commendable performance and the exclusive brands which have been created for this segment has been very well received by the customers.

It will be our endeavour to focus on the Wholesale business to give us volume growth in the future.

The company is continuing with its plans to grow its safety footwear and institutional business and is putting more resources in these areas.



TRANSFER TO RESERVES

The Company has transferred a sum of Rs 67.227 Million to General Reserve against Rs 60.737 million last year.

DIVIDEND

The Board of Directors have recommended a dividend of 30% for the year ended December 31, 2009 as against 25% paid last year subject to the approval of shareholders in the ensuing Annual General Meeting of the company.

FIXED DEPOSIT

As on December 31, 2009 the Company has Rs. 1.757 million unclaimed principal deposits. Necessary reminders have been sent to deposit holders to claim their deposits from the Company. The Company presently is not accepting any fixed deposits.

CREDIT RATINGS

ICRA has reaffirmed the rating of A1+ to your company for CP programme. This is the highest-credit quality rating assigned by ICRA to short term debt instruments.

AWARDS AND RECOGNITION

Your Company has won numerous Awards / Recognitions in 2009 which signifies the strong perception and preference of its brand vis-a-vis other competing brands.

The more significant awards won by the Company in 2009 are as follows :

1. Awarded Amity Corporate Excellence Award – 2009 in a ceremony held in Amity Business School, NOIDA on February 27, 2009. Bata received the award for the third time.
2. Business Week lists Bata India in list of “The world's 25 Unsung Innovative Companies” in its May 2009 issue. The report was compiled by Boston Consulting Group, Business Week's partner in Annual Most Innovative Companies Special.
3. Awarded Outstanding Sales performance for Year 2008 for Hush Puppies by Wolverine Group- Announced in May 2009 in Michigan.
4. Brand Equity recognized Bata in the TOP 50 Most Trusted Brands in June 2009. Bata is the only lifestyle retailer in the top 50.
5. Bata India awarded the prestigious Images award of the year for the Most Admired Retailer of the Year – Fashion & Lifestyle in Mumbai on September 16, 2009.
6. Bata India awarded the Most Admired Footwear Brand by Images Fashion Forum in 2009. The ceremony was held in Mumbai on January 28, 2009.
7. Bata India received the Amity HR Excellence Award for Corporate Ethics on 28th August 2009 in a ceremony held at Amity Business School, NOIDA.
8. Bata India is selected as a POWERBRAND in the POWERBRANDS 2010. The selection is done after an extensive pan India research by Indian Council for Marketing Research to select The Most Powerful Brands in India in the year 2009.



CORPORATE SOCIAL RESPONSIBILITY

The following CSR activities were undertaken by the company during the year 2009 :

- Sponsorship of Rain Water Harvesting Project in Gurgaon.
- Slippers and sandals donated to children in Orphanage.
- Free Medical check up and blood donation camp organized in Batanagar.
- Distribution of blankets to poor and books to economically weak students in Ram Krishna Mission School at Batanagar.
- The company encourages entrepreneurial spirit in the small scale business located in the vicinity of its factories so that they become independent associates and partners in progress. This generates employment in the area giving opportunities for people to grow.
- The company maintains a temple, a church and a mosque where employees and people from different communities in the neighborhood participate in prayers.
- The company is providing free medical services to the people living near the factory in Bataganj (Patna) and also free drinking water facilities to the inhabitants residing around the factory.
- Bata School of Cricket provides coaching and guidance to budding talents through the services of renowned cricket personalities.

RETAIL

During this year, the Company opened 69 new Bata stores, which are all in large format with an average of over 3000 square feet. It also renovated 40 existing Stores and closed down 73 stores which were in small format and unviable.

All the new and renovated stores are made as per Bata global format, using the latest retail designs and best quality furniture, which makes our stores the most well laid out and having the best display of our products.

Able supported by various visually attractive POP, it makes for a more satisfying customer experience in our stores. These new & renovated Bata Shoe Stores continue to help in ensuring that Bata remains the most preferred brand for consumers in the footwear retail market in India.

Bata's new collection, with its trendy and youthful designs and great value pricing, continued to ensure that our customers found great satisfaction and gave their patronage to our brand. While our leadership in the dress comfort segment continued, we also increased our share of the growing ladies and youth segment.

We also continued to expand our premium retail offering through the chain of Hush Puppies exclusive stores and four new outlets in Delhi, Mumbai & Chennai were opened during the year.

Our 'shop in shop' retail format for Hush Puppies in partnership with Department Stores has been highly successful and we opened three such locations during 2009.

This rapid expansion of the brand continues to give our customers greater accessibility to our premium range of footwear under Hush Puppies brand.

NON RETAIL

The Non Retail business has shown considerable improvement in business. New shoe line collection launched by us resulted in serving more number of customers.



The Company is concentrating on the top distributors and working with them to grow our business. New distributors were also opened in unrepresented areas to increase market penetration.

Bata Industrials & Institutional business has been steadily growing for last 2 year & is expected to grow at a healthy rate for next couple of years. Country wide distribution network has been established to harness the market potential to become market leader in next 2 years.

The Company has invested in resources in the factory to meet the stringent technical specifications of the safety footwear business and ensure that our products are the best in the market.

EXPORT

Export sales in 2009 were Rs. 77.7 million compared to Rs. 100.8 million in 2008.

LOGISTICS

The Company has a well organized Logistics Team at Gurgaon which controls the distribution process and ensures that footwear of the right size is available at the right place, at the right time, to consumers all over the country. Company's endeavour is to keep improving its distribution process through greater use of Technology inputs to track the rapid changes in consumer preference and shopping practices. To support and deliver the growth projections, the company is strengthening its Logistics infrastructure through restructuring and consolidation of the RDC space, introduction of modern infrastructure and new technologies, reduction in product transit lead-times, and faster & more frequent deliveries to stores.

CAPITAL EXPENDITURE

The Capital Expenditure incurred during the year amounted to Rs. 436.1 million as against Rs.358.6 million in 2008. The increase in capital expenditure was predominantly due to opening a number of new stores and modernization of old stores. Capital expenditure has also been incurred for installation of machinery, moulds and information technology.

INDUSTRIAL RELATIONS AND PERSONNEL

The Industrial Relations in the factories were peaceful and cordial during 2009.

To create a ready talent pool in the Retail Operations the Company has initiated Executive Development Programme consisting of 3 phases in 9 months, whereby Trainees have been recruited from prestigious Retail Business Schools, trained and developed as District Managers. Also to give impetus to the Retail Operations best talents available in the market with the best academic backgrounds have been hired.

Developing & Training of internal talents continued to be the focus area of the Company in 2009. Identified employees with potential for growth were put on specific developmental plans. Training was conducted for 1588 store employees and 195 store managers & K - agents to enhance their performance and effectiveness.

Felicitation & appreciation of top performing Store Managers was done through "Millenium Club" Recognition Programme which is a privileged membership programme at functions held at Corporate Office and Regions.

Existing employees were encouraged by the Company to become entrepreneurs and take the new stores as a franchisee. 80 new K-scheme Stores have been taken up by ex-employees under this policy. Comprehensive training on "Store Operations" for the new K - Franchisees were imparted.



Information in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is set out in an Annexure to this Report.

FINANCE

The EPS (Basic and Diluted) of the Company has increased by 10.69% (from Rs.9.45 in 2008 to Rs. 10.46 in 2009).

Bank borrowings at the year end 2009 are Rs.146.5 million against Rs.359.1 million for the corresponding period in the year 2008, despite the entire capital expenditure and VRS expenditure being funded through internal accruals.

R & D ACTIVITIES AND ENERGY CONSERVATION

The Company continued local R & D activities during the year in the key areas of product, process, material development, footwear moulds, leather and tannery technology with emphasis on creating a pollution-free work environment. Total expenditure incurred on R & D was Rs. 36.2 million during the year.

The Company continues to actively pursue energy conservation measures.

SUPPORT FROM BATA GROUP

The Company has seamless access to the benefits of technical research and innovative programs of the Bata group from Global Footwear Services, for which it paid a fee of Rs.120 million during the calendar year 2009.

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

STATUTORY AUDITORS

The 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. The Company has also received their Certificate pursuant to Section 224(1-B) of the Companies Act, 1956.

DIRECTORS RESPONSE TO THE COMMENTS MADE BY THE AUDITOR IN THEIR REPORT

Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report do not contain any qualification of significant nature and do not call for any explanation / clarification.

COST AUDITORS

In compliance with the Central Government Order your Board has appointed Messrs. Mani & Co., Cost Accountants to carry out the Cost Audit of the Company in respect of Footwear. This appointment has to be made in each financial year and an application has been forwarded to the Central Government to renew the appointment for the current financial year.

DIRECTORS

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



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

The 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 or loss 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

As required under Sec 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit & Loss Account along with the respective Reports of the Board of Directors' and the Auditors' thereon of the subsidiary companies for the year ended December 31, 2009 are attached.

CORPORATE GOVERNANCE

The Company believes that Corporate Governance is a way of life than something to be carried out under legal compulsion. The Company is committed to the application of best management practices, compliance with law, adherence to ethical standards and discharge of social responsibilities. The Company has in all spheres of its activities adequate checks and balance to ensure protection of interest of all stakeholders. The 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 judgement 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 are provided as separate Annexures to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Due to the age of the Leather Footwear Industry and its links with the social structure, the organizational structure that has emerged is a very complex one containing within it elements of continuity with traditional structures of small scale industries, as well as those that represent a break with them evolving as a much more organized and large scale industry like your Company.

Footwear is the engine of growth for the entire leather industry in India which is the second largest global producer of footwear after China, accounting for 14% of global footwear production of 14.52 billion pairs. India produces 2,065 million pairs of different categories of footwear including: leather shoes (909 million pairs), leather shoe uppers (100 million pairs) and non-leather footwear (1,056 million pairs). India exports about 115 million pairs. Thus, nearly 95% of its production goes to meet its own domestic demand.



Small scale reservation has been in existence for the leather and leather products industry since 1967 when reservation was extended from the handloom and small power loom sector to a large number of industries where small scale is important. Post nineties there has been a gradual de-reservation and the entire leather sector is now 'de-licensed' and 'de-reserved', paving the way for expansion on modern lines with state-of-the-art machinery and equipment. De-reservation thus constituted a major aspect of the changed conceptualization of small scale thereby increasing the export potential of the industry as a whole.

India as it stands today is endowed with 10% of the world raw material and export constitutes about 2% of the world trade in the footwear segment. With the de-reservation of the footwear industry and incorporating state-of-the-art CAD systems, these industries will move towards attaining world class qualities and standards. The changing lifestyles coupled with the increasing affluence of consumers is likely to lead to enhanced demand in the domestic market and export demand is expected to grow in days to come due to improved quality and cost competitiveness. Bata being an established player will definitely gain from the emerging opportunities.

Your company continues to source a part of its total pairs sold, from small scale sector with special emphasis on quality, providing large employment.

OPPORTUNITIES AND THREATS

The Indian economy continues to stride forward and the last couple of years have witnessed impressive economic growth with the GDP growing at the rate of 8 – 10%. Combined with the large opportunity from the huge domestic market and a burgeoning middle class, which is slated to grow ten times over the next fifteen years, the Indian economy presents great opportunities for business in India. It is expected that disposable income per capita will grow by 12% in India over the next few years.

The country has witnessed a retail boom and consumers today demand international standards in products and ambience. This has led to a perceptible shift from the unorganized to the organized sector. Also exposure to international footwear fashion is driving growth for the organized sector. However, even today 60% of the footwear industry is still unorganized. This presents large opportunity for your Company to continue its growth strategy.

With the rise in disposable and exposure to international fashion trends, consumers today are on the lookout for footwear and accessories that are high on the fashion aspect, without compromising on quality. Upwardly mobile youth are spending more on shoes and thrust is on variety and international trends. Professional women are increasingly spending more on footwear and this creates a new opportunity in the market to expand.

Bata enjoys a very strong brand positioning with consumers in the Indian market and is quick to evolve its products to meet the changing needs of today's customers. Today, the Company is all set to emerge as a vibrant lifestyle brand offering fashionable footwear to consumers at an affordable price.

With opportunities come challenges and with the opening of retail segments and 100% Foreign Direct Investment through the automatic route in footwear segment, we will face more competition from other international footwear brands who are trying to make their presence felt in the expanding affluent Indian consumer group.



Organized retailers in India are also facing a threat from 'non-specialist' retailers like apparel retailers diversifying into footwear and discount hypermarkets and retailers introducing and promoting their own brands at competitive prices. These non-specialist retailers are likely to grow their market shares by increasing the range of products offered, and shopping merchandizing space allocated to their own footwear. Your Company is prepared to meet these challenges by increasing the coverage open big stores, in best locations, shopping malls and developing aggressive product & pricing strategies to meet the expectation of the customers.

The challenge of real estate management for any retailer in India today is very large as the continuous evolution of modern retail spaces, combined with steep increase in rentals, presents real challenges. Your Company has been managing this challenge with negotiating low rentals for all new stores and reducing rentals in existing stores.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company operates in two segments, Footwear and Accessories and Investments in Joint Venture for Surplus Property Development. The Company has chosen Footwear & Accessories business as its primary segment.

OUTLOOK

Bata India's focus in 2009 has been on expanding the presence of its retail stores, training employees, improving its product quality, collection, customer service and reducing the aged stock. The Company's strategy of aggressive retail expansion, up gradation of collection and revamping its wholesale business has paid off with great financial performance. Its entry into the safety footwear market and premium retail segment through Hush Puppies stores has been equally successful.

Going forward, the Company remains committed to its shareholders and will continue to deliver great results with its strategy of retail and wholesale expansion, improvement in customer service, and by delivering to its customers great products at great prices, which will ensure the continued success of the brand Bata.

RISKS AND CONCERNS

Contingent Liability

The contingent liabilities have reduced from Rs. 452.8 million in 2008 to Rs. 399.1 million in 2009, which reflects that our judgment on debts as not being tenable has been correct.

There are some claims against the Company which have not been acknowledged as debts which are mentioned in note no. 12 of schedule 21 of the schedules to the Statement of Accounts. 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

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



Trade Unions

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

The Company operates in globally competitive business environment.

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

Risk related to changes in Laws and Regulations

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company has returned to profitable growth for the fifth consecutive year and the Management believes that this is sustainable, barring unforeseen circumstances.

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

The Board of Directors have recommended a dividend @ 30% on equity shares subject to approval of the shareholders.

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

People Employed

The total numbers of permanent employees were 6334, as on December 31, 2009.

Human Resources

- The Company has initiated Executive Development Programme to create a ready talent pool across all functions in 2009.
- The Company has enforced Performance Linked Salary at all level of employees, culture of accountability has been developed and clear goals / objectives have been set for all executives.

Industrial Relations

Manufacturing

The overall Industrial Relations in all the manufacturing units were cordial in 2009. VRS was launched in Bataganj and Faridabad units and 48 employees were separated through the scheme.



CAUTIONARY STATEMENT

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

CONCLUSION

The Directors place on record their sincere appreciation for the cooperation and support received from investors, our dear shareholders, customers, business associates, bankers, vendors as well as regulatory and governmental authorities.

The Directors appreciate the invaluable contribution of the management team in performing an outstanding job in taking the Company to greater heights and also thank the employees for the significant contribution made by them to the Company's progress.

We would like to specifically thank your Managing Director and Finance Director for the untiring work in the re-organization of our company; we also thank the nominated Directors and Bata International for their complete support in our endeavors for re-engineering. We are very grateful to our wise and experienced Independent Directors for their most valuable contribution in every aspect of the company operation, and for always targeting profitable growth and improve customer service. Your Directors look to the future with renewed confidence and optimism.

For and on behalf of the Board of Directors

Gurgaon, February 24, 2010.

P M Sinha
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2009.

I. CONSERVATION OF ENERGY

A. Energy Savings Evaluation for the year 2009

SI	Criteria	Value
1	Annual saving in 2009	5.9 Mil
2	Energy savings /Pair	0.496
3.	Energy savings against total cost of energy	7.11%

B. Energy conservation measures obtained (2009):

1. Changing over from thermodynamic steam traps to ball float traps for better heat transfer in load centers.
2. Modification of existing steam & air line layout & to expel unused lines from system.
3. Minimization of air loss in compressed line.
4. Reduction of running hours of high load centers.
5. Installation of energy efficient screw compressors.
6. Changing over from high cost fuel to cheaper fuel in Thermic Fluid Heater.

C. Energy conservation measures proposed (2010):

1. Detailed Energy Audit by accredited auditors.
2. To continue changing over to energy-efficient luminaries.
3. Modification of existing steam and air line layout and to expel unused lines from system.
4. Minimization of losses in compressed air lines.
5. Installation of auto drains system in air receivers.
6. Intensified vigil against wastage and towards conservation awareness.
7. Re-scheduling of production in low production area.
8. Mixing additives with fuel for sludges reduction and improved combustion.

	Year 2008 (Rs.)	Year 2009 (Rs.)
Cost of CESC units	4.90	4.74
Cost of Self Generated units	10.44	11.0

II. FOREIGN EXCHANGE EARNING AND OUTGO

A. Activities relating to exports; See Directors Report (Page No. 13).

B. Total Foreign exchange used : Rs. 817.2 million

C. Total Foreign exchange earned : Rs. 77.7 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 Footwear 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 new type of Leather Industrial Boot with PU (Mono density & Double density) Sole as per BIS latest specification IS:15298 (Part-2) :2002.
- 2.2 Established complete in-house testing facilities for Industrial Safety Boot as per IS: 15298 (Part-2):2002.
- 2.3 Introduced / substituted various type of new chemicals or alternative chemicals for improvement of product quality with cost effectiveness.
- 2.4 Introduced Alpha – Olefin Copolymers for EVA sheet for properties improvement.
- 2.5 Developed Anti-fungal & Anti-bacterial cream for polishing of Leather Industrial Boot.
- 2.6 Developed Anti-Static Leather Safety Boot.
- 2.7 Developed nail proof penetration resistance Leather Safety Boot.
- 2.8 Developed Safety Boot Nitrile Rubber Sole which can withstand 300°C for 1 minute.
- 2.9 Developed Shoes Canvas, Brown, Rubber Sole as per Air Force Specification AIR HQ/DQAS/AC-073

3) Future plan of action

- 3.1 Development of Electro Static Discharge (ESD) Leather Safety Boot.
- 3.2 Introduction / substitution of new chemicals or alternative chemicals for improvement of product quality with cost effectiveness.
- 3.3 Development of fire, solvents, acids, alkali resistance Industrial Sole.
- 3.4 Introduction of IPN polymer in unit sole for replacement of commonly used TPR compound in order to get better performance.
- 3.5 Introduction of water based PU adhesive for pollution free environment.
- 3.6 Development of Anti-fungal & Anti-bacterial Lining & Socks material in leather Industrial Boot
- 3.7 Introduction of physical peptiser in rubber mastication instead of commonly used chemical peptiser for obtaining better physical properties.
- 3.8 Introduction of co-agent in peroxide curing system for reduction of moulding time to increase productivity.
- 3.9 Utilisation of PU wastage by making heel filler sheet.
- 3.10 Development of Leather Safety Boot with Nitrile Rubber sole as per IS:15298(Part-2):2002
- 3.11 Development of new type of air blown PVC compound for getting light weight DIP sandals with uniform cells structure as well as better physical properties.

4) Expenditure on R & D

4.1	Capital	-	2.3 million
4.2	Recurring	-	33.9 million
4.3	Total	-	36.2 million
4.4	Percentage of turn over	-	0.33 %

5) Technology absorption, adaptation & innovation

1) Efforts

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

2) Benefits

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

For and on behalf of the Board of Directors

Gurgaon, February 24, 2010.

P M SINHA
Chairman



BATA INDIA LIMITED

AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.12.2009.

Employed throughout the Financial year under review and were in receipt of remuneration aggregating not less than Rs.24,00,000 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 yrs. including previous employment	Remuneration (Rs. '000s)	Last Employment- Designation
1	Villagran Marcelo	Managing Director	Contractual	Head of Company Operation	Commercial Engineer	67	11.02.2005	38	20,333	Bata Chile - Company Manager
2	Sinha Shaibal	Director - Finance	Contractual	Finance & Accounts	B.Com. Chartered Accountant	47	24.11.2004	22	11,934	Reckitt Benckiser (India) Ltd- G. M. Finance & Supply Chain Controller
3	Ferraris F	Vice President	Contractual	Product Development	Diploma	61	18.03.2002	28	12,873	Ellesse, Italy- Vice President, Product Development
4	Tonoli E	Sr Vice President	Contractual	Incharge of Merchandising – Flagship	Commercial School	62	01.06.2003	40	16,786	Bata Europe, Paris - Shoe line Builder
5	Gautam Rakesh Singh	Sr Vice President	Contractual	Human Resource	MBA, LLB	46	15.05.2006	21	5,261	Whirlpool India Ltd. - Director, Human Resources
6	Tham Gerry	Chief Merchandiser (Family)	Contractual	Incharge of Merchandising – Family	HND Footwear & Fashion Technology	32	01.01.2008	13	6,797	Bata International Group - BIG West Group Bubblegum Brand Manager
7	Chandra Manoj	Vice President (Marketing & Customer Service)	Contractual	Marketing, Advertising, Media Customer Service	MBA	40	20.06.2007	19	4,125	Air Freight Private Limited Head - Market Development & Brand
8	Anand Vikas	Vice President Wholesale	Contractual	Incharge of Whole Sale Division	B.Sc. - PG Diploma	44	02.11.1987	23	2,615	Forbescarpel & Co. Ltd. Territory Sales Incharge
9	Ponnappa C. C.	Vice President Retail Operations - Family	Contractual	Incharge of Retail Operations-Family	B.Com. PGDBM	55	20.08.1973	36	3,328	Probationary Sales Man - Bata India Ltd.
10	Gupta R.K.	Vice President - Finance	Contractual	Finance & Commercial	B.Com. Chartered Accountant	51	01.07.1986	29	2,872	Lucky Hosiery-Accounts Officer
11	Davis Jojo	General Manager Distribution	Contractual	Incharge of Distribution	B.Com., M.B.A.	42	01.02.2008	18	2,525	Tupperware Ltd. - Sr. Manager Supply Chain

Employed for part of the financial year under review and were in receipt of remuneration not less than Rs. 2,00,000 per month.

1	Deshpande Deepak	Vice President Retail Operations Flagship	Contractual	Incharge Retail Operations-Flagship	MBA, M.Sc.	55	10.04.2009	30	3,208	Retail Sports Station India Private Limited - CEO
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Notes :

1. Remuneration as shown above includes, inter alia, Company's contribution to provident funds, pension funds, 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.

Gurgaon
24 February, 2010.

For and on behalf of the Board of Directors
P M Sinha
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE



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

1. Company's Philosophy

The Company has always acted as a good corporate citizen which is inherent in the culture of the Organization. The Company believes in setting the highest standard in good and ethical Corporate Governance practices. The Company has a strong legacy of fair, transparent and ethical Corporate Governance practices. The Company's Board of Directors has framed a Code of Conduct for its senior managers including the Board Members. These Codes are available on the Company's website: www.bata.in. The Company has also framed the Insider Trading Regulations to prevent employees and insiders from making profits in dealings in Company's shares from privileged information. The Company takes annual confirmation certificates from senior employees who have access to privileged information that they have not made any profit in dealing in Company's shares based on this information.

2. Board of Directors

The Board comprises of the Managing Director, Finance Director and six non-executive directors.

The Board of Directors decides the remuneration of non-executive directors, which is also approved by the shareholders.

The Company did not have any other pecuniary relationship or transactions with the non-executive directors during the period under review.

During the year, seven Board Meetings were held on 27.02.09, 16.03.09, 23.04.09, 26.05.09, 23.07.09, 23.10.09 and 11.12.09.

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

The Composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other directorships and Committee Memberships are given below:

(As on December 31, 2009)

Sl. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships*	No. of Committee Members
1.	Mr. P M Sinha	Chairman - Non-Executive - Independent	7	Yes	2	3
2.	Mr. M. Villagran	Managing Director (Executive Director)	7	Yes	1	—
3.	Mr. S Sinha	Director Finance (Executive Director)	7	Yes	2	1
4.	Mr R Rizzo (Resigned - 09.04.09)	Non-Executive Director (Promoter Director)	—	—	—	—
5.	Mr. J Carbajal	Non-Executive Director (Promoter Director)	5	Yes	—	1
6.	Mr. Jack G. N. Clemons (Apt. w.e.f. 23.04.09)	Non-Executive Director (Promoter Director)	2	Yes	—	—
7.	Mr V Narayanan (Retired - 26.05.09)	Non-Executive Director (Independent Director)	3	No	—	—
8.	Mr N Sankar	Non-Executive Director (Independent Director)	5	No	4	2
9.	Mr U Khanna	Non-Executive Director (Independent Director)	6	Yes	—	1
10.	Mr M K Sharma	Non-Executive Director (Independent Director)	7	Yes	5	6

* Directorship has been computed with reference to Section 275 of the Companies Act 1956.



3. Code of Conduct

Details of Code of Conduct of the Company are available in the Company's website www.bata.in

ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(I)(D)(ii) OF STOCK EXCHANGE LISTING AGREEMENT

As the Managing Director (Chief Executive Officer) of Bata India Limited and as required by Clause 49(I)(D)(ii) of the Stock Exchange Listing Agreement, 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 ending December 31, 2009.

Marcelo Villagran
Managing Director(CEO)

Gurgaon, February 24, 2010.

4. Audit Committee

The Audit Committee of the Company meets before the finalisation of accounts each year and also meets every quarter before the results of that quarter is published in the newspapers and is also informed to the stock exchanges, 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 met four times in 2009 on the following dates.

27.02.09, 23.04.09, 23.07.09 and 23.10.09.

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. Term 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 payments 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 thereon.
- 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 four non-executive independent Directors and one non-executive non-independent Director, the Committee met four times during the year and attendance of the members at these meetings were as follows:

Sl. No.	Name of the Member	Status	No. of Meetings Attended
1.	Mr V Narayanan	Chairman & Independent Director (retired on 26.5.09)	2
2.	Mr U Khanna	Chairman & Independent Director (appointed as Chairman w.e.f. 26.5.09)	4
3.	Mr P M Sinha	Independent Director	4
4.	Mr N Sankar	Independent Director	3
5.	Mr J Carbajal	Non - Independent Director	3
6.	Mr M K Sharma	Independent Director	4

The Statutory Auditor, the Internal Auditor, the Vice-President – Finance and the Executive Directors are invitees to the Audit Committee Meetings. The Company Secretary is in attendance at these Meetings.

III. Subsidiary Companies

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

IV. Disclosures

- a) The transactions of material nature with related parties and material individual transactions with related parties were placed before the Audit Committee from time to time
- b) There were no instances of non-compliance on any matter related to the capital market, during the last three years.



- c) The Board has obtained certificates / disclosures from key management personnel confirming that they do not have any material, financial and commercial interest in transactions with the Company, that may have a potential conflict with the interest of the Company at large. This disclosure has also been made for all relations of the first degree by the management to the Board.
- 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 so as to represent a true and fair view of the state of the affairs of the Company.
- f) The Company has adopted a comprehensive risk management process and the findings on the weakness found are communicated to the Audit Committee from time to time. Periodic reviews are made on extent of risk minimization measure adopted to minimize the determined risks.

5. Nomination, Governance and Compensation Committee

The Company has re-named the Remuneration Committee as Nomination, Governance and Compensation Committee w.e.f. 26.04.05. The Committee at present consists of Mr. P M Sinha, Mr. N Sankar, Mr U Khanna, Mr. J Carbajal and Mr. M K Sharma. The Company held three Nomination, Governance and Compensation Committee Meeting - on 27.02.09, 23.07.09 and 23.10.09 and the attendance of the members at these meetings were as follows: -

Sl. No.	Name of the Member	Status	No. of Meetings Attended
1.	Mr P M Sinha	Chairman & Independent Director	3
2.	Mr. V Narayanan	Independent Director (retired on 26.05.09)	1
3.	Mr. U Khanna	Independent Director	3
4.	Mr. J Carbajal	Non Independent Director	2
5.	Mr. N Sankar	Independent Director	2
6.	Mr. M K Sharma	Independent Director	3

6. Remuneration Policy

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

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

7. Details of remunerations for the year ended 31.12.2009

(i) Executive Directors

(Rs. in 000's)

Name	Salary (Rs.)	Commission (Rs.)	Special Allowance (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr Marcelo Villagran Managing Director	15,650	—	—	2,462	2,221
Mr. S Sinha Director Finance	8,296	1,380	—	493	1,765

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



The agreements with Executive Directors are contractual in nature. The agreement may be determined 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, the Company shall have the option of determining the services of the Director forthwith without any further liabilities whatsoever. In the event such notice is delivered by the Company, the Executive Director shall be entitled to be paid his full salary as per the agreement for a period of six months as well as commission which he would have earned during the same period.

In accordance with the terms of Appointment and pursuant to the authority vested on the Board of Directors by the shareholders at the 76th Annual General Meeting held on May 26, 2009, Mr Marcelo Villagran will be paid a commission upto Rs. 6.0 M for the financial year ended December 31, 2009. Mr Shaibal Sinha is entitled to a commission of Rs. 1.518 M for the current financial year based on the PBT (Profit Before Tax) performance of the Company. Mr Shaibal Sinha will also be entitled to a Long Term Incentive payable for the years 2007, 2008 and 2009 upto a maximum of Rs. 5.5 M based on certain agreed parameters.

The Executive Director will also be entitled to the perquisites as per the agreement 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 this does not form a part of their contract with the Company.

(II) Non-Executive Directors

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 divided among them in such proportion as the Board may determine from time to time) not exceeding 1% of the net profits computed in the manner referred to in section 309(5) of the Companies Act 1956.

Name of Directors	Sitting Fees Paid (Rs. '000s)	Commission Payable (Rs. '000s)	Shares Held
Mr P M Sinha	320	500	20,208
Mr V Narayanan (Retired on 26.5.09)	120	201	—
Mr N Sankar	200	500	—
Mr U Khanna	260	500	5,000
Mr M K Sharma	280	500	—
Mr R Rizzo	—	—	—
Mr J Carbajal	—	—	—

8. Share Transfer Committee

In accordance with Clause 49 para IV (G)(iv) of the Listing Agreement of the Stock Exchanges, the Board has unanimously delegated the powers of share transfers to Mr A B Anand, Vice-President & Company Secretary, who is also the Compliance Officer, and Mr A Banerjee, Investors' Grievance Manager, in order to expedite the process of share transfers, issue of duplicate certificates and certificates after splits / consolidation / renewal and re-materialisation.

9. Shareholder/Investor Grievance Committee

The Board has formed a Shareholder/Investor Grievance Committee under the Chairmanship of non-executive director and consisting of the following directors:

Mr. P M Sinha – Chairman

Mr Shaibal Sinha – Director Finance

All investor complaints which cannot be settled at the level of Vice-President & Company Secretary & Compliance Officer and Registrar, is forwarded to the Shareholders' / Investor Grievance Committee for final settlement. The Shareholders' Grievance Committee Meeting was held on 23.04.2009 and 23.07.2009 which was attended by Mr. P M Sinha and Mr. Shaibal Sinha. The Company confirms that there are no shareholders' complaints lying pending as on 31.12.2009.



The Company confirms that there were no share transfers lying pending as on 31.12.2009, and all requests for dematerialisation and re-materialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

10. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.12.08	26.05.09	10.30.a.m.	Kalamandir, Kolkata
31.12.07	19.06.08	10.30 a.m.	Kalamandir, Kolkata
31.12.06	27.06.07	10.30 a.m.	Kalamandir, Kolkata

11. Resolutions passed during the financial year 2009 through - Postal ballot

No resolutions were passed through postal ballot during the financial year 2009.

12. Means of Communication

- I. Quarterly results are published in one of the prominent business dailies and a local language newspaper. The Annual results are posted to every shareholder of the Company.
- II. Management's Discussions & Analysis forms part of the Directors Report.,
- III. Official news releases are given directly to the Stock Exchanges and then to the Press.
- IV. The Company is complying with EDIFAR requirements as directed by SEBI. The shareholders can view these entries by logging into the website www.sebidifar.nic.in.

13. General Shareholder Information

- I. Annual General Meeting will be held on May 27, 2010 at Kalamandir, Kolkata at 10:30 a.m.
- II. The Company has furnished information as required by Clause 49 (iv)(G)(i) of the Listing Agreement of the Stock Exchanges, relating to the appointment of a new director or re-appointment of a director. Shareholders may kindly refer to the Explanatory Statement convening the 77th Annual General Meeting of the Company and the Corporate Governance Report. The names of companies in which the person also holds directorship and the membership of Committees of the board are given separately.
- III. Financial Calendar (tentative dates)

Annual Results of previous year (audited)	End February, 2010
First Quarter Results (31st March)	End April, 2010
Mailing of Annual Report	End April, 2010
Annual General Meeting	End May, 2010
Second Quarter results (30th June)	End July, 2010
Third Quarter results (30th September)	End October, 2010
Fourth Quarter results (31st December)	End February, 2011 (audited)

14. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from May 8, 2010 to May 27, 2010 (both days inclusive).



15. Listing of Equity Shares on Stock Exchanges, etc.

The Company's shares are listed on the Stock Exchanges in Kolkata (Stock Code-990235), Mumbai (Stock Code - 500043) and the National Stock Exchange(NSE Symbol BATAINDIA) and the listing fees for the period 2009 - 2010 have been paid to these Stock Exchanges. The ISIN code of Bata is INE176A01010

Stock Market price data for the year.

Bata share price on BSE				
Month	BSE		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
March 2009	113.20	80.30	10048.49	8160.40
April 2009	132.50	103.00	11403.20	9901.99
May 2009	164.00	113.00	14625.25	11682.99
June 2009	180.00	142.05	15466.91	14265.53
July 2009	175.00	140.10	15670.31	13400.32
Aug. 2009	177.90	146.25	15924.23	14784.92
Sept. 2009	208.90	162.00	17126.84	15398.33
Oct. 2009	190.75	169.00	17326.01	15896.28
Nov.2009	187.25	162.70	17198.95	15404.94
Dec.2009	203.70	180.15	17464.81	16601.20
Jan.2010	216.50	171.00	17701.13	16289.82

16. Share Transfer Agent

The Company has engaged the services of R&D Infotech Pvt. Limited, 22/4, Nakuleshwar Bhattacharjee Lane Kolkata - 700026, w.e.f. 01-01-2007, a SEBI registered Registrar for processing the transfers, sub-division, consolidation, splitting of securities, etc.

Since trades in Company's shares can now be done only in the de-materialised form, request for de-mat and re-mat should be sent directly by the Depository Participants to R&D Infotech Pvt. Limited, 22/4, Nakuleshwar Bhattacharjee Lane Kolkata - 700026

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

17. Share Transfer System

As already stated, the Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Therefore, Investors / Shareholders are requested to kindly note that physical documents, viz. Demat Request Forms (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the DP's to send the DRF and the Share Certificates beyond 15 days from the date of generation of the DRN by the DP 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. Investors / Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to Share Transfer Agent after generating the DRN.

18. Distribution of Shareholding as on December 31,2009

No. of shares	No. of shareholders	No. of. shares
1 – 500	81965	6597707
501 – 1000	2595	1906227
1001 – 5000	1163	2205129
5001 – 10000	90	655646
10001 and above	111	52899061
TOTAL	85924	64263770



19. Pattern of Shareholding as on December 31, 2009

Sl. No.	Category	No. of Holders	No. of Shares	%
1.	Resident Individual	84020	12955039	20.159
2.	Domestic Companies	1375	1594595	2.481
3.	N.R.I.	426	343152	.534
4.	Foreign Companies	1	32785000	51.016
5.	Mutual Fund	31	5624363	8.752
6.	Financial Institutions	16	4290823	6.677
7.	Banks	26	4492	.007
8.	F.I.I.	27	6641098	10.334
9.	Directors	2	25208	.039
10.	Others	—	—	—
	TOTAL	85924	64263770	100

20. Dematerialisation of Shares

As on 31.12.09, 97.36 % of the Company's total shares representing 62,570,283 shares are held in de-materialized form and the balance 2.64% representing 1,693,487 shares are in physical form and shareholders are requested in their own interest to demat these shares.

21. 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.

22. Address of Correspondence

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

Shareholders correspondence should be addressed to :

BATA INDIA LIMITED
SHARE DEPARTMENT
 27B Camac Street (1st Floor)
 KOLKATA - 700 016

TELEPHONE NOS. 033-3982 9412 and 033-39829418 (D)& 2289 5796(D)

FAX NO. (033) 2289-5859

Email: Amarbir.Anand@bata.co.in /share.dept@bata.co.in/deepak.mahapatra@bata.co.in

Contact person: **MR A B ANAND**, VICE-PRESIDENT & COMPANY SECRETARY
MR A BANERJEE, INVESTORS' GRIEVANCE MANAGER

SHARE TRANSFER AGENT
R&D INFOTECH PVT. LIMITED
 22/4, NAKULESHWAR BHATTACHARJEE LANE
 KOLKATA - 700026

Contact Person: **MR RATAN MISHRA**

Tel: (033) 2463 1657/58 FAX: (033) 2463 1658

Email id: rdinfotec@yahoo.com, rd.infotech@vsnl.net

23. Nature of Shareholder complaints received during the year 01.01.09 to 31.12.09.

TABLE – A						
Sl. No.	Subject of Complaint	Opening Balance	Complaints Received during the year	Total Complaints received	Complaints Redressed	Balance at the year end
1.	Non-receipt of Dividend	—	5	5	5	—
2.	Transfer of Shares etc.	1	4	5	5	—
3.	De-materialization Matters	0	4	4	4	—
4.	Others	0	15	15	15	—
5.	Rights Issue Related Matters	0	1	1	1	—
	TOTAL	1	29	30	30	0

TABLE – B						
Sl. No.	Source of Complaints	Opening Balance	Complaints Received during the year	Total Complaints received	Complaints Redressed	Balance at the year end
1.	SEBI	—	1	1	1	—
2.	Ministry of Corporate Affairs	—	—	—	—	—
3.	Calcutta Stock Exchange	—	—	—	—	—
4.	Mumbai Stock Exchange	—	—	—	—	—
5.	National Stock Exchange	—	—	—	—	—
6.	ROC	—	—	—	—	—
7.	Consumer Forum	—	—	—	—	—
8.	Shareholders / Others	1	28	29	29	—
	TOTAL	1	29	30	30	—

Note: The Company endeavours to settle all shareholder complaints in the minimum possible time. The average rate of settlement may vary from 7 days to 15 days. However, disputed matters / cases are kept pending till these cases are mutually settled by the shareholders 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 given in Clause 49 of the Listing Agreement.

24. Management Responsibility Statement

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

The financial statements have been audited by Messrs. S R Batliboi & Co., Chartered Accountants, and have been discussed with the Audit Committee.

25. CEO/CFO Certification

Mr Marcelo Villagran - Managing Director (CEO) and Mr Shaibal Sinha – Director Finance (CFO) have certified to the Board that:-

- They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.



- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

The above certificate was placed before the Board Meeting on February 24, 2010.

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

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

MR N. SANKAR

Sl. No	Name of Company	Nature of Office
1.	Sanmar Holdings Ltd.	Chairman
2.	SHL Securities (Alpha) Ltd.	Chairman
3.	N Kumar Investment Holdings Pvt. Ltd.	Chairman
4.	NS Family Consolidations Pvt. Ltd.	Chairman
5.	NS Family Investments Pvt. Ltd.	Chairman
6.	SHL Research Foundation	Chairman
7.	N Sankar Properties And Holdings Pvt. Ltd.	Chairman
8.	Vijay Sankar Investment Holdings Pvt. Ltd.	Chairman
9.	Chandra Sankar Investment Holdings Pvt. Ltd.	Chairman
10.	Madhurika Sankar Investment Holdings Pvt. Ltd.	Chairman
11.	NOCIL Ltd.	Director
12.	FL Smidth Pvt. Ltd.	Director
13.	Chennai Willingdon Corporate Foundation	Director
14.	Chennai Heritage	Director
15.	Sanmar Overseas Investments AG	Director

MR. J. CARBAJAL

Sl. No	Name of Company	Nature of Office
1.	PT. Sepatu Bata TBK	Director
2.	Bata (Malaysia) SDN. BHD.	Director
3.	La Primavera SDN. BHD.	Director

27. Corporate Governance Compliance

The Company has complied with the requirements as laid down in Clause 49 of the Listing Agreement for the purpose of Corporate Governance.

For and on behalf of the Board of Directors

Gurgaon, February 24, 2010.

P M Sinha
Chairman



AUDITORS' CERTIFICATE

To

The Members of Bata India Limited

We have examined the compliance of conditions of Corporate Governance by Bata India Limited, for the year ended on December 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

For S. R. BATLIBOI & CO.
Chartered Accountants

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

Place: Gurgaon
Date : 24th February, 2010



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, 2009 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on December 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 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, 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Rajiv Goyal
Partner

Membership No.: 94549

Place : Gurgaon
Date : 24th February, 2010

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

Re: Bata India Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (a) to 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with.

We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same
- (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 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 information and explanation given to us and records of the Company, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, other than following:

Name of the statute	Nature of dues	Amount (Rs in thousand)	Period to which the amount relates	Forum where dispute is pending
Various State Sales Tax Acts	MRP-Tax on tax case	16,480	1987-88 to 2001-02	Sales Tax Tribunal Appellate Authority, Tamilnadu
Various State Sales Tax Acts	Purchase Tax Dispute at Faridabad	5,100	1984-85	Supreme Court
Various State Sales Tax Acts	Revenue recovery against non payment of demand in assessment	6,700	1994-95 1998-99 1999-00 2000-01	CESTAT, Kerala
Various State Sales Tax Acts	Tax in dispute u/s 92 of Central Sales tax Act regarding non-submission of forms	2,780	1991-92	High Court, UP
Various State Sales Tax Acts	Penalty for non payment of tax and non collection on "C" forms	1,200	2002	CESTAT, Kolkata
Various State Sales Tax Acts	Appeal Against Assessment Order	1,400	1985-87	High Court
Central Excise Act, 1944	Excise Duty demand on closing balance of exempted footwear.	1,500	1987-88	CCE(Appeals) Kolkata
Central Excise Act, 1944	Excise duty on double textured fabric(rubberized textile)	18,970	1990-1994	Supreme Court

Name of the statute	Nature of dues	Amount (Rs in thousand)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty demanded for sale of footwear at domestic Tariff area of which final hearing before commissioner concluded and order is pending.	7,030	1997-1999	Commissioner of Central Excise, Chennai
Central Excise Act, 1944	Duty demanded on various chemicals used for processing of leather and subsequent clearance of said processed leather for manufacture of footwear (Exempted)	870	2005	Commissioner, CCE Kolkata
Central Excise Act, 1944	Disallowance for trade discount for sale of footwear to retail outlet	2,750	1995-97	CESTAT-Chennai
Central Excise Act, 1944	Excise duty demanded on parts of footwear used captively in manufacture of exempted footwear	5,040	2004-05	Additional Commissioner of Central Excise Kolkata
Central Excise Act, 1944	Central Excise Duty Demanded for clearance of "Defective Footwear" without payment of Central Excise Duty, after necessary re-processing of said footwear. The process treated as "MANUFACTURE"	5,100	2004	CESTAT-Kolkata
Central Excise Act, 1944	Excise duty demanded for movement of raw material to job worker without payment of duty	18,790	2004-05	Commissioner (Appeal) Kolkata.
Central Excise Act, 1944	Disallowing of abatement @ 40% on MRP for Institutional Sales. Sale of Industrial Boots & Mines Safety Boots.	7,470	2006 2007 2008	CESTAT, Kolkata
Central Excise Act, 1944	Demand for alleged non reversal of CENVAT credit on cenvated inputs and non payment of CE duty on finished goods on written off stock as per Balance sheet	5,440	2007	Commissioner, Kolkata.



Name of the statute	Nature of dues	Amount (Rs in thousand)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Non compliance of the condition of the notification for marking MRP on factory seconds cleared on payment of appropriate C.E. duty.	21,480	2008	CESTAT, Kolkata
Central Excise Act, 1944	Exclusion of sales tax @ 8% for payment of an amount equal to 8%/10% on exempted footwear as per CCR 6(3)(b).	1,500	2009	Additional 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.	10,340	2001	Deputy Commissioner of Customs
Customs Act, 1942	Wrong availment of concessional rate of customs duty etc. against which the hearing has not finalized as yet	83,760	1998-2003	CESTAT-Kolkata
Customs Act, 1942	Adv. License No. P/W/3497630 dt. 7.2.94	100	2002	DGFT, 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) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company had no outstanding dues in respect of debenture holders and financial institutions.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, the Company did not obtain any term loan during the year.

The Bata logo, featuring the word "Bata" in a stylized, bold, italicized serif font, enclosed within a rectangular border.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Place : Gurgaon
Date : 24th February, 2010


BATA INDIA LIMITED
BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Schedule No.	As at 31.12.2009 Rs '000s	As at 31.12.2008 Rs '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	642,638	642,638
Reserves & Surplus	2	2,700,244	2,268,945
		<u>3,342,882</u>	<u>2,911,583</u>
LOAN FUNDS			
Secured Loans	3A	146,532	359,089
Unsecured Loans	3B	103,957	87,216
		<u>250,489</u>	<u>446,305</u>
TOTAL		<u>3,593,371</u>	<u>3,357,888</u>
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		3,744,047	3,493,365
Less: Accumulated Depreciation		<u>2,441,165</u>	<u>2,323,149</u>
Net Block		1,302,882	1,170,216
Capital Work In Progress		6,292	8,582
		<u>1,309,174</u>	<u>1,178,798</u>
INTANGIBLE ASSETS	5	—	—
INVESTMENTS	6	172,483	172,483
DEFERRED TAX ASSETS (Refer Note No.18 of Schedule 21)		241,074	174,713
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	2,774,602	2,922,293
Sundry Debtors	8	251,795	258,875
Cash & Bank Balances	9	562,089	267,558
Other Current Assets	10	8,201	11,140
Loans & Advances	11	824,014	781,662
	(A)	<u>4,420,701</u>	<u>4,241,528</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	1,932,766	1,943,631
Provisions	13	632,605	542,551
	(B)	<u>2,565,371</u>	<u>2,486,182</u>
NET CURRENT ASSETS	(A - B)	<u>1,855,330</u>	<u>1,755,346</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	14	15,310	76,548
TOTAL		<u>3,593,371</u>	<u>3,357,888</u>

The Schedules 1-21 form an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon, February 24, 2010

SHAIBAL SINHA

Director - Finance

A B ANAND

Secretary

MARCELO VILLAGRAN

Managing Director

P M SINHA

Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Schedule No.	31.12.2009 Rs '000s	31.12.2008 Rs '000s
INCOME			
Gross Turnover	15	11,125,882	10,123,323
Less : Excise Duty on Turnover (Refer Note No. 21 of Schedule 21)		209,365	253,843
Net Turnover		10,916,517	9,869,480
Other Income	16	84,228	111,996
		11,000,745	9,981,476
EXPENDITURE			
Cost of Goods Sold	17	5,134,570	4,826,583
Manufacturing, Distribution, Selling and Administration Expenses	18	4,426,088	4,104,405
Miscellaneous Expenditure written off - VRS Expenses	14	61,238	29,720
Depreciation / Amortisation	19	279,234	190,009
Financial Expenses	20	96,981	112,358
		9,998,111	9,263,075
PROFIT BEFORE TAXATION		1,002,634	718,401
Provision for Taxation :			
– Current Tax		401,757	247,554
– Deferred Tax Charge / (Credit) (Net)		(66,361)	(147,521)
– Fringe Benefit Tax		1,722	11,000
– Tax for earlier year		(6,756)	—
NET PROFIT		672,272	607,368
Balance of Profit brought forward from Previous Year		1,048,666	689,998
Profit available for appropriation		1,720,938	1,297,366
Appropriations:			
Proposed Final Dividend		192,791	160,659
Tax on Dividend		32,765	27,304
Transfer to General Reserve		67,227	60,737
Profit carried to Balance Sheet		1,428,155	1,048,666
Earning Per Share (Basic & Diluted) (Rs.)		10.46	9.45
Nominal value of shares (Rs.) [Refer Note No.10 of Schedule 21]		10.00	10.00
The Schedules 1-21 form an integral part of the financial statements.			

As per our report of even date

For and on behalf of the Board of Directors

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon, February 24, 2010

SHAIBAL SINHA

Director - Finance

A B ANAND

Secretary

MARCELO VILLAGRAN

Managing Director

P M SINHA

Chairman



SCHEDULES TO THE FINANCIAL STATEMENTS

	31.12.2009 Rs '000s	31.12.2008 Rs '000s
1. SHARE CAPITAL		
Authorised		
70,000,000 (Previous Year: 70,000,000) Equity Shares of Rs 10/- each	<u>700,000</u>	<u>700,000</u>
Issued		
64,285,000 (Previous Year: 64,285,000) Equity Shares of Rs 10/- each	<u>642,850</u>	<u>642,850</u>
Subscribed & Paid up		
64,263,770 (Previous Year: 64,263,770) Equity Shares of Rs 10/- each fully paid	<u>642,638</u>	<u>642,638</u>
Of the Above :		
i. 9,800,000 (Previous Year: 9,800,000) Equity Shares of Rs 10/- each issued and allocated as fully paid-up Bonus Shares by capitalisation of General Reserve and Securities Premium in earlier years		
ii 32,785,000 (Previous Year: 32,785,000) Equity Shares held by Bata (BN) B.V., Amsterdam, The Netherlands, (Holding Company) - Rs. 327,850,000 (Previous Year: Rs 327,850,000).		
2. RESERVES & SURPLUS		
A) Revaluation Reserve		
As per last Account (Created on 31st December, 1969 and 31st December, 1997 by Revaluation of Fixed Assets)	<u>377,222</u>	<u>398,886</u>
Less: On Sold/ Discarded fixed assets	<u>818</u>	<u>4,103</u>
Less: Transferred to Profit & Loss Account (Being Depreciation for the year on Revalued amount)	<u>14,599</u>	<u>17,561</u>
	<u>361,805</u>	<u>377,222</u>
B) Securities Premium	<u>501,356</u>	<u>501,356</u>
C) General Reserve		
As per last Account	<u>341,701</u>	<u>280,964</u>
Add: Transferred from Profit and Loss Account	<u>67,227</u>	<u>60,737</u>
	<u>408,928</u>	<u>341,701</u>
D) Profit and Loss Account		
	<u>1,428,155</u>	<u>1,048,666</u>
	<u>2,700,244</u>	<u>2,268,945</u>

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
3. LOAN FUNDS				
A) Secured Loans				
From Scheduled Banks on Cash Credit Accounts & Working Capital Demand Loan [Refer Note No. 5 of Schedule 21]		146,532		359,089
B) Unsecured Loans				
Deposits from Agents and Franchisees [Amount payable within one year Rs. Nil (Previous Year: Rs. Nil)]		103,957		87,216
		<u>250,489</u>		<u>446,305</u>



SCHEDULES TO THE FINANCIAL STATEMENTS

(All Figures are in Rs '000s)

4. FIXED ASSETS	Land	Buildings	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block							
As at 01.01.2009	240,836	514,111	1,889,881	829,369	19,168	3,493,365	3,244,308
Additions	—	34,001	184,943	219,205	224	438,373	353,098
Deductions/Adjustments	—	6,859	86,457	91,963	2,412	187,691	104,041
As at 31.12.2009	240,836	541,253	1,988,367	956,611	16,980	3,744,047	3,493,365
Depreciation							
As at 01.01.2009	—	310,840	1,454,438	542,519	15,352	2,323,149	2,205,957
For the year	—	34,386	135,608	122,398	1,441	293,833	206,662
Deletions / Adjustments	—	6,360	84,110	83,072	2,275	175,817	89,470
As at 31.12.2009	—	338,866	1,505,936	581,845	14,518	2,441,165	2,323,149
Net Block							
As at 31.12.2009	240,836	202,387	482,431	374,766	2,462	1,302,882	1,170,216
As at 31.12.2008	240,836	203,271	435,443	286,850	3,816	1,170,216	1,038,351
Capital Work in Progress							
As at 31.12.2009	—	—	—	—	—	6,292	8,582
As at 31.12.2008	—	—	—	—	—	8,582	3,073
Net Block							
As at 31.12.2009	240,836	202,387	482,431	374,766	2,462	1,309,174	1,178,798
As at 31.12.2008	240,836	203,271	435,443	286,850	3,816	1,178,798	1,041,424

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

5. INTANGIBLE ASSETS (COMPUTER SOFTWARE)	CURRENT YEAR	PREVIOUS YEAR
Gross Block	Rs. '000s	Rs. '000s
As at 01.01.2009	4,532	4,532
Additions	—	—
Deductions	—	—
As at 31.12.2009	4,532	4,532
Amortisation		
As at 01.01.2009	4,532	3,624
For the year	—	908
As at 31.12.2009	4,532	4,532
Net Block		
As at 31.12.2009	—	—
As at 31.12.2008	—	908

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

	Face value Per share Rs	No. of Equity Shares	31.12.2009 Rs '000s	31.12.2008 Rs '000s
6 INVESTMENTS (LONG TERM) (AT COST) (Unquoted, Fully paid)				
(a) In Government or Trust Securities (Non Trade) (Deposited with various Government Authorities)				
6 Year National Savings Certificates			5	5
			5	5
(b) Bata Properties Limited (Trade) (Wholly owned subsidiary, a Company under the same management u/s 370(1B) of the Companies Act, 1956)	10	4,851,000	48,510	48,510
(c) Other Investments (Non Trade) Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	10	250	2	2
(d) Bhadrakali Market Co-operative Society Limited, Nasik (Non Trade)	100	5	1	1
(e) River Bank Developers Private Limited - Joint Venture [a company under the same management (Non Trade)]	10	130,000	1,300	1,300
(f) Immovable Properties - Land (Trade)			122,665	122,665
Note: No Investment was purchased/sold during the current year and previous year.				
			172,478	172,478
			172,483	172,483
7 INVENTORIES (at lower of cost and net realizable value)				
Raw Materials			156,965	190,587
Work-in-Progress			158,877	175,077
Stores & Spare Parts			10,638	7,116
Finished Goods [Including in transit of Rs. 221,657 thousands (Previous Year Rs. 292,356 thousands)]			2,448,122	2,549,513
			2,774,602	2,922,293



SCHEDULES TO THE FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
8 SUNDRY DEBTORS				
(Unsecured considered Good)				
(a) Debts outstanding for a period exceeding six months		11,430		2,131
(b) Other Debts		240,365		256,744
		<u>251,795</u>		<u>258,875</u>
9 CASH & BANK BALANCES				
A) Cash on hand		15,127		23,996
B) Balances with Scheduled Banks on :				
Current Accounts	158,365		63,641	
[Includes Rs. 3,885 thousands (Previous Year: Rs. 3,949 thousands) on unpaid dividend and unpaid matured deposit]				
Term Deposits	<u>387,650</u>	546,015	<u>179,575</u>	243,216
[Includes Rs.14,575 thousands (Previous Year: Rs 14,575 thousands) as deposits pledged with Banks]				
C) Balance with Other Banks on :				
Current Account		947		346
[With Municipal Co-Operative Bank-Mumbai Maximum amount outstanding during the year Rs. 1,728 thousands (Previous Year: Rs 2,693 thousands)]				
		<u>562,089</u>		<u>267,558</u>
10 OTHER CURRENT ASSETS				
(Unsecured - Considered Good)				
Interest receivable on Fixed Deposits with Banks		8,201		11,140
		<u>8,201</u>		<u>11,140</u>

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
11 LOANS & ADVANCES				
(Unsecured - Considered Good, unless otherwise stated)				
Advances recoverable in cash or in kind or for a value to be received [Refer Note No. 3 of Schedule 21] [including Rs. 3,483 thousands (Previous Year Rs 7,333 thousands) considered doubtful]	122,382		148,373	
Less: Provision for Doubtful Advances	3,483	118,899	7,333	141,040
Claims [including Rs. 6,686 thousands (Previous Year Rs. 21,357 thousands) considered doubtful]	36,218		55,034	
Less: Provision for Doubtful Claims	6,686	29,532	21,357	33,677
Deposits [including Rs. 8,411 thousands (Previous Year Rs.10,095 thousands) considered doubtful]	367,986		350,048	
Less: Provision for Doubtful Deposits	8,411	359,575	10,095	339,953
Others [Including Rs. 4,925 thousands (Previous Year Rs. 42,810 thousands) considered doubtful]	7,383		43,382	
Less: Provision for Doubtful Other Loans & Advances	4,925	2,458	42,810	572
Advance recoverable From Coastal Commercial & Exim Limited, a Subsidiary Company and a company under the same management u/s 370(1B) of The Companies Act, 1956. [Maximum amount due during the year Rs. 2,695 thousands (Previous Year Rs. 2,970 thousands)]		2,361		2,693
Advance Tax including tax deducted at source and refund receivable [Including Fringe Benefits Tax of Rs. Nil (Previous Year Rs.8,850 thousands)]		273,887		236,253
Balances with Customs, Port Trust and Excise Authorities [including Rs. 74,515 thousands (Previous Year Rs. 59,171 thousands) considered doubtful]	111,817		86,645	
Less: Provision for Doubtful Advances	74,515	37,302	59,171	27,474
		824,014		781,662



SCHEDULES TO THE FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
12 CURRENT LIABILITIES				
Acceptances		315,574		300,371
Sundry Creditors				
– Micro and Small Enterprises [Refer Note No.22 of Schedule 21]	36,068		26,708	
– Others	<u>1,453,332</u>	<u>1,489,400</u>	<u>1,488,838</u>	<u>1,515,546</u>
Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :				
I) Unpaid Dividend		1,907		1,316
II) Unpaid Matured Deposit		1,978		2,633
Other Liabilities		<u>123,907</u>		<u>123,765</u>
		<u>1,932,766</u>		<u>1,943,631</u>
13 PROVISIONS				
Proposed Dividend		192,791		160,659
Tax on Proposed Dividend		32,765		27,304
Taxation		338,347		224,365
Leave Benefits		38,671		36,070
Gratuity		—		69,260
Warranty Claims [Refer Note No. 16 (a) of Schedule 21]		16,970		14,097
Contingencies [Refer Note No. 16 (b) of Schedule 21]		13,061		10,796
		<u>632,605</u>		<u>542,551</u>
14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Voluntary Retirement Costs (As per last account)	76,548		11,980	
Add : Current Year Cost	<u>—</u>		<u>94,288</u>	
	76,548		106,268	
Less : Amortisation for the year	<u>61,238</u>	<u>15,310</u>	<u>29,720</u>	<u>76,548</u>
Unamortised Balance Carried to Balance Sheet		<u>15,310</u>		<u>76,548</u>

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
15 GROSS TURNOVER				
Sale of Products		11,102,262		10,077,065
Income from Repair and Chiropody		8,849		12,727
Sale of Scrap		14,771		33,531
		<u>11,125,882</u>		<u>10,123,323</u>
16 OTHER INCOME				
Interest (gross)		21,605		19,767
[Tax deducted at source - Rs.4,486 thousands (Previous Year Rs. 3,767 thousands) Refer note 13 of Schedule 21]				
Gain on Foreign Exchange Fluctuations (net off of loss of Rs. 13,006 thousands (Previous Year: Rs. Nil))		1,766		—
Gain on Disposal/discard of Fixed Assets [net off of loss of Rs. Nil (Previous Year: Rs. 5,690 thousands)]		—		2,544
Duty Draw Back & Other Export incentives		2,661		4,866
Liabilities no longer required written back		8,164		40,327
Miscellaneous Income		50,032		44,492
		<u>84,228</u>		<u>111,996</u>
17 COST OF GOODS SOLD				
Raw materials consumed		2,138,515		2,077,915
Job Processing Charges		229,261		191,661
Purchase of Traded Good		2,692,194		2,475,364
(Increase)/Decrease in Stock				
Finished Goods:				
Opening Stock		2,549,513		2,669,355
Less : Closing Stock		<u>2,448,122</u>		<u>2,549,513</u>
		101,391		119,842
Work In Progress:				
Opening Stock		175,077		162,107
Less : Closing Stock		<u>158,877</u>		<u>175,077</u>
		16,200		(12,970)
Change in Excise Duty on Stocks (Refer Note No. 21 of Schedule 21)		(42,991)		(25,229)
		<u>5,134,570</u>		<u>4,826,583</u>



SCHEDULES TO THE FINANCIAL STATEMENTS

	31.12.2009 Rs '000s	31.12.2008 Rs '000s
18 MANUFACTURING, DISTRIBUTION, SELLING AND ADMINISTRATION EXPENSES		
Salaries, Wages and Bonus	1,452,880	1,406,087
Workmen & Staff Welfare	78,242	79,970
Contribution to Gratuity, Pension & Provident Funds	151,987	246,106
Commission on sales - Other than to Sole Selling Agent's	192,539	154,172
Cash Discount	7,461	6,503
Stores and Spare Parts consumed	23,569	34,078
Power & Fuel	288,174	282,195
Rent [net of rent received of Rs. 2,005 thousands (Previous Year Rs.1,340 thousands)] (Including impact of straight lining of lease rent Rs.111,773 thousands (Previous Year: Rs. 60,662 thousands))	1,012,303	766,505
Repairs – Buildings	34,110	40,255
– Plant & Machinery	25,790	22,985
– Others	16,342	10,814
Insurance	39,166	34,180
Rates & Taxes	85,504	77,334
Travelling & Conveyance	112,131	110,619
Freight	291,997	281,772
Advertisement and Sales Promotion	145,299	163,515
Communication Expenses	53,227	44,154
Printing & Stationery	39,157	30,157
Legal and Professional Expenses	60,656	46,135
Loss on disposal/discard of Fixed Assets (net off of gain of Rs. 7,333 thousands (Previous Year Rs. Nil))	2,880	—
Foreign Exchange fluctuation (net off of Gain of Rs. Nil (Previous Year: Rs. 9,430 thousands))	—	20,851
Bad Debts Written off	4,644	—
Provision for Doubtful Debts, Loans, Advances, etc	19,556	9,753
Technical Collaboration Fee	132,592	100,989
Miscellaneous Expenses (Refer Note No. 4 of Schedule 21)	155,882	135,276
	4,426,088	4,104,405
19 DEPRECIATION / AMORTISATION		
a) Depreciation for the year	293,833	206,662
Less: Transfer from Revaluation Reserve	14,599	17,561
	279,234	189,101
b) Amortisation of Intangible Asset	—	908
	279,234	190,009
20 FINANCIAL EXPENSES		
Interest –		
– on Cash Credit Accounts/ Working Capital Demand Loan	36,086	61,972
– on Agency and Franchisees Deposit	4,127	2,849
– Others	506	262
Bank Charges	56,262	47,275
	96,981	112,358

21. NOTES TO THE FINANCIAL STATEMENT**1. SIGNIFICANT ACCOUNTING POLICIES****a. Nature of operation**

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

b. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Notified accounting standard 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.

c. Use of estimates

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

d. Investments

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

e. Fixed Assets

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

f. Depreciation

- i. Depreciation on 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.
- ii. Fixed Assets costing below Rs. 5,000 are fully depreciated in the year of acquisition.
- iii. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/ disposal.
- iv. 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.



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

g. Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. 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 at 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 is determined on a weighted average basis and Cost of finished goods includes excise duty. Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location, determined on weighted average 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.

i. 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. Repairs and Chiropody:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The revenue is recognised when services are rendered based on completed contract method.

iii. Interest:

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

iv. Dividends:

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)**v. Export Benefits:**

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

j. 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 except those arising from investments in non-integral operations.

iv. Forward Exchange Contracts (Derivative Instruments) not intended for trading or speculation purposes

The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

k. 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.



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

I. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of Fixed 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.

m. 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 Manufacturing & Sale of Footwear & Accessories and Investment in 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 confirmative with the Accounting Policies adopted for preparing and presenting the Financial Statement of the company as a whole.

n. 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.

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

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.

o. 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 determine as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. There is no deficit in the fund at the year end.
- iii. Short term compensated absences are provided on estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.
- iv. Retirement benefits in the form of Pension cost is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

p. Miscellaneous Expenditure

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

q. Leases

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

r. Taxes on Income

Tax expense comprises of current, deferred tax and fringe benefit tax. Current income tax and fringe benefit 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.



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

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

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

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The 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

s. 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. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

t. 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 period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

u. Cash Flow Statement

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

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

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

	31.12.2009		31.12.2008	
	Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
Managing & Wholetime Directors :				
Salary	23,946		20,216	
Commission	1,380		1,200	
Provident Fund Contribution, Pension & Accident Insurance Premium	3,986		3,047	
Value of other Perquisites	2,679		3,879	
Home Leave Travel	276	32,267	276	28,618
Non-Executive Directors :				
Commission		2,201		1,481
Fees		1,180		880
		<u>35,648</u>		<u>30,979</u>

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

	31.12.2009		31.12.2008	
	Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
Net Profit Before Tax		1,002,634		718,401
Add:-				
Provision for Doubtful Debts & Advances		19,556		9,753
Payment under Voluntary Retirement Scheme		75,843		29,720
Less:-				
Gain on sale of Fixed Assets		—		2,544
Bad debts Written Off		62,306		—
Net Profit as per Section 349 of the Companies Act, 1956		<u>1,035,727</u>		<u>755,330</u>
Add: Managerial Remuneration				
Remuneration & Estimated value of other benefits		32,267		28,618
Fees		1,180		880
Commission		2,201		1,481
Net Profit for the purpose of Director's remuneration as per Section 198		<u>1,071,375</u>		<u>786,309</u>

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

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

3. In the opinion of the Board of Directors of the Company, Loans and Advances have a realisable value at least at the amounts at which they are stated.

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

	2009 Rs. '000s	2008 Rs. '000s
As Auditors	4,250	4,250
As Advisor – Taxation Matter	—	—
Others		
– Group reporting	1,700	1,900
– Certification Fee	1,005	725
Reimbursement of out of Pocket Expenses	635	858

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

6. Leases

Assets Taken on Operating Lease

- a) The Company has taken various residential, office, warehouse and shop premises under operating lease agreements. The lease agreements 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 any lease agreements.

- b) The aggregate lease rentals payables are charged as 'Rent' in Schedule 18.

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

7. Derivative Instruments and Unhedged Foreign Currency Exposure

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date	Amount in Foreign Currency (in '000s)			Amount in Indian Currency (Rs. '000s)	
	Currency	Current Year	Previous Year	Current Year	Previous Year
Import Creditors	USD	1,081.24 @ Rs. 47.12	1,863.82 @ Rs. 48.22	50,948	89,873
	EURO	77.20 @ Rs. 67.97	155.61 @ Rs. 67.87	5,247	10,561
Advance for Import	USD	—	24.30 @ Rs. 47.41	—	1,152
	EURO	1.39 @ Rs. 66.20	—	92	—
Debtors	USD	35.54 @ Rs. 46.21	343.28 @ Rs. 47.41	1,642	16,275
	EURO	73.20 @ Rs. 66.20	—	4,846	—

8. Expenditure Incurred on Voluntary Retirement Scheme

During the year, the Company has incurred Rs. 14,605 thousands (Previous Year: Rs. 94,288 thousands) on account of voluntary retirement schemes introduced at its Batagunj and Faridabad units.

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

9. A. Related Party Transactions

Amount in Rs. '000s

Nature of Transaction	Holding Company		Subsidiaries		Fellow Subsidiaries		Joint Venture		Transactions with Key Management		Total	
	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance
Sales (Refer 9B(i))	—	—	—	—	11,549	4,991	—	—	—	—	11,549	4,991
	Previous Year	—	—	—	406	—	—	—	—	—	406	—
Purchases (Refer 9B(ii))	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	4,717	1,512	—	—	—	—	4,717	1,512
Unsecured Loans taken (Refer 9B(vii)A)	—	—	—	—	—	—	—	—	—	—	—	—
	Previous Year	—	1,362	—	—	—	—	—	—	—	1,362	—
Current A/c (Refer 9B(vii)B)	—	—	1,113	2,361	—	—	—	—	—	—	1,113	2,361
	Previous Year	—	1,154	2,693	—	—	—	—	—	—	1,154	2,693
Rent Expenses (Refer 9B(vii)C)	—	—	1,674	—	—	—	—	—	—	—	1,674	—
	Previous Year	—	1,454	—	—	—	—	—	—	—	1,454	—
Reimbursement of Expenses to (Refer 9B(ii), 9B(vii)D)	—	—	54	—	2,336	162	—	—	—	—	2,390	162
	Previous Year	—	23	—	1,610	3	—	—	—	—	1,633	3
Reimbursement of Expenses from (Refer 9B(iv), 9B(vi)A)	—	—	—	—	8,242	2,623	19,714	—	—	—	27,956	2,623
	Previous Year	—	—	—	5,080	854	19,178	—	—	—	24,258	854
Technical Fee (Refer 9B (v))	—	—	—	—	120,000	27,000	—	—	—	—	120,000	27,000
	Previous Year	—	—	—	90,000	20,250	—	—	—	—	90,000	20,250
Remuneration (Refer 9B(viii))	—	—	—	—	—	—	—	—	32,267	—	32,267	—
	Previous Year	—	—	—	—	—	—	—	28,618	—	28,618	—
Dividend Paid (Refer 9B(ix))	81,963	—	—	—	—	—	—	—	—	—	81,963	—
	Previous Year	65,570	—	—	—	—	—	—	—	—	65,570	—



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

9. B. Related Party Transaction Details

i. Sale of Goods:

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

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Kenya	2009 2008	— 406	— —
PT Sepatu Bata Tbk	2009 2008	2,954 —	— —
Bata SA SOC Spain	2009 2008	5,112 —	4,867 —
Manufactura Boliviana S.A.	2009 2008	2,586 —	— —

ii. Purchase of Goods:

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

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Industrials Europe-Netherland	2009 2008	— 4,717	— 1,512

iii. Reimbursement of Expenses:

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

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Shoe Singapore Pte Ltd.	2009 2008	496 294	— —
Global Footwear Services	2009 2008	— 859	— —
Bata Limited, Canada	2009 2008	819 215	— —
Bata Malaysia	2009 2008	810 —	162 —

iv. Reimbursement of Expenses:

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

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Shoe Singapore Pte Ltd.	2009 2008	3,199 1,304	916 —
Compar S.P.A Italy	2009 2008	4,274 3,438	1,248 854

SCHEDULES TO THE FINANCIAL STATEMENTS



21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

v. Technical Collaboration Fees:

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

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Global Footwear Services	2009	120,000	27,000
	2008	90,000	20,250

vi. Transaction with Joint Venture Company:

Details of transaction with 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.'000s)	Outstanding Balance (Rs.'000s)
River Bank Developers Private Limited	2009	19,714	—
	2008	19,178	—

B. Future Land Obligations to be fulfilled by the JV company:

Name of the Party	Future Transaction Value (Rs.'000s)
River Bank Developers Private Limited	650,000

The JV company will fulfil the obligation of development of 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.

vii. Transaction with Subsidiaries :

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

A. Repayment of Unsecured Loans:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	2009	—	—
	2008	1,362	—

B. Current Accounts:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	2009	780	—
	2008	681	—
Coastal Commercial & Exim Ltd.	2009	332	2,361
	2008	474	2,693



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

C. Rent Expenses:

Name of the Party	Year	Transaction Value (Rs.'000s)
Bata Properties Ltd.	2009	834
	2008	704
Coastal Commercial & Exim Ltd.	2009	840
	2008	750

D. Reimbursement of Expenses to:

Name of the Party	Year	Transaction Value (Rs.'000s)
Bata Properties Ltd.	2009	54
	2008	23

viii. Remuneration to Directors * :

Name of the Director	Year	Transaction Value (Rs.'000s)
Shaibal Sinha	2009	11,934
	2008	11,023
Marcelo Villagran	2009	20,333
	2008	17,595

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

ix. Transaction with Holding Company :

Dividend Payment :

Name of the Party	Year	Transaction Value (Rs.'000s)
BATA (BN) B.V. The Netherlands, Amsterdam	2009	81,963
	2008	65,570

SCHEDULES TO THE FINANCIAL STATEMENTS



21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

9. C. Related Party Disclosure

Nature of relationship	Name
I. Holding Company	: BATA (BN) B.V. The Netherlands, Amsterdam
II. Key Management Person	: Marcelo Villagran – Managing Director Shaibal Sinha – Director Finance
III. Jointly Control Entity	: River Bank Developers Private Limited
IV. Subsidiaries	: Bata Properties Ltd. and Coastal Commercial & Exim Ltd.
V. Fellow Subsidiaries	:

COMPANY NAME

Compar SPA
 Bata Czech Republic
 Bata Singapore Pte. Ltd
 Global Footwear Services Pte Ltd
 Bata Malaysia SDN BHD
 PT Sepatu Bata Tbk
 Bata Limited, Canada
 Bata Industrial Europe
 Bata Shoe Kenya Ltd
 Bata SA SOC Spain
 Bata Shoe Co. of Ceylon Ltd
 Manufactura Boliviana S.A.
 Bata Shoe of Thailand Pubic Co. Ltd.
 Bata Chile S.A.

10. Earnings Per Share (EPS)

	31.12.09	31.12.08
Profit / (Loss) as per Profit & Loss Account (Rs.'000s)	672,272	607,368
Weighted Average Number of Equity Shares (in thousands)	64,264	64,264
Basic and Diluted Earning per Share (Rs.)	10.46	9.45
Nominal value of Share (Rs.)	10.00	10.00

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)
11 Segment Reporting

The Company operates in two segments - Footwear & Accessories and Investment in Joint Venture for 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.

Investment in Joint Venture for Surplus Property Development : The segment is involved in development of real estate at Batanagar.

A Primary Segment Disclosure

(Amount in Rs.'000s)

Particulars	Footwear & Accessories		Investment in Joint Venture for Surplus Property Development		Total	
	2009	2008	2009	2008	2009	2008
REVENUE						
External Turnover	10,916,517	9,869,480	—	—	10,916,517	9,869,480
Other income*	62,623	92,229	—	—	62,623	92,229
RESULT	1,041,271	782,473	—	—	1,041,271	782,473
Unallocated Corporate Expenses					(19,523)	(18,756)
Operating Profit					1,021,748	763,717
Interest Expenses					(40,719)	(65,083)
Interest Income					21,605	19,767
Income Taxes					(330,362)	(111,033)
Net Profit					672,272	607,368
OTHER INFORMATION						
Segment assets	5,496,304	5,221,451	123,965	123,965	5,620,269	5,345,416
Unallocated corporate assets					523,163	422,106
Total assets					6,143,432	5,767,522
Segment liabilities	2,245,660	2,509,177	—	—	2,245,660	2,509,177
Unallocated corporate liabilities					570,200	423,310
Total liabilities					2,815,860	2,932,487
Capital expenditure	436,082	358,607	—	—	436,082	358,607
Depreciation	279,234	189,101	—	—	279,234	189,101
Amortisation	—	908			—	908
Non-cash expenses other than depreciation and amortisation	19,556	9,753	—	—	19,556	9,753

* Other income as reported does not include the interest income amounting to Rs.21,605 thousands (Previous Year Rs. 19,767 thousands)

B INFORMATION ABOUT SECONDARY SEGMENTS
a) Revenue & Sundry Debtors as per Geographical Markets (Amount in Rs. '000s)

Particulars	Revenue		Sundry Debtor	
	2009	2008	2009	2008
India	10,838,845	9,768,633	245,284	242,320
Outside India	77,672	100,847	6,511	16,555
Total	10,916,517	9,869,480	251,795	258,875

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.

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

12. Contingent Liabilities not provided for in respect of:

- Claims against Company not acknowledged as debts includes

Nature	2009 (Rs.000s)	2008 (Rs.000s)
Excise and Customs Cases	190,140	227,200
Sales Tax Cases	34,200	37,100
Others*	174,798	188,541
Total	399,138	452,841

*Others include individually small cases pertaining to rent labour etc

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.739,985 thousands (Previous Year Rs. 780,002 thousands).
The JV company will fulfil the obligation of development of 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.

13. Interest received (Schedule 16) includes:

	2009 (Rs.000s)	2008 (Rs.000s)
Banks (Includes TDS of Rs. 4,486 thousands (Previous Year: 3,767 thousands))	18,412	18,032
Others (Includes TDS of Rs. Nil (Previous Year: Nil))	3,193	1,735
Total	21,605	19,767

14. 21,230 (Previous Year: 21,230) equity shares of Rs. 10 each were held in abeyance on account of pending adjudication of the shareholders' right to receive those shares / inability of depository to establish ownership rights.
15. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs. 109,176 thousands (Previous Year: Rs. 93,320 thousands).
16. a) The movement of provision for warranty claims is as follows:

Particulars	2009 (Rs.000s)	2008 (Rs.000s)
Opening balance	14,097	12,595
Additions	47,326	27,460
Utilisation	35,453	12,065
Reversals	9,000	13,893
Closing balance	16,970	14,097

The warranty claim provision covers the expenses relating to the repairing / cost of shoes sold which are covered by a warranty period of 75 days from the date of sale. The amount is determined as per best estimate on a standard basis, based on experience of the average expenses incurred. It is expected that cost will be incurred over the warranty period as per warranty terms.

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

For the year ended 31st December, 2009	ESI	Labour Case, House Tax and Other Civil Cases [Refer Note (i) below]	TOTAL
Opening balance as on 1st January 2009	1,274	9,522	10,796
Additions	—	2,265	2,265
Reversals	—	—	—
Closing balance as on 31st December 2009	1,274	11,787	13,061



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

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

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

17. Gratuity and other post-employment benefit plans:

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

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

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

Profit and Loss account

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

	Gratuity	
	2009 (Rs.'000s)	2008 (Rs.'000s)
Current service cost	18,777	18,497
Interest cost on benefit obligation	23,951	26,510
Expected return on plan assets	(27,751)	(31,349)
Net actuarial (gain) / loss recognised in the year	16,660	106,228
Net benefit expense	31,637	119,886
Actual return on plan assets	17,806	19,593

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2009 (Rs.'000s)	2008 (Rs.'000s)
Defined benefit obligation	346,937	386,830
Fair value of plan assets	353,210	317,570
	6,273	(69,260)
Plan asset / (liability)	6,273	(69,260)

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

	Gratuity	
	2009 (Rs.'000s)	2008 (Rs.'000s)
Opening defined benefit obligation	386,830	415,398
Interest cost	23,951	26,510
Current service cost	18,777	18,497
Benefits paid	(89,336)	(168,047)
Actuarial (gains) / losses on obligation	6,715	94,472
Closing defined benefit obligation	346,937	386,830

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

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

	Gratuity	
	2009	2008
	(Rs.'000s)	(Rs.'000s)
Opening fair value of plan assets	317,570	362,000
Expected return	27,751	31,349
Contributions by employer	107,170	104,024
Benefits paid	(89,336)	(168,047)
Actuarial gains / (losses)	(9,945)	(11,756)
Closing fair value of plan assets	353,210	317,570

The Defined benefit obligation amounting to Rs. 346,937 thousands is funded by assets amounting to Rs.353,210 thousands and company has contributed Rs. 6,273 thousands excess during the year 2009. The Company expects to contribute Rs. 50,000 thousands during the year 2010.

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

	Gratuity	
	2009	2008
	%	%
Investments	100.00	100.00
– With Insurer	42.65	29.29
– With Government securities and Bonds	5.91	8.58
– With Special deposit scheme	51.44	62.13

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:

	2009	2008
	%	%
Discount rate	8.00	7.00
Expected rate of return on assets	9.50	8.50
Employee turnover		
Non Management		
20-24	0.50	0.50
25-29 and 55-60	0.30	0.30
30-34 and 50-54	0.20	0.20
35-49	0.10	0.10
Management		
20-25	5.00	5.00
26-35	3.00	3.00
36 and above	0.50	0.50

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

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

(Amount in Rs. '000s)

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

Experience History	2009	2008	2007
1 Defined Benefit Obligation at end of the period	(346,937)	(386,830)	(415,398)
2 Plan Assets at end of the period	353,210	317,570	362,000
3 Funded Status	6,273	(69,260)	(53,398)
4 Experience Gain/(Loss) adjustments on plan liabilities	(35,519)	(65,560)	(69,554)
5 Experience Gain/(Loss) adjustments on plan assets	(9,945)	(11,756)	(6,032)
6 Actuarial Gain/(Loss) due to change on assumptions	28,804	28,912	(19,391)
Contribution to Defined Contribution Plans:		2009	2008
Pension fund		2,375	1,600

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

(Amount in Rs. '000s)

	31-Dec-09	31-Dec-08
Deferred Tax Assets		
Tax impact of Timing Differences leading to Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	131,589	85,339
Provision for doubtful debts advances etc.	33,317	47,847
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	76,168	41,527
Gross Deferred Tax Assets	241,074	174,713
Less : Opening Deferred Tax Asset	174,713	27,192
Deferred Tax Charge/(Credit) for the year recognised in Profit and Loss Account	(66,361)	(147,521)

19. Manufacturing, Distribution, Selling and Administration expenses (Schedule 18) includes R & D Expenses of Rs. 33,877 thousands (Previous Year: Rs. 30,974 thousands).
20. As per the requirements of Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Ventures", the Company's interest in the Joint Venture Companies is as follows:

Name of the Company:-	River Bank Developers Private Limited
Nature:-	Jointly Controlled Entity
Nature of Business	Development of Real Estate
Country of Incorporation:-	India
(%) of Holding as on December 31, 2009:-	50

Details of Interest in Joint Venture are as follows:

(Amount in Rs. '000s)

Particulars	2009	2008
Fixed Assets (Gross Block, including Capital work in progress)	95,090	91,899
Fixed Assets (Accumulated Depreciation)	35,944	17,088
Investments	33,750	1,250
Inventories	15,393	18,659
Project Work in Progress	765,289	670,662
Current Assets	14,916	90,127
Unsecured Loans	50,000	—
Current Liabilities	947,305	905,006
Revenue	21,152	27,243
Expenses	80,369	65,133
Contingent Liability*	49,500	49,500

- * Additionally, there is a contingent liability relating to Stamp duty in the Joint venture Company as at December 31, 2009, which is not ascertainable.

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

During the year, one of the contractor had filed compensation claim on the JV Company and a counter claim has also been filed by the JV Company. The management is of the views that claim filed by the Contractor is not tenable as per law and accordingly, no adjustments, if any, arising out of such claim or counter claim had been made in financials of JV Company.

21. In accordance with "Explanation below Para 10 of Notified AS 9", excise duty on turnover amounting to Rs. 209,365 thousands (Previous Year: Rs. 253,843 thousands) has been reduced from turnover in profit & loss account and differential excise duty on opening and closing stock of manufactured finished goods amounting to Rs. 42,991 thousands [Previous Year: Rs. 25,229 thousands] has been adjusted from Cost of Goods Sold in Schedule - 17.

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

S. No	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	2009 (Rs.'000s)	2008 (Rs.'000s)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	36,068	26,708
	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	369,937	149,379
	Interest Paid beyond the Appointed Date	—	—
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	—	—
IV	The amount of interest accrued and remaining unpaid at the end of the year; and	—	—
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	—	—

23. INFORMATION PURSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956

(a) Quantitative Information in respect of goods manufactured

		2009			2008		
		Installed Capacity	Licensed Capacity	Actual Production	Installed Capacity	Licensed Capacity	Actual Production
		in '000s		in '000s	in '000s		in '000s
Rubber & Canvas Footwear	Pairs	42,500	N.A	12,598	42,500	N.A	15,682
Leather & Other Footwear	Pairs	20,256	N.A	13,549	20,256	N.A	9,465
Finished Leather from Hides	Pieces	1,596	N.A	184*	1,596	N.A	230

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

The production capacities were endorsed by the Government of India on the Registration Certificates (excluding Exports).



SCHEDULES TO THE FINANCIAL STATEMENTS

23. NOTES TO THE FINANCIAL STATEMENT (Contd.) (b) Opening & Closing Stock, Purchases and Turnover - Sale of Products

	OPENING STOCK				CLOSING STOCK				PURCHASES				TURNOVER *			
	2009		2008		2009		2008		2009		2008		2009		2008	
	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)	Pairs (in '000s)	Value (Rs.'000s)
Rubber/Canvas Footwear	4,875	552,651	5,620	528,317	5,053	534,549	4,875	552,651	4,202	361,691	2,589	234,005	16,622	2,299,638	19,017	2,360,211
Leather & Leather look alike Footwear	8,155	1,809,648	10,079	1,942,680	8,005	1,726,355	8,155	1,809,648	5,892	1,570,101	6,799	1,513,453	19,591	7,485,964	18,189	6,454,184
Plastic Footwear	2,281	146,051	2,773	152,198	2,366	138,304	2,281	146,051	9,403	592,901	9,796	626,507	9,318	1,003,841	10,288	1,029,433
Accessories, Garments and others		41,163		46,160		48,914		41,163		167,501		101,399		312,819		233,237
		2,549,513		2,669,355		2,448,122		2,549,513		2,692,194		2,475,364		11,102,262		10,077,065

* Turnover quantity includes customers claims, samples etc.

SCHEDULES TO THE FINANCIAL STATEMENTS

Bata

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

	31.12.2009 (Rs. '000s)	31.12.2008 (Rs. '000s)
(c) Value of Imports on CIF basis		
Raw Materials	30,961	54,279
Stores & Spare Parts	910	1,557
Capital Goods	29,000	39,415
Finished Goods	536,094	536,357
	<u>596,965</u>	<u>631,608</u>
(d) Consumption of Raw Materials		
	31.12.2009	31.12.2008
	Quantity Value (in '000s) (Rs.'000s)	Quantity Value (in '000s) (Rs.'000s)
Raw Hides	Kg 1,279 42,674	1,457 84,826
Leather	Kvt 6,270 411,501	5,642 386,252
Rubber	Kg 1,934 190,156	2,021 230,016
Textiles	Msq 4,274 131,797	4,622 140,317
Packaging		177,995
Chemical	Kg 4,459 470,470	5,065 549,243
Other Materials		509,266
	<u>2,138,515</u>	<u>2,077,915</u>
(e) Consumption of Raw Materials		
	31.12.2009	31.12.2008
	% of total (Rs.'000s) Consumption	% of total (Rs.'000s) Consumption
Imported	41,894 2	71,337 3
Indigenous	2,096,621 98	2,006,578 97
	<u>2,138,515 100</u>	<u>2,077,915 100</u>
(f) Consumption of Stores and Spare Parts		
	31.12.2009	31.12.2008
	% of total (Rs.'000s) Consumption	% of total (Rs.'000s) Consumption
Imported	1,583 7	2,706 8
Indigenous	21,986 93	31,372 92
	<u>23,569 100</u>	<u>34,078 100</u>
(g) Foreign Currency Income & Expenditure		
	31.12.2009	31.12.2008
	(Rs.'000s) (Rs.'000s)	(Rs.'000s) (Rs.'000s)
Income Exports (F.O.B. value) (on accrual basis)	77,672	100,847
Expenditure (on payment basis):		
Royalty	24,157	18,441
Technical Collaboration Fees	101,250	60,750
Others	<u>12,827</u>	<u>12,448</u>
	<u>138,234</u>	<u>91,639</u>



SCHEDULES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE FINANCIAL STATEMENT (Contd.)

(h) Remittance in foreign currency on account of dividend	31.12.2009	31.12.2008
Dividend on Equity Shares* (Rs. in thousands)	81,963	65,570
Number of Non-resident Equity Shareholders	1	1
Number of Equity Shares held by them	32,785,000	32,785,000

* Dividend of Rs. 81,963 thousands pertains to year 2008 (2007 Rs. 65,570 thousands).

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

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon, February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director - Finance

MARCELO VILLAGRAN

Managing Director

A B ANAND

Secretary

P M SINHA

Chairman

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



- | | | |
|--|---|-------------------------|
| 1. Name of the Subsidiary Company | : | BATA PROPERTIES LIMITED |
| 2. Financial year of the Subsidiary Company ended on | : | December 31, 2009 |
| 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. 614 thousand |
| ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company | : | Rs. (19,716) thousand |

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director – Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Secretary

P M SINHA
Chairman

Gurgaon, February 24, 2010



**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, 2009 |
| 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.309 thousand |
| ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company | : | Rs. (1,189) thousand |

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director – Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Secretary

P M SINHA
Chairman

Gurgaon, February 24, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	31.12.2009		31.12.2008	
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		1,002,634		718,401
Adjustment for :				
Depreciation/Amortisation	279,234		190,009	
Provision for Doubtful Debts & Advances	19,556		9,753	
Liabilities no longer required written back	(8,164)		(40,327)	
Lease rent straight lining	111,773		60,662	
Miscellaneous Expenditure written off - VRS Expenses	61,238		29,720	
(Gain)/ Loss on Disposal of Fixed Assets (Net)	2,880		(2,544)	
Interest Income	—		(19,767)	
(Gain) / Loss on Foreign Exchange (Net)	109	466,626	(2,056)	225,450
		1,469,260		943,851
Add: Interest Expense		40,719		65,083
Operating Profit before Working Capital changes		1,509,979		1,008,934
(Increase)/Decrease in Inventories	147,691		115,114	
(Increase)/Decrease in Sundry Debtors	7,080		(30,300)	
(Increase)/Decrease Loans and Advances	(24,274)		(119,320)	
Increase/(Decrease) in Current Liabilities & Provisions	(173,010)	(42,513)	(57,391)	(91,897)
Cash Generated from operations		1,467,466		917,037
Add/(Less): Refund/(Payment) of Tax (Net)		(343,193)		(289,598)
Payment under VRS		—		(94,288)
Net Cash Flow from operating activities		1,124,273		533,151
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(436,083)		(358,607)	
Proceeds from Sale of Fixed Assets	8,176		13,012	
Fixed Deposits with Scheduled Banks	(208,075)		9,387	
Interest Received	(1,546)		17,524	
Net Cash used in investing activities		(637,528)		(318,684)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009 (Contd.)

	31.12.2009		31.12.2008	
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(160,068)		(128,221)	
Repayment of unsecured Loans to Bata Properties Limited.	—		(1,362)	
Increase/(Decrease) in Working Capital Finance	(212,557)		(91,660)	
Payment of interest	(44,405)		(64,642)	
Receipts of deposits from Agents and Franchisees	16,741		21,321	
Net Cash realised/(used) from Financing activities	(400,289)		(264,564)	
Net increase in Cash and Cash equivalent	86,456		(50,097)	
Add: Cash and Cash equivalent as at beginning of the year	87,983		138,080	
Cash and Cash equivalent as at end of the year	174,439		87,983	
Cash and Cash equivalent as at end of the year includes				
Cash on hand	15,127		23,996	
Balances with Scheduled Banks				
— On Current Accounts*	158,365		63,641	
— On Term Deposit	387,650		179,575	
Balances with Other Bank				
— On current Account	947		346	
	562,089		267,558	
Less: Deposits pledged with Banks	(14,575)		(14,575)	
Less: Deposits having maturity period more than 3 months	(373,075)		(165,000)	
	174,439		87,983	

* Includes Rs. 3,885 thousands (Previous Year Rs. 3,949 thousands) on account of unpaid dividend and unpaid matured deposits. These balances are not available for use by the Company as they represent corresponding liabilities.

Notes :

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

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon, February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director - Finance

MARCELO VILLAGRAN

Managing Director

A B ANAND

Secretary

P M SINHA

Chairman



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

I. Registration Details

Registration No.

7	2	6	1
---	---	---	---

State Code

2	1
---	---

Balance Sheet Date	3	1		1	2		0	9
	Date		Month		Year			

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

Public Issue	N	I	L
--------------	---	---	---

Rights Issue

N	I	L
---	---	---

Bonus Issue	N	I	L
-------------	---	---	---

Private Placement	N	I	L
-------------------	---	---	---

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

Total Liabilities	6	1	5	8	7	4	2
-------------------	---	---	---	---	---	---	---

Total Assets	6	1	5	8	7	4	2
--------------	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital	6	4	2	6	3	8
-----------------	---	---	---	---	---	---

Reserves & Surplus	2	7	0	0	2	4	4
--------------------	---	---	---	---	---	---	---

Secured Loans	1	4	6	5	3	2
---------------	---	---	---	---	---	---

Unsecured Loans	1	0	3	9	5	7
-----------------	---	---	---	---	---	---

Application of Funds

Net Fixed Assets	1	3	0	9	1	7	4
------------------	---	---	---	---	---	---	---

Investments

1	7	2	4	8	3
---	---	---	---	---	---

Net Current Assets	1	8	5	5	3	3	0
--------------------	---	---	---	---	---	---	---

Misc. Expenditure	1	5	3	1	0
-------------------	---	---	---	---	---

Accumulated Losses	NIL
--------------------	-----

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

Turnover*	1	1	0	0	0	7	4	5
-----------	---	---	---	---	---	---	---	---

Total Expenditure	9	9	9	8	1	1	1
-------------------	---	---	---	---	---	---	---

* Representing Net Revenue including Other Income

Profit Before Tax	(+)	1	0	0	2	6	3	4
-------------------	-----	---	---	---	---	---	---	---

Profit After Tax	(+)	6	7	2	2	7	2
------------------	-----	---	---	---	---	---	---

(+ for Profit,- for loss)

Earnings Per Share (Rs.) (+)

1	0	.	4	6
---	---	---	---	---

Dividend Rate %

V. Generic Name of Three Principal Products/Services of Company

(as per monetary terms)

Item Code No.(ITC Code)	6	4	0	3	1	9	0	2
-------------------------	---	---	---	---	---	---	---	---

Item Code No.(P.C. Code)	Product Description	QTY	UNIT	PRICE	TOTAL
	Leather Footwear				

Item Code No. (ITC Code)	6	4	0	4	1	1	0	1
--------------------------	---	---	---	---	---	---	---	---

Product Description	Rubber/Canvas Footwear
1. Product Name: Classic Canvas Sneakers	1. Product Name: High-Top Rubber Sneakers
2. Material: Canvas upper, rubber sole	2. Material: Leather upper, rubber sole
3. Color Options: White, Black, Navy Blue, Red	3. Color Options: Black, Brown, Tan, White
4. Size Range: US 7 - 12	4. Size Range: US 7 - 12
5. Price: \$45.00	5. Price: \$75.00
6. Weight: 1.5 lbs	6. Weight: 2.0 lbs
7. Features: Breathable mesh lining, non-slip sole	7. Features: Cushioned insole, lace-up closure
8. Usage: Casual wear, everyday use	8. Usage: Casual wear, outdoor activities
9. Availability: In stock	9. Availability: In stock
10. Image: 	10. Image: 

Item Code No. (ITC Code)	6	4	0	1	9	9	0	9
--------------------------	---	---	---	---	---	---	---	---

Product Description	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
Plastic Footwear	10	15	20	25	30	35	40	45

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director – Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Secretary

P M SINHA
Chairman

Gurgaon, February 24, 2010



MOVEMENT OF BATA INDIA LIMITED SHARE PRICES

YEAR	HIGH	LOW
1980	24.25	19.30
1981	21.50	16.30
1982	19.90	14.00
1983	35.20	18.40
1984	50.75	32.50
1985	91.00	47.40
1986	131.60	54.00
1987	160.00	59.25
1988	91.00	50.00
1989	89.00	60.00
1990	107.00	61.75
1991	149.00	72.00
1992	400.00	135.00
1993	358.00	72.00
1994	350.00	195.00
1995	205.00	55.00
1996	104.00	46.00
1997	174.00	49.00
1998	259.00	112.40
1999	282.00	127.00
2000	175.20	43.20
2001	73.95	28.00
2002	51.00	31.10
2003	72.50	26.00
2004	98.90	38.25
2005	195.40	74.60
2006	329.25	140.50
2007	290.50	125.55
2008	296.00	76.55
2009	208.90	76.50

BATA PROPERTIES LIMITED

Board of Directors

M Villagran

S Sinha

A B Anand

R K Gupta

Auditors

S R Batliboi & Co.

Chartered Accountants

Golf View Corporate Tower - B

Sector-42, Sector Road

Gurgaon - 122 002

Bankers

State Bank of India

Registered Office

6A, S.N. Banerjee Road

Kolkata 700 013.

BATA PROPERTIES LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty First Annual Report together with Audited Accounts of the Company for the year ended 31st December 2009.

Financial Results

	Rs. '000s
Net Profit/(loss) before tax for the year	Rs. 1,432
Less: Provision for Taxation	Rs. 818
Net Profit/(loss) after tax for the year	Rs. 614
Add: Profit/(loss) brought forward from previous year	Rs. (19,716)
Profit/(loss) carried to Balance Sheet	Rs. (19,102)

Operations:

The Company is predominantly engaged in letting out property on lease/rent. No new property has been acquired.

Dividend:

In view of inadequate profits, your Directors do not propose any dividend for the year under review.

Directors:

Mr. R K Gupta retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Particulars of Conservation of Energy, Technological Absorption and foreign exchange earnings & outgo:-

A) Conservation of energy:

The Company has no factory/manufacturing unit hence Form A of the said rule 2 is not applicable.

B) Technology Absorption:

The Company is engaged in lease of property hence FORM B of the said rule 2 is not applicable

C) Foreign Exchange earnings and outgo:

The Company does not cater to export markets and has no foreign exchange earnings and outgo.

Particulars of Employees:

The Company had no employee drawing remuneration as prescribed u/s 217(2A) of the Companies Act read with the Companies (particulars of Employee) Rules 1975 as amended during the year under review.

Auditors:

The present Auditors of the Company, M/s. S.R. Batliboi & Co., Chartered Accountants have expressed their unwillingness to be reappointed as the Auditor of the Company since their firm now comes within the purview of section 224(1B) of the Companies Act 1956. Messrs S V Ghatalia & Associates Chartered Accountants (Regn. No. : 103162W) have expressed their willingness to be appointed as the new Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and they have sent a letter of acceptance to the Company confirming that their appointment is as per Section 224(1B) of the Companies Act, 1956.

Directors response to the comments made by the Auditor in their Report :

Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report do not contain any qualification of significant nature and do not call for any explanation / clarification.

Deposits:

The Company has not accepted any deposit from public U/S 58A of the Act and the Rules made there under during the year.

Compliance certificate:

Pursuant to proviso to Section 383A(1) of the Companies Act, 1956 a Compliance Certificate received from M/s S M Gupta and Co. Company Secretaries is enclosed, which forms a part of the report.

Directors responsibility statement pursuant to section 217(2AA) of the Companies Act, 1956.

The Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- that the Directors had 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 or loss of the Company for that period;
- that the Directors had 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;
- that the Directors had prepared the annual accounts on a going concern basis.

Gurgaon
February 24, 2010

SHAIBAL SINHA
Director

On behalf of the Board
R K GUPTA
Director

BATA PROPERTIES LIMITED

CIN- U70101WB1987PLC042839
Authorised Capital Rs. 10 Crores
Paid up Capital Rs. 4,85,10,000
Date of AGM May 27, 2010

FORM (See Rule 3) **COMPLIANCE CERTIFICATE**

To,
The Members
BATA PROPERTIES LIMITED
6A, S. N. Banerjee Road, Kolkata-700013

We have examined the registers, records, books and papers of BATA PROPERTIES LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder including the Report of the Statutory Auditors under the Companies (Auditor's Report) Order, 2003 as amended and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December, 2009. In our opinion and to the best of our knowledge, belief and information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure A to this certificate, as per the provisions of the Act and the Rules made thereunder and entries therein are being recorded.
2. The Company has filed the forms and returns as stated in Annexure B to this certificate, with the Registrar of Companies as required under the Act and the Rules made thereunder.
3. The Company being a public limited company, Clause No. 3 is not applicable.
4. The Board of Directors met 5 times on 27.02.2009, 23.04.2009, 23.07.2009, 23.10.2009 and 11.12.2009 in respect of which meetings proceedings were recorded and signed in the Minutes Book maintained for the purpose. As informed to us, no circular resolution was passed during the financial year.
5. The Company, during the financial year, did not close its Register of Members.
6. The Annual General Meeting for the financial year ended on 31.12.2008 was held on 26.05.2009 after giving notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. As informed to us, no extra ordinary general meeting was held during the financial year.
8. As informed to us, the Company during the financial year has not advanced any loan to its Directors and/or persons or Firms or companies referred to in Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act, as informed to us by the Management.
10. The Company is making necessary entries in the register maintained under Section 301 of the Act as and when required.
11. We have been informed that no approval was required u/s 314 of the Act, during the year under review.
12. No duplicate share certificates were issued during the financial year, as per the records of the Company.
13. The Company has:
 - (i) The Company delivers certificates on transfer/transmission in accordance with the provisions of the Act as and when it receives the same;
 - (ii) & (iii) not declared dividend for the financial year ended 31.12.2009
 - (iv) no amount lying in the unpaid/unclaimed dividend account as informed to us by the Management; and
 - (v) generally complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company is not required to appoint a Managing Director, Whole-time Director or Manager under Section 269 of the Act as its paid up Capital is less than Rs. 5 crores.
16. The Company did not appoint any sole selling agent during the financial year.
17. We have been informed by the Management that the Company, during the financial year, was not required to obtain the approval of any authority under the provisions of the Act.
18. The Directors have disclosed their interest in other Firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued any security during the financial year.
20. The Company has not bought back any shares during the financial year.
21. Since the Company has no Preference Shares/ Debentures, there was no redemption during the year under review.
22. As informed to us, the Company during the financial year, was not required to keep in abeyance rights to any benefits on shares pending completion of formalities under the provisions of the Act.

BATA PROPERTIES LIMITED

23. The Company has not accepted any deposits from the public. (Refer Auditors' Report)
24. The Company did not borrow any money during the financial year requiring a resolution under Section 293(1)(d) of the Act.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company, during the financial year, has not altered the provisions of the Memorandum with respect to:
 - to (a) situation of registered office of the Company
29. (b) the objects of the Company
(c) name of the Company
(d) share capital of the Company
30. The Company has not altered its Articles of Association during the financial year.
31. As informed to us, during the financial year, no prosecution was initiated against or show cause notice received by the Company for any alleged offence under the provisions of the Act.
32. As informed to us, the Company during the financial year, did not receive any security from employees.
33. As informed to us, the provisions of Provident Fund Act are not applicable to the Company.

It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a testcheck basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We 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 its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities/ statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

Place : Kolkata
Date : 24.02.2010

Signature :
Name of Company Secretary : **S.M.GUPTA**
C. P. No. : 2053

Annexure A		
Sl. No.	Registers/Records as maintained by the Company	under Section
	Statutory Registers/Records	
1.	Register of Investments	49(7)
2.	Register of Charges	143
3.	Register of Members	150
4.	Copies of Annual Returns etc.	163
5.	Minutes of Board Meetings	193
6.	Minutes of General Meetings	193
7.	Books of Accounts	209
8.	Register of Contracts	301
9.	Particulars of Directors etc.	303
10.	Register of Directors' shareholding	307
11.	Register of Loans and Investments etc.	372A
	Other Registers	
12.	Register of Share Transfers	108/111
13.	Register of Notices received from Directors	299

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending 31st December, 2009: -

Filed with Normal Filing Fee				
Sl. No.	FormNo./Document/Subject	under Section	For	Date of filing
1.	Form 66	383A	Form for filing Compliance Certificate for the financial year ended on 31.12.2008	10.06.2009
2.	Form 23AC & 23ACA	220	Form for filing of Balance Sheet and Profit & Loss Account for the financial year ended on 31.12.2008	24.06.2009
3.	Form 20B	159	Form for filing of Annual Return made upto 26.05.2009	24.07.2009

BATA PROPERTIES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF BATA PROPERTIES LIMITED

To

The Members of Bata Properties Limited

1. We have audited the attached Balance Sheet of Bata Properties Limited as at December 31, 2009 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on December 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 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, 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per **RAJIV GOYAL**
Partner

Membership No.: 94549

Place: Gurgaon
Date: 24th February, 2010

BATA PROPERTIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

RE: BATA PROPERTIES 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 disposal of fixed assets during the year.
- (ii) (a) As informed, the Company does not have any inventory and as such, clauses 4(ii) (a) to 4(ii) (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (a) to 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sales of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. As explained to us, since there is no inventory, this clause does not apply so far as it pertains to inventory. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there have been no contracts or arrangements referred to in section 301 of the Act particulars of which need to be entered into the register maintained under section 301 and hence clause 4(v) (a) and 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues relating to income-tax. The provisions relating to employees' state insurance, provident fund, investor education and protection fund, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess are not applicable to the Company. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, provident fund, investor education and protection fund, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess are not applicable to the Company.
- (c) According to the information and explanation given to us, there are no dues of income tax which have not been deposited on account of any dispute. The provisions relating to sales-tax, wealth-tax, service tax, customs duty, excise duty and cess are not applicable to the Company.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.

BATA PROPERTIES LIMITED

- (xi) According to the information and explanations given to us and based on the documents and records produced to us, the Company did not have any borrowing from a financial institution or bank or debenture holders and hence clause 4(xi) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Gurgaon
Date :24th February, 2010

S. R. BATLIBOI & CO.
Chartered Accountants

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

BATA PROPERTIES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Schedule No.	31.12.2009 Rs. '000s	31.12.2008 Rs. '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	48,510	48,510
Reserves & Surplus	2	2	2
TOTAL		48,512	48,512
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	21,766	21,766
Less : Depreciation		1,615	1,453
Net Block		20,151	20,313
INVESTMENTS	4	500	500
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	a	8,707	8,147
Loans & Advances	b	1,573	939
		10,280	9,086
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	a	35	46
Provisions	b	1,486	1,057
		1,521	1,103
NET CURRENT ASSETS		8,759	7,983
Debit Balance of Profit & Loss Account		19,102	19,716
TOTAL		48,512	48,512
The Schedules 1-8 form an integral part of financial statements			

As per our report of even date

FOR S R BATLIBOI & CO.
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549

Place: Gurgaon,
Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

BATA PROPERTIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Schedule No.	31.12.2009 Rs. '000s	31.12.2008 Rs. '000s
INCOME			
Rental Income		834	704
Other Income	7	803	2,172
		<u>1,637</u>	<u>2,876</u>
EXPENDITURE			
Legal & Professional Charges		36	36
Rates & Taxes		7	3
Depreciation		162	162
		<u>205</u>	<u>201</u>
PROFIT/ (LOSS) BEFORE TAXATION		1,432	2,675
Provision for Taxation		429	1,057
Tax for Earlier Years		389	—
PROFIT/ (LOSS) AFTER TAXATION		614	1,618
Balance of Profit / (Loss) Brought Forward from Previous Year		<u>(19,716)</u>	<u>(21,334)</u>
PROFIT/ (LOSS) CARRIED FORWARD		<u>(19,102)</u>	<u>(19,716)</u>
Earning / (Loss) Per Share (Basic & Diluted) Rs.		0.13	0.33
[Refer Note No. 4 of Schedule 8]			
The Schedules 1-8 form an integral part of financial statements			

As per our report of even date

FOR S R BATLIBOI & CO.
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549

Place: Gurgaon,
Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

		As at 31.12.2009		As at 31.12.2008	
		Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
1	SHARE CAPITAL				
A	Authorised				
	9,990,000 (Previous Year: 9,990,000) Equity Shares of Rs. 10/- each	99,900		99,900	
	1,000 (Previous Year: 1,000) Preference Shares of Rs. 100/- each	100	100,000	100	100,000
B	Issued & Subscribed				
(i)	1,000 (Previous Year: 1,000) Equity Shares of Rs. 10/- each fully paid up	10		10	
(ii)	4,850,000 (Previous Year: 4,850,000) Equity Shares of Rs. 10/- each fully paid up, issued for consideration other than cash (All the shares are held by the Holding Company Bata India Limited and its nominees)	48,500	48,510	48,500	48,510
			48,510		48,510
2	RESERVES & SURPLUS				
	Capital Reserve (Profit on Forfeited Shares)		2		2
			2		2

SCHEDULES TO THE FINANCIAL STATEMENTS

3. FIXED ASSETS
(Refer Note No. 5 of Schedule 8)

(All figures are in Rs. '000s)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.01.2009	Additions	Deductions	As at 31.12.2009	For The Year	As at 31.12.2009	As at 31.12.2009	As at 31.12.2008
Particulars								
Land	11,817	—	—	11,817	—	—	11,817	11,817
Building	9,949	—	—	9,949	162	1,615	8,334	8,496
Total	21,766	—	—	21,766	162	1,615	20,151	20,313
Previous Year	26,566	—	4,800	21,766	162	1,453	20,313	25,266

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31.12.2009		As at 31.12.2008	
	Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
4 INVESTMENTS				
Long Term Investments		500		500
Unquoted shares in wholly owned subsidiary:				
50,000 Shares of Rs.10 each in				
Coastal Commercial & Exim Limited				
		<u>500</u>		<u>500</u>
5 CURRENT ASSETS, LOANS & ADVANCES				
a) Cash and Bank Balances				
Cash on hand		—		2
Balances with scheduled Banks on:				
Current Accounts	5		145	
Term Deposits	<u>8,702</u>	<u>8,707</u>	<u>8,000</u>	<u>8,145</u>
		<u>8,707</u>		<u>8,147</u>
b) Loans & Advances				
(Unsecured Considered Good)				
Advances recoverable in cash or in kind or for				
value to be received	46		46	
Accrued Interest	8		10	
Advance Tax	<u>1,519</u>	<u>1,573</u>	<u>883</u>	<u>939</u>
		<u>1,573</u>		<u>939</u>
6 CURRENT LIABILITIES & PROVISIONS				
a) Creditors *		35		46
b) Provisions for Taxation		<u>1,486</u>		<u>1,057</u>
		<u>1,521</u>		<u>1,103</u>
* The Company does not have any outstanding balance payable to Small & Micro Enterprises.				
7 OTHER INCOME				
a) Gain on Disposal of Fixed Assets		—	2,159	
b) Interest Bank (gross)				
[Tax deducted at source Rs. 103 thousands				
(Previous Year Rs. 3 thousands)]				
	<u>803</u>	<u>803</u>	<u>13</u>	<u>2,172</u>
		<u>803</u>		<u>2,172</u>

SCHEDULES TO THE FINANCIAL STATEMENTS

8 NOTES TO THE FINANCIAL STATEMENTS**1 Significant Accounting Policies :****(a) Nature of Operations**

The Company deals in land and building either as an investor, developer, taken on lease and / or on rent. Purchase or acquire any apartments, houses, flats, rooms, floors or other accommodation and to let out the same on instalment basis, hire purchase basis or any other manner.

(b) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

(c) Use of estimates

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

(d) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Rental income is accounted for on accrual basis.

(e) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses and erection / commissioning expenses incurred upto the date the asset is ready for its intended use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

(f) Depreciation

Depreciation on Fixed Assets of the Company is provided on Straight Line Method at the rates based on estimated useful life of the assets, which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

(g) 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.

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

(h) Leases***Where the Company is the lessee***

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

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

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct cost such as legal costs, brokerage costs etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs etc. are recognised immediately in the Profit and Loss Account.

(i) 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 the investments.

(j) 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.

(k) 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. 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 are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

- 2 The provision for Income tax for the current accounting year ended 31st December, 2009 has been made on the basis of the profit for the aforesaid accounting year and as per the rates in force during the year. The entity's rental income is assessed under the head "Income from House Property", capital gain arises on sale land & building is assessed under the head "Capital Gains" and as such there are no timing differences requiring accounting for deferred taxes.
- 3 The total share capital of the subsidiary, Coastal Commercial & Exim Limited is Rs. 500 thousands and the accumulated losses as at 31st December 2009 are Rs. 880 thousands. The above diminution, being temporary in nature, is not required to be recognised in the financial statements.

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

4 Earnings Per Share (EPS)

	31.12.2009	31.12.2008
Profit/(Loss) as per Profit & Loss A/c (Rs. '000s)	614	1,618
Weighted Average Number of Equity Shares (in thousand)	4,851	4,851
Nominal Value of Share (Rs.)	10.00	10.00
Basic and Diluted Earnings/(Loss) per Share (Rs.)	0.13	0.33

5 Mutation of names in respect of the shops premises in favour of the Company is pending.

6 Going Concern

The Company has earned profit of Rs.614 thousands during the year against a profit of Rs.1,618 thousands in the Previous Year. Total accumulated losses as at December 31, 2009 are Rs 19,102 thousands (Previous Year Rs 19,716 thousands). Bata Properties Limited has got Land and 10 shops as fixed assets which it has leased out to Bata India Limited (Parent Company). As per the expert valuer's report, the fair value of such assets significantly exceeds the carrying amounts. The company has adequate financial support from its holding company (Bata India Limited) and does not anticipate that it will not be able to realise its assets and disburse liabilities in the normal course of business. In view of this, financial statements do not include any adjustment relating to recoverables/payables and classification of recorded assets/liabilities that may be necessary if the entity is unable to continue as a going concern. The Holding Company confirms continued financial support to the Company.

7 Impairment of Fixed Assets

Due to accumulated losses and marginal profits in the current year, indicators of impairment as per AS-28 are present as at December 31, 2009. Accordingly, the Company has tested the fixed assets for impairment and determined that the recoverable amount of these assets exceeds their carrying value as at December 31, 2009 and there is no need to write down the carrying value of the fixed assets as at the date of the Balance Sheet. The recoverable amount was estimated based upon net selling price.

8 Segment Reporting

The Company's business activity primarily falls within a single business segment i.e. renting of premises. The Company operates only in one geographical segment i.e. domestic. Since there is neither more than one business segment nor more than one geographical segment, segment information as per AS 17 is not required to be disclosed.

9 Legal & Professional charges includes payment to Auditors as under : (Amount in Rs. '000s)

Particulars	December-09	December-08
As Auditor	28	28
Reimbursement of out of Pocket Expenses	8	8
Total	36	36

10 Related Party Transaction details Transaction with Holding Company

(Amount in Rs. '000s)

A Loan repaid

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2009	—	—
	2008	1,362	—

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

B Reimbursement of expenses

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2009	54	—
	2008	23	—

C Current Account Transaction Amount Transferred on sale of Assets

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2009	—	—
	2008	6,950	—

D Current Account Transaction (Payment Received)

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2009	780	—
	2008	7,631	—

E Rental Income

Name of the Party	Year	Transaction
		Value
Bata India Limited	2009	834
	2008	704

11 Related Party Disclosure

Nature of relationship	Name
A Holding Company	: Bata India Limited
B Parent of the Holding Company	: Bata (BN) B.V. Amsterdam
C Key Management Person	: M. Villagran – Director Shaibal Sinha – Director A B Anand – Director R K Gupta – Director
D Enterprises owned or controlled by Key Managerial Person	: Nil
E Enterprises having Key Managerial Person in Common	: River Bank Developers Private Limited (A joint Venture between Holding Company " Bata " and Calcutta Metropolitan Group Limited)
F Subsidiary	: Coastal Commercial & Exim Limited

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

G Fellow Subsidiaries :

COMPANY NAME

Compar SPA
Bata Czech Republic
Bata Singapore Pte. Ltd
Global Footwear Services Pte Ltd
Bata Malaysia SDN BHD
PT Sepatu Bata Tbk
Bata Limited, Canada
Bata Industrial Europe
Bata Shoe Kenya Ltd
Bata SA SOC Spain
Bata Shoe Co. of Ceylon Ltd
Manufactura Boliviana S.A.
Bata Shoe of Thailand Pubic Co. Ltd.
Bata Chile S.A.

12 Previous year's figures, have been regrouped and / or rearranged where necessary to confirm to current year's classification.

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Place: Gurgaon,

Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director

R K GUPTA

Director

A B ANAND

Director

BATA PROPERTIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	31.12.2009		31.12.2008	
	Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) Before Tax & Extraordinary Items		1,432		2,675
Add: Adjustment for :				
Depreciation	162		162	
(Profit)/Loss on sale of Fixed Assets	—		(2,159)	
Interest	(803)	(641)	(13)	(2,010)
Operating Profit/ (Loss) before Working Capital changes		791		665
(Increase)/Decrease in Trade & Other Receivables	—		1,362	
Increase/(Decrease) in Current Liabilities & Provisions	(11)	(11)	15	1,377
Cash Generated from operations		780		2,042
Add/(Less): Refund/(Payment) of Tax (Net) including interest thereon		(1,023)		(872)
Net Cash Flow from/ (used in) operating activities		(243)		1,170
B. CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of assets		—		6,950
Interest on FDR with SBI		803		—
Fixed Deposits with Schedule Banks		(702)		(8,000)
Net Cash Flow from investing activities		101		(1,050)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net Cash realised from Financing activities		—		—
Net increase/ (decrease) in Cash and Cash equivalent		(142)		120
Add: Cash and Cash equivalent as at 1st January , 2009		147		27
Cash and Cash equivalent as at 31st December, 2009*		5		147
* Represents Cash & Bank Balances as indicated in Schedule 5 a.				
Note: 1. Previous year figures have been regrouped, where necessary to conform to current year's classification.				
2. The above Cash Flow has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.				

As per our report of even date

FOR S R BATLIBOI & CO.
Chartered Accountants

Per **RAJIV GOYAL**
Partner
Membership No. 94549

Place: Gurgaon,
Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

BATA PROPERTIES LIMITED

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

I. Registration Details

Registration No.	4 2 8 3 9	State Code	2 1
Balance Sheet Date	3 1 1 2 0 9		
	Date Month Year		

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

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	5 0 0 3 3	Total Assets	3 0 9 3 1
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Sources of Funds

Paid-up Capital	4 8 5 1 0	Reserves & Surplus	0 0 2
Secured Loans	N I L	Unsecured Loans	N I L

Application of Funds

Net Fixed Assets	2 0 1 5 1	Investments	5 0 0
Net Current Assets	8 7 5 9	Misc. Expenditure	N I L
Accumulated Losses	1 9 1 0 2		

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

Turnover *	1 6 3 7	Total Expenditure	2 0 5
* Representing Net Revenue including Other Income			
Profit Before Tax (+)	1 4 3 2	Profit After Tax (+)	6 1 4
(+ for Profit, - for loss)			
Earnings Per Share (Rs.) (+)	0 0 . 1 3	Dividend Rate %	N I L

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

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	
Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	
Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	

For and on behalf of the Board of Directors

SHAIBAL SINHA	R K GUPTA
Director	Director

A B ANAND
Director

Place: Gurgaon,
Date : February 24, 2010

COASTAL COMMERCIAL & EXIM LIMITED

Board of Directors

S Sinha
A B Anand
R K Gupta

Auditors

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

Bankers

State Bank of India

Registered Office

16A, Shakespeare Sarani
Kolkata 700 071.

COASTAL COMMERCIAL & EXIM LIMITED

DIRECTORS' REPORT TO THE MEMBERS

The Directors of Coastal Commercial & Exim Limited have pleasure in presenting their Nineteenth Annual Report together with Audited Accounts of the Company for the year ended 31st December 2009.

Financial Results

	Rs. '000s
Net Profit/(loss) before tax for the year	Rs. 491
Less: Provision for Taxation	Rs. 182
Net Profit/(loss) after tax for the year	Rs. 309
Add: Profit/(loss) brought forward from previous year	Rs. (1,189)
Profit/(loss) carried to Balance Sheet	Rs. (880)

Operations:

The Company is predominantly engaged in letting out property on lease/rent. No new property has been acquired.

Dividend:

In view of inadequate profits, your Directors do not propose any dividend for the year under review.

Directors

Mr. R K Gupta retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Particulars of Conservation of Energy, Technological Absorption and foreign exchange earnings & outgo:-

A) Conservation of energy:

The Company has no factory/manufacturing unit hence Form A of the said rule 2 is not applicable.

B) Technology Absorption:

The Company is engaged in lease of property hence FORM B of the said rule 2 is not applicable

C) Foreign Exchange earnings and outgo:

The Company does not cater to export markets and has no foreign exchange earnings and outgo.

Particulars of Employees

The Company had no employee drawing remuneration as prescribed u/s 217(2A) of the Companies Act read with the Companies (particulars of Employee) Rules 1975 as amended during the year under review.

Auditors

The present Auditors of the Company, M/s. S.R. Batliboi & Co., Chartered Accountants have expressed their unwillingness to be reappointed as the Auditor of the Company since their firm now comes within the purview of section 224(1B) of the Companies Act 1956. Messrs S V Ghatalia & Associates Chartered Accountants (Regn. No. : 103162W) have expressed their willingness to be appointed as the new Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and they have sent a letter of acceptance to the Company confirming that their appointment is as per Section 224(1B) of the Companies Act, 1956.

Directors response to the comments made by the Auditor in their Report

Member's attention is drawn to the observation made by the Statutory Auditor in their CARO Report and your Directors wish to clarify as required u/s 217(3) of the Companies Act, 1956 that:

Observation (x) is self explanatory as read with notes on account. The company's performance is improving consistently and is further expected to improve in coming years, which would gradually reduce the accumulated losses.

Deposits

The Company has not accepted any deposit from public U/S 58A of the Act and the Rules made thereunder during the year.

Directors responsibility statement pursuant to section 217(2AA) of the Companies Act, 1956.

The Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- that the Directors had 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 or loss of the Company for that period;
- that the Directors had 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;
- that the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Gurgaon
February 24, 2010

SHAIBAL SINHA
Director

R K GUPTA
Director

COASTAL COMMERCIAL & EXIM LIMITED

AUDITORS' REPORT TO THE MEMBERS OF COASTAL COMMERCIAL & EXIM LIMITED

To

The Members of Coastal Commercial & Exim Limited

1. We have audited the attached Balance Sheet of Coastal Commercial & Exim Limited as at December 31, 2009 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on December 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 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, 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per **Rajiv Goyal**
Partner

Membership No.: 94549

Place : Gurgaon
Date : February 24, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

RE: COASTAL COMMERCIAL & EXIM 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 disposal of fixed assets during the year.
- (ii)
 - (a) As informed, the Company does not have any inventory and as such, clauses 4(ii) (a) to 4(ii) (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable
- (iii)
 - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (a) to 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
 - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 as such, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

COASTAL COMMERCIAL & EXIM LIMITED

- (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 fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. As explained to us, since there is no inventory, this clause does not apply so far as it pertains to inventory. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there have been no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 and hence clause 4(v) (a) and 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The provisions relating to internal audit are not applicable to the Company.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues relating to income-tax. The provisions relating to employees' state insurance, provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess are not applicable to the Company. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess are not applicable to the Company
- (c) According to the information and explanation given to us, there are no dues of income tax which have not been deposited on account of any dispute. The provisions relating to sales-tax, wealth-tax, service tax, customs duty, excise duty and cess are not applicable to the Company
- (x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth.* The Company has not incurred cash loss in the current and immediately preceding financial year.
- (xi) According to the information and explanations given to us and based on the documents and records produced to us, the Company did not have any borrowing from a financial institution or bank or debenture holders and hence clause 4(xi) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S. R. BATLIBOI & CO.
Chartered Accountants

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

Place : Gurgaon
Date : February 24, 2010

COASTAL COMMERCIAL & EXIM LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Schedule No.	31.12.2009 Rs. '000s	31.12.2008 Rs. '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	500	500
TOTAL		500	500
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	1,954	1,954
Less : Depreciation		473	412
Net Block		1,481	1,542
CURRENT ASSETS, LOANS & ADVANCES			
Bank Balances	3A	349	349
Loans & Advances	3B	507	298
		856	647
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	4A	2,399	2,742
Provisions	4B	318	136
		2,717	2,878
NET CURRENT ASSETS		(1,861)	(2,231)
DEBIT BALANCE OF PROFIT & LOSS ACCOUNT	5	880	1,189
TOTAL		500	500
The Schedules 1-7 form an integral part of financial statements			

As per our report of even date

FOR S R BATLIBOI & CO.
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549

Place: Gurgaon,
Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

COASTAL COMMERCIAL & EXIM LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Schedule No.	31.12.2009 Rs. '000s	31.12.2008 Rs. '000s
INCOME			
Rent		840	750
Other Income		—	18
		<u>840</u>	<u>768</u>
EXPENDITURE			
Depreciation	2	61	61
Selling, Distribution & Administrative Expenses	6	288	316
		<u>349</u>	<u>377</u>
PROFIT / (LOSS) BEFORE TAXATION		491	391
Provision for Taxation		182	162
Tax for earlier years		—	(74)
		<u>309</u>	<u>303</u>
PROFIT / (LOSS) AFTER TAXATION			
Balance of Profit/ (loss) brought forward			
from previous year		(1,189)	(1,492)
		<u>(880)</u>	<u>(1,189)</u>
PROFIT/(LOSS) CARRIED FORWARD			
Earning / (Loss) Per Share (Basic & Diluted) Rs. [Refer Note No. 3 of Schedule 7]		6.18	6.07
The Schedules 1-7 form an integral part of financial statements			

As per our report of even date

FOR S R BATLIBOI & CO.
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549

Place: Gurgaon,
Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

		As at 31.12.2009 Rs. '000s	As at 31.12.2008 Rs. '000s
1	SHARE CAPITAL		
	Authorised		
100,000	(Previous Year: 100,000) Equity Shares of Rs.10/- each	<u>1,000</u>	<u>1,000</u>
	Issued & Subscribed		
50,000	(Previous Year: 50,000) Equity Shares of Rs. 10/- each (All the shares are held by the holding company Bata Properties Limited and its nominees)	<u>500</u>	<u>500</u>
		<u>500</u>	<u>500</u>

SCHEDULES TO THE FINANCIAL STATEMENTS

2. FIXED ASSETS

(All figures are in Rs. '000s)

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.01.2009	Additions	Deductions	As at 31.12.2009	As at 01.01.2009	For The Year	Less for Deductions	As at 31.12.2009	As at 31.12.2008
BUILDING (Refer Note 4 of Schedule 7)	1,335	—	—	1,335	255	22	—	1,058	1,080
FURNITURE & FIXTURE	619	—	—	619	157	39	—	423	462
Total	1,954	—	—	1,954	412	61	—	1,481	1,542
Previous Year	1,954	—	—	1,954	351	61	—	1,542	1,603

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31.12.2009 Rs. '000s	As at 31.12.2008 Rs. '000s
3. CURRENT ASSETS, LOANS & ADVANCES		
A BANK BALANCES		
Balance with a Scheduled Bank on Current Account	349	349
	<u>349</u>	<u>349</u>
B LOANS & ADVANCES		
(Unsecured - Considered good)		
Security Deposit	75	75
Advance Tax	432	223
	<u>507</u>	<u>298</u>
4. CURRENT LIABILITIES & PROVISIONS		
A CURRENT LIABILITIES		
Payable to Bata India Limited	2,361	2,693
[Parent of the Holding Company and a company under the same management u/s 370 (1B) of The Companies Act 1956] [Represents an interest free advance]		
Sundry Creditors *	38	49
	<u>2,399</u>	<u>2,742</u>
B PROVISIONS		
Provision for Taxation	318	136
	<u>318</u>	<u>136</u>
5. PROFIT & LOSS ACCOUNT		
Loss as per last Account	1,189	1,492
Add: Loss /(Profit) for the year	(309)	(303)
	<u>880</u>	<u>1,189</u>

* The Company does not have any outstanding balance payable to Small & Micro Entities.

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31.12.2009 Rs. '000s	As at 31.12.2008 Rs. '000s
6. SELLING, DISTRIBUTION & ADMINISTRATION EXPENSES		
Power & Fuel	—	27
Rent	250	211
Repairs - Buildings	—	40
Legal & Professional Expenses	35	35
Rates & Taxes	3	3
	<u>288</u>	<u>316</u>

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO FINANCIAL STATEMENTS

1 Significant Accounting Policies :

(a) Nature of Operations

The Company deals with land and building either as an investor, developer, taken on lease and / or on rent. Purchase or acquire in any manner, whatsoever any apartments, houses, flats, rooms, floors or other accommodation and to let or dispose of the same on instalment basis or by outright sale basis.

(b) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost on accrual basis.

(c) Use of Estimates

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

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Rental income is accounted for on accrual basis.

(e) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses and erection / commissioning expenses incurred upto the date the asset is ready for its intended use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

(f) Depreciation

Depreciation on Fixed Assets of the Company is provided on Straight Line Method at the rates based on estimated useful life of the assets, which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

(g) 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.

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

(h) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO FINANCIAL STATEMENTS (Contd.)

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

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct cost such as legal costs, brokerage costs etc. are recognised immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs etc. are recognised immediately in the Profit and Loss Account.

(i) 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 the investments.

(j) 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.

(k) 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. 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 are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(l) Segment Identification

The Company's business activity primarily falls within a single business segment i.e. renting of premises. The Company operates only in one geographical segment i.e. domestic. Since there is neither more than one business segment nor more than one geographic segment, segment information as per AS 17 is not required to be disclosed.

2. The provision for Income tax for the current accounting year ended 31st December, 2009 has been made on the basis of the profit for the aforesaid accounting year and as per the rates in force during the year. The entity's rental income is assessed under the head "Income from House Property" and as such there is no timing differences requiring accounting for deferred taxes.

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO FINANCIAL STATEMENTS (Contd.)

3. Earnings Per Share (EPS)

	31.12.2009	31.12.2008
Profit/(Loss) as per Profit & Loss Account. (Rs. '000s)	309	303
Weighted Average Number of Equity Shares (in thousands)	50	50
Nominal Value of Share (Rs.)	10.00	10.00
Basic and Diluted Earnings/(Loss) per Share (Rs.)	6.18	6.07

4. Mutation of names in respect of the shops premises in favour of the Company is pending.

5. Going Concern

The Company has earned profit of Rs.309 thousands (Previous Year Rs.303 thousands) during the year. Total accumulated losses as at December 31, 2009 are Rs.880 thousands (Previous Year Rs.1,189 thousands). The Company has adequate financial support from the Parent of its holding company [Bata India Limited] and does not anticipate that it will not be able to realize its assets and disburse liabilities in the normal course of business. In view of this, financial statements do not include any adjustment relating to recoverable/payables and classification of recorded assets/liabilities that may be necessary if the entity is unable to continue as going concern. The parent of the Holding Company confirms the continued financial support to the Company.

6. Impairment of Fixed Assets

Due to accumulated losses and marginal profits in the current year, indicators of impairment as per AS-28 are present as at December 31, 2009. Accordingly, the Company has tested the fixed assets for impairment and determined that the recoverable amount of these assets exceeds their carrying value as at December 31, 2009 and there is no need to write down the carrying value of the fixed assets as at the date of the Balance Sheet. The recoverable amount was estimated based upon net selling price.

7(i) Related Party Transactions

Transaction with Holding Company

(Amount in Rs. '000s)

A Current Account

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2009	332	2,361
	2008	474	2,693

B Rental Income

Name of the Party	Year	Transaction
		Value
Bata India Limited	2009	840
	2008	750

7(ii) Related Party Disclosure

Nature of relationship	Name
A Holding Company	: Bata Properties Limited
B Parent of the Holding Company	: Bata India Limited
C Key Management Person	: Shaibal Sinha– Director A B Anand – Director R K Gupta – Director
D Enterprises owned or controlled by Key Managerial Person in Common	: Nil

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO FINANCIAL STATEMENTS (Contd.)

E Enterprises having Key Managerial Person in Common : River Bank Developers Private Limited (A Joint Venture between Holding Company "Bata India Limited" and Calcutta Metropolitan Group Limited)

F Fellow Subsidiaries :

COMPANY NAME

Compar SPA

Bata Czech Republic

Bata Singapore Pte. Ltd

Global Footwear Services Pte Ltd

Bata Malaysia SDN BHD

PT Sepatu Bata Tbk

Bata Limited, Canada

Bata Industrial Europe

Bata Shoe Kenya Ltd

Bata SA SOC Spain

Bata Shoe Co. of Ceylon Ltd

Manufactura Boliviana S.A.

Bata Shoe of Thailand Pubic Co. Ltd.

Bata Chile S.A.

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO FINANCIAL STATEMENTS (Contd.)

8. Legal & Professional expenses include payment to Auditors:

(Amount in Rs. '000s)

Particulars	2009	2008
As Auditor	28	28
Out of Pocket Expenses	7	7
Total	35	35

9. Previous year's figures, have been regrouped and / or rearranged where necessary to conform to current year's classification.

As per our report of even date

FOR S R BATLIBOI & CO.
Chartered Accountants

Per RAJIV GOYAL
Partner
Membership No. 94549

Place: Gurgaon,
Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

COASTAL COMMERCIAL & EXIM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	31.12.2009		31.12.2008	
	Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) Before Tax & Extraordinary Items		491		391
Add: Adjustment for :				
Depreciation	61		61	
		<u>61</u>		<u>61</u>
		552		452
Add: Interest Expense(Interest Income)		<u>—</u>		<u>—</u>
Operating Profit/ (Loss) before Working Capital changes		552		452
Increase/(Decrease) in Current Liabilities & Provisions	(343)	(343)	(288)	(288)
Cash Generated from operations		<u>209</u>		<u>164</u>
Add/(Less): Refund/(Payment) of Tax (Net) including interest thereon		(209)		(164)
Net Cash Flow from/ (used in) operating activities		<u>—</u>		<u>—</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Net Cash used in investing activities		—		—
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net Cash realised from Financing activities		—		—
Net increase/ (decrease) in Cash and Cash equivalent		—		—
Add: Cash and Cash equivalent as at 1st January, 2009		349		349
Cash and Cash equivalent as at 31st December, 2009*		349		349
* Represents Balance with a Scheduled Bank on Current Account				
Note: 1 : Previous years figures have been regrouped/rearranged, wherever necessary.				
Note 2 : The above Cash Flow figures have been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow statement, issued by The Institute of Chartered Accountants of India.				

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Place: Gurgaon,

Date : February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director

R K GUPTA

Director

A B ANAND

Director

COASTAL COMMERCIAL & EXIM LIMITED

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

I. Registration Details

Registration No. 5 3 3 6 4

State Code 2 1

Balance Sheet Date 3 1 1 2 0 9
Date Month Year

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

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement N I L

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

Total Liabilities 3 2 1 7

Total Assets 2 3 3 7

Sources of Funds

Paid-up Capital 5 0 0

Reserves & Surplus N I L

Secured Loans N I L

Unsecured Loans N I L

Application of Funds

Net Fixed Assets 1 4 8 1

Investments N I L

Net Current Assets (-) 1 8 6 1

Misc. Expenditure N I L

Accumulated Losses 8 8 0

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

Turnover * 8 4 0

Total Expenditure 3 4 9

* Representing Net Revenue
including Other Income

Profit Before Tax (+) 4 9 1

Profit After Tax (+) 3 0 9

(+ for Profit, - for loss)

Earnings Per Share (Rs.) (+) 6 . 1 8

Dividend Rate % N I L

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

Item Code No. (ITC Code) NOT APPLICABLE

Product Description

Item Code No. (ITC Code) NOT APPLICABLE

Product Description

Item Code No. (ITC Code) NOT APPLICABLE

Product Description

For and on behalf of the Board of Directors

SHAIBAL SINHA
Director

R K GUPTA
Director

A B ANAND
Director

Place: Gurgaon,
Date : February 24, 2010

BATA INDIA LIMITED (GROUP)

AUDITOR'S REPORT

The Board of Directors

Bata India Limited

We have audited the attached consolidated balance sheet of Bata India Limited its Subsidiaries and Joint venture collectively referred as "Group", as at 31st December 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bata India Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (a) in the case of the consolidated balance sheet, of the state of affairs of the "Group" as at 31st December 2009;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Rajiv Goyal**
Partner

Membership No.: 94549

Place : Gurgaon
Date : 24th February, 2010

BATA INDIA LIMITED (GROUP)

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Schedule No.	As at 31.12.2009 Rs '000s	As at 31.12.2008 Rs '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	642,638	642,638
Reserves & Surplus	2	2,715,518	2,330,715
		<u>3,358,156</u>	<u>2,973,353</u>
LOAN FUNDS			
Secured Loans	3A	146,532	359,089
Unsecured Loans	3B	153,957	87,216
		<u>300,489</u>	<u>446,305</u>
TOTAL		<u>3,658,645</u>	<u>3,419,658</u>
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		3,785,376	3,532,559
Less: Accumulated Depreciation		2,447,105	2,325,823
Net Block		<u>1,338,271</u>	<u>1,206,736</u>
Capital Work In Progress		33,240	30,041
		<u>1,371,511</u>	<u>1,236,777</u>
INTANGIBLE ASSETS	5	1,612	1,471
INVESTMENTS	6	169,281	128,745
DEFERRED TAX ASSETS (Refer Note No.17 of Schedule 21)		241,074	174,713
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	3,468,006	3,520,727
Sundry Debtors	8	254,484	261,252
Cash & Bank Balances	9	573,397	374,322
Other Current Assets	10	8,210	11,414
Loans & Advances	11	832,537	790,841
	(A)	<u>5,136,634</u>	<u>4,958,556</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	2,416,358	2,342,776
Provisions	13	860,419	814,376
	(B)	<u>3,276,777</u>	<u>3,157,152</u>
NET CURRENT ASSETS	(A - B)	<u>1,859,857</u>	<u>1,801,404</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	14	15,310	76,548
TOTAL		<u>3,658,645</u>	<u>3,419,658</u>

The Schedules 1-21 form an integral part of financial statements.

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon, February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director - Finance

A B ANAND

Secretary

MARCELO VILLAGRAN

Managing Director

P M SINHA

Chairman

BATA INDIA LIMITED (GROUP)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Schedule No.	31.12.2009 Rs '000s	31.12.2008 Rs '000s
INCOME			
Gross Turnover	15	11,133,314	10,131,142
Less : Excise Duty on Turnover (Refer Note No. 19 of Schedule 21)		209,365	253,843
Net Turnover		10,923,949	9,877,299
Other Income	16	92,806	127,212
		11,016,755	10,004,511
EXPENDITURE			
Cost of Goods Sold	17	5,134,570	4,826,583
Manufacturing, Distribution, Selling and Administration Expenses	18	4,483,306	4,148,283
Voluntary Retirement Expenses	14(a)	61,238	29,720
Preliminary Expenses	14(b)	—	81
Depreciation / Amortisation	19	283,424	191,328
Financial Expenses	20	96,981	113,238
		10,059,519	9,309,233
PROFIT BEFORE TAXATION AND PRIOR PERIOD ITEMS		957,236	695,278
Provision for Taxation : (Refer Note no. 10 of Schedule 21)			
– Current Tax		402,368	248,773
– Deferred Tax Charge / (Credit) (Net)		(66,361)	(147,521)
– Fringe Benefit Tax		1,820	11,223
– Income Tax for earlier year		(6,367)	(7,763)
NET PROFIT		625,776	590,566
Balance of Profit brought forward from Previous Year		812,434	470,568
Profit available for appropriation		1,438,210	1,061,134
Appropriations:			
Proposed Final Dividend		192,791	160,659
Tax on Dividend		32,765	27,304
Transfer to General Reserve		67,227	60,737
Profit carried to Balance Sheet		1,145,427	812,434
Earning Per Share (Basic & Diluted) (Rs.)		9.74	9.19
Nominal value of shares (Rs.) [Refer Note No.8 of Schedule 21]		10.00	10.00
The Schedules 1-21 form an integral part of financial statements.			

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon, February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director - Finance

A B ANAND

Secretary

MARCELO VILLAGRAN

Managing Director

P M SINHA

Chairman

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009 Rs '000s	31.12.2008 Rs '000s
1. SHARE CAPITAL		
Authorised		
70,000,000 (Previous Year: 70,000,000) Equity Shares of Rs 10/- each	700,000	700,000
Issued		
64,285,000 (Previous Year: 64,285,000) Equity Shares of Rs 10/- each	642,850	642,850
Subscribed & Paid up		
64,263,770 (Previous Year: 64,263,770) Equity Shares of Rs 10/- each fully paid	642,638	642,638
Of the Above :		
i. 9,800,000 (Previous Year: 9,800,000) Equity Shares of Rs 10/- each issued and allocated as fully paid-up Bonus Shares by capitalisation of General Reserve and Securities Premium in earlier years		
ii. 32,785,000 (Previous Year: 32,785,000) Equity Shares held by Bata (BN) B.V., Amsterdam, The Netherlands, (Holding Company) - Rs. 327,850,000 (Previous Year: Rs 327,850,000)		
2. RESERVES & SURPLUS (Refer Note no. 10 of Schedule 21)		
A) Revaluation Reserve		
As per last Account (Created on 31st December, 1969 and 31st December, 1997 by Revaluation of Fixed Assets)	377,222	398,886
Less: On Sold/ Discarded fixed assets	818	4,103
Less: Transferred to Profit & Loss Account (Being Depreciation for the year on Revalued amount)	14,599	17,561
	361,805	377,222
B) Capital Reserve	2	2
C) Securities Premium		
As per last Account	794,731	794,731
D) General Reserve		
As per last Account	346,326	285,589
Add: Transferred from Profit and Loss Account	67,227	60,737
	413,553	346,326
E) Profit and Loss Account	1,145,427	812,434
	2,715,518	2,330,715

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
3. LOAN FUNDS				
(Refer Note no. 10 of Schedule 21)				
A) Secured Loans				
From Scheduled Banks on Cash Credit Accounts & Working Capital Demand Loan [Refer Note No. 3 of Schedule 21]		146,532		359,089
B) Unsecured Loans				
i) Deposit from Agents and Franchisees [Amount payable within one year Rs.Nil (Previous Year: Rs. Nil)]	103,957		87,216	
ii) Inter Corporate Loan (Short Term)	50,000	153,957	—	87,216
		300,489		446,305

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All Figures are in Rs. '000s)

4. FIXED ASSETS*	Land	Buildings	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block							
As at 01.01.2009	252,653	537,210	1,889,952	833,576	19,168	3,532,559	3,273,496
Additions	—	34,001	186,931	219,371	224	440,527	367,904
Deductions/Adjustments	—	6,859	86,457	91,982	2,412	187,710	108,841
As at 31.12.2009	252,653	564,352	1,990,426	960,965	16,980	3,785,376	3,532,559
Depreciation							
As at 01.01.2009	—	312,966	1,454,457	543,047	15,353	2,325,823	2,207,660
For the year	—	36,962	135,657	123,093	1,441	297,153	207,642
Deletions / Adjustments	—	6,360	84,157	83,079	2,275	175,871	89,479
As at 31.12.2009	—	343,568	1,505,957	583,061	14,519	2,447,105	2,325,823
Net Block							
As at 31.12.2009	252,653	220,784	484,469	377,904	2,461	1,338,271	1,206,736
As at 31.12.2008	252,653	224,244	435,495	290,529	3,815	1,206,736	1,065,836
Capital Work in Progress**							
As at 31.12.2009	—	—	—	—	—	33,240	30,041
As at 31.12.2008	—	—	—	—	—	30,041	14,501
Net Block							
As at 31.12.2009	252,653	220,784	484,469	377,904	2,461	1,371,511	1,236,777
As at 31.12.2008	252,653	224,244	435,495	290,529	3,815	1,236,777	1,080,337

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

5. INTANGIBLE ASSETS* (COMPUTER SOFTWARE)	CURRENT YEAR Rs. '000s	PREVIOUS YEAR Rs. '000s
Gross Block		
As at 01.01.2008	7,054	6,157
Additions	1,011	897
Deductions	—	—
As at 31.12.2009	8,065	7,054
Amortisation		
As at 01.01.2008	5,583	4,337
For the year	870	1,246
As at 31.12.2009	6,453	5,583
Net Block		
As at 31.12.2009	1,612	1,471
As at 31.12.2008	1,471	1,820

*(Refer Note no. 10 of Schedule 21)

**(Refer Note no. 20(b) of Schedule 21)

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Face value Per share Rs	No. of Equity Shares/ Units	No. of Equity Shares/ Units (Previous Year)	31.12.2009 Rs '000s	31.12.2008 Rs '000s
6 INVESTMENTS (Refer Note no. 10 of Schedule 21)					
LONG TERM - (AT COST) (Unquoted Fully paid)					
(a) In Government or Trust Securities (Non Trade) (Deposited with various Government Authorities)					
6 Year National Savings Certificates				5	5
				5	5
(b) Other Investments (Non Trade)					
Bata Employees' Co-operative Consumers' Stores Limited, Hathidah	10	250	250	2	2
(c) Bhadrakali Market Co-operative Society Limited, Nasik (Non Trade)	100	5	5	1	1
(d) Immovable Properties - Land (Trade)				122,665	122,665
CURRENT INVESTMENTS - SHORT TERM (AT LOWER OF COST AND MARKET VALUE)					
Share in Investment of Joint Venture	Face value	No. of Units	No. of Units		
Mutual Fund - Non Trade (Unquoted, Fully Paid)	Per Unit (Rs.)	(Current Yr.)	(Previous Yr.)		
HDFC High Interest Fund -STP	10	—	398,998	—	6,072
DWS Cash Opportunities Fund	10	1,625,000	—	16,250	—
DSP Blackrock Short Term Fund	10	1,625,000	—	16,250	—
Birla Sunlife Savings Fund	10	298,554	—	5,000	—
HDFC Cash Management Fund	10	377,896	—	7,445	—
UTI - Treasury Advantage Fund	1,000	1,403	—	1,663	—
The following Investments were purchased and sold during the year :					
HDFC Cash Management Fund	10	18,914	—		
UTI - Treasury Advantage Fund	1,000	16,343	—		
Birla Sun Life Savings Fund	10	1,047,232	—		
ING LIQUID Plus Fund	10	—	1,516,114		
ABN AMRO Interval Fund	10	—	4,625,000		
IDFC Fixed Maturity Plan	10	—	4,625,000		
S246 Sundaram BNP Paribas Liquid Plus	10	—	2,049,488		
Birla Income Plus Plan - Birla Sun life Income Fund	10	—	2,237,936		
Birla Sun life Quarterly Interval Fund	10	—	4,763,084		
HSBC Liquid Plus Inst	10	—	1,539,346		
28QICICI Prudential - Flexible Income Plan Div	10	—	1,441,287		
ICICI Prudential Income Fund	10	—	2,143,136		
ING Income Fund-Short Term Plan	10	—	5,749,973		
JM Financial Mutual Fund - JM Liquid Plus Fund	10	—	173,700		
DWS Credit Opportunities Cash Fund	10	—	89,846		
ABN AMRO Interval Fund Series - Redemption	10	—	13,346		
ABN AMRO Interval Fund Series - Renewal	10	—	375,000		
AIG Short Term Fund Institutional	1,000	—	7,369		
G583 IDFC Fixed Maturity Plan	10	—	876,515		
Birla FMP -Series 2	10	—	374,624		
27 ICICI Prudential Flexible Income Plan	10	—	495,324		
22 ICICI Prudential Income Plan	10	—	206,599		
HDFC High Interest Fund	10	—	750,873		
				169,276	128,740
				169,281	128,745

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
7 INVENTORIES (at lower of cost and net realizable value) (Refer Note no. 10 of Schedule 21)				
Raw Materials		156,965		190,587
Work-in-Progress		158,877		175,077
Stores & Spare Parts, etc.		10,638		7,116
Finished Goods [Including in transit of Rs. 221,657 thousands (Previous Year Rs. 292,356 thousands)]		2,448,122		2,549,513
Construction Material at Site		15,486		19,197
Project Work in Progress (Refer NoteNo. 20(a) of Schedule 21)		677,918		579,237
		<u>3,468,006</u>		<u>3,520,727</u>
8 SUNDRY DEBTORS (Unsecured considered Good) (Refer Note no. 10 of Schedule 21)				
(a) Debts outstanding for a period exceeding six months		11,430		2,131
(b) Other Debts		<u>243,054</u>		<u>259,121</u>
		<u>254,484</u>		<u>261,252</u>
9 CASH & BANK BALANCES (Refer Note no. 10 of Schedule 21)				
A) Cash on hand		15,158		24,050
B) Balances with Scheduled Banks on :				
Current Accounts [Includes Rs.3,885 thousands (Previous Year: Rs 3,949 thousands) on unpaid dividend and unmatured deposits]		160,940		83,601
Term Deposits [Includes Rs. 14,575 thousands (Previous Year Rs 14,575 thousands) as deposits pledged with Banks]		<u>396,352</u>		<u>266,325</u>
		557,292		349,926
C) Balance with Other Banks on :				
Current Account [With Municipal Co-Operative Bank-Mumbai Maximum amount outstanding during the year Rs. 1,728 thousands (Previous Year Rs 2,693 thousands)]		947		346
		<u>573,397</u>		<u>374,322</u>
10 OTHER CURRENT ASSETS (Unsecured - Considered Good) (Refer Note no. 10 of Schedule 21)				
Interest receivable on Fixed Deposits with Banks		8,210		11,414
		<u>8,210</u>		<u>11,414</u>

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
11 LOANS & ADVANCES				
(Unsecured - Considered Good, unless otherwise stated) [Refer Note no. 10 of Schedule 21]				
Advances recoverable in cash or in kind or for a value to be received [including Rs. 3,483 thousands (Previous Year Rs 10,101 thousands) considered doubtful]	129,748		160,748	
Less: Provision for Doubtful Advances	<u>3,483</u>	126,265	<u>10,101</u>	150,647
Claims [including Rs. 6,686 thousands (Previous Year Rs. 21,357 thousands) considered doubtful]	36,218		55,034	
Less: Provision for Doubtful Claims	<u>6,686</u>	29,532	<u>21,357</u>	33,677
Deposits [including Rs 8411 thousands (Previous Year Rs. 10,095 thousands) considered doubtful]	368,150		350,128	
Less: Provision for Doubtful Deposits	<u>8,411</u>	359,739	<u>10,095</u>	340,033
Others [Including Rs 4,925 thousands (Previous Year Rs 42,810 thousands) considered doubtful]	7,383		43,382	
Less: Provision for Doubtful Other Loans & Advances	<u>4,925</u>	2,458	<u>42,810</u>	572
Advance Tax including tax deducted at source and refund receivable [Including Fringe Benefits Tax of Rs. Nil (Previous Year Rs.8,850 thousands)]		277,241		238,438
Balances with Customs, Port Trust and Excise Authorities [including Rs. 74,515 thousands (Previous Year Rs. 59,171 thousands) considered doubtful]	111,817		86,645	
Less: Provision for Doubtful Advances	<u>74,515</u>	37,302	<u>59,171</u>	27,474
		<u>832,537</u>		<u>790,841</u>

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
12 CURRENT LIABILITIES				
(Refer Note no. 10 of Schedule 21)				
Acceptances		315,574		300,371
Sundry Creditors				
– Micro and Small Enterprises	36,068		26,708	
(Refer Note no. 21 of Schedule 21)				
– Others	1,935,638	1,971,706	1,887,254	1,913,962
Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :				
I) Unpaid Dividend		1,907		1,316
II) Unpaid Matured Deposit		1,978		2,633
Other Liabilities		125,193		124,494
		<u>2,416,358</u>		<u>2,342,776</u>
13 PROVISIONS				
(Refer Note no. 10 of Schedule 21)				
Proposed Dividend		192,791		160,659
Tax on Proposed Dividend		32,765		27,304
Taxation		340,151		225,422
Leave Benefits		39,250		36,799
Gratuity		—		69,882
Warranty Claims		16,970		14,097
[Refer Note No. 15 (a) of Schedule 21]				
Contingencies		13,061		10,796
[Refer Note No. 15 (b) of Schedule 21]				
For Land Development		225,431		269,417
[Refer Note No. 15 (a) of Schedule 21]				
		<u>860,419</u>		<u>814,376</u>
14 MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
(Refer Note no. 10 of Schedule 21)				
(a) Voluntary Retirement Expenses				
As per last account	76,548		11,980	
Add : Current Year Cost	—		94,288	
[Refer Note No.6 of Schedule 21]				
	76,548		106,268	
Less : Amortisation for the year	61,238	15,310	29,720	76,548
(b) Preliminary Expenses				
As per last account	—		81	
Add : Current Year Cost	—		—	
	—		81	
Less : Amortisation for the year	—	—	81	—
Unamortised Balance Carried to Balance Sheet		<u>15,310</u>		<u>76,548</u>

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009		31.12.2008	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
15 GROSS TURNOVER				
(Refer Note no. 10 of Schedule 21)				
Sale of Products		11,102,262		10,077,065
Income from Repair and Chiropody		8,849		12,727
Sale of Scrap		14,771		33,531
Project Management and Administrative Fees		7,432		7,819
		<u>11,133,314</u>		<u>10,131,142</u>
16 OTHER INCOME				
(Refer Note no. 10 of Schedule 21)				
Interest (gross) [Tax deducted at source - Rs. 4,613 thousands (Previous Year Rs 3,798 thousands) Refer note 12 of Schedule 21]		23,563		23,344
Gain on Foreign Exchange Fluctuations [net off of loss of Rs. 13,006 thousands (Previous Year: Rs.Nil)]		1,766		—
Gain on Disposal/discard of Fixed Assets [net off of loss of Rs. Nil (Previous Year : Rs. 5,690 thousands)]		—		4,704
Duty Draw Back & Other Export incentives		2,661		4,866
Liabilities no longer required written back		11,185		40,559
Profit on sale of Current Investment - Non trade		1,614		—
Income from Investments – Non Trade (Dividend)		—		8,584
Miscellaneous Income		52,017		45,155
		<u>92,806</u>		<u>127,212</u>
17 COST OF GOODS SOLD				
Raw materials consumed		2,138,515		2,077,915
Job Processing Charges		229,261		191,661
Purchase of Traded Goods		2,692,194		2,475,364
(Increase)/ Decrease in Stock				
Finished Goods:				
Opening Stock		2,549,513		2,669,355
Less : Closing Stock		<u>2,448,122</u>		<u>2,549,513</u>
		101,391		119,842
Work In Progress:				
Opening Stock		175,077		162,107
Less : Closing Stock		<u>158,877</u>		<u>175,077</u>
		16,200		(12,970)
Change in Excise Duty on Stocks				
(Refer Note No. 19 of Schedule 21)		(42,991)		(25,229)
		<u>5,134,570</u>		<u>4,826,583</u>

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2009 Rs '000s	31.12.2008 Rs '000s
18 MANUFACTURING, DISTRIBUTION, SELLING AND ADMINISTRATION EXPENSES (Refer Note no. 10 of Schedule 21)		
Salaries, Wages and Bonus	1,462,992	1,408,942
Workmen & Staff Welfare	78,598	80,144
Contribution to Gratuity, Pension & Provident Funds	153,173	246,409
Commission on sales - 'Other than Sole Selling Agent's	192,539	154,172
Cash Discount	7,461	6,503
Stores and Spare Parts consumed	23,569	34,078
Power & Fuel	288,257	282,900
Rent [net of rent recovered of Rs 2,005 thousands (Previous Year Rs 1,340 thousands)] (Including impact of straight lining of lease rent Rs.111,773 thousands (Previous Year: Rs. 60,662 thousands))	1,010,996	765,309
Repairs – Buildings	34,110	40,295
– Plant & Machinery	25,790	22,985
– Others	16,777	11,012
Insurance	39,199	34,180
Rates & Taxes	90,176	81,785
Travelling & Conveyance	114,285	112,439
Freight	291,997	281,772
Advertisement and Sales Promotion	174,652	174,869
Communication Expenses	53,227	44,154
Printing & Stationery Expenses	39,396	30,391
Legal and Professional Expenses	65,568	65,325
Loss on disposal/discard of Fixed Assets (net off of gain of Rs.7,333 thousands (Previous Year: Rs. Nil))	2,880	—
Foreign Exchange fluctuation (net off of Gain of Rs. Nil (Previous Year: Rs. 9,430 thousands))	—	20,851
Bad Debts Written Off	4,644	—
Provision for Bad Debts, Loans, Advances, etc	19,556	9,753
Technical Collaboration Fee	132,592	100,989
Loss on sale of Investments	—	179
Miscellaneous Expenses (Refer Note No. 2 of Schedule 21)	160,872	138,847
	4,483,306	4,148,283
19 DEPRECIATION / AMORTISATION (Refer Note no. 10 of Schedule 21)		
a) Depreciation for the year	297,153	207,642
Less: Transfer from Revaluation Reserve	14,599	17,561
b) Amortisation of Intangible Asset	870	1,247
	283,424	191,328
20 FINANCIAL EXPENSES (Refer Note no. 10 of Schedule 21)		
Interest –		
– on Cash Credit Accounts/ Working Capital Demand Loans	36,086	61,972
– on Agency and Franchisees Deposit	4,127	2,849
– Others	506	1,142
Bank Charges	56,262	47,275
	96,981	113,238

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**1. SIGNIFICANT ACCOUNTING POLICIES****a. Nature of operation**

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

b. Basis of Accounting

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

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

c. 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. 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.
- ii) The financial statements of the Subsidiary Companies and Joint Venture Company used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended December 31, 2009
- iii) 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, 2009	Extent of Holding/Voting Power (%) as on December 31, 2008
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	50.00	50.00
4.	River Bank Holdings Private Limited (RHPL)	Joint Venture of RDPL	India	25.00 (through RDPL)	25.00 (through RDPL)

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

d. 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.

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

e. 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.

f. 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.

g. Depreciation

- i. Depreciation on 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.
- ii. Fixed Assets costing below Rs. 5,000 are fully depreciated in the year of acquisition.
- iii. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/disposal.
- iv. 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.

h. 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 at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

i. Expenditure on projects

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

j. 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 at 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 is determined on a weighted average basis and Cost of finished goods includes excise duty. Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location, determined on weighted average basis.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

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.

k. 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. Repairs and Chiropody:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The revenue is recognised when services are rendered based on completed contract method.

iii. Interest:

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

iv. Dividends:

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

v. Export Benefits:

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

vi. Project Management and Administrative Fees:

Revenue from project management fees and administrative fees is recognised as and when services are rendered and are net off service tax based on completed contract method.

l. 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 except those arising from investments in non-integral operations.

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

iv. **Forward Exchange Contracts (Derivative Instruments) not intended for trading or speculation purposes**

The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

m. **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.

n. **Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition or construction of Fixed 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.

o. **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 Manufacturing & Sale of Footwear & Accessories and Investment in 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 confirmative with the Accounting Policies adopted for preparing and presenting the Financial Statement of the company as a whole.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

p. 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.

q. 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 determine as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to conform to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. There is no deficit in the fund at the year end.

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

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

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

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

r. Miscellaneous Expenditure

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

s. Leases

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

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

t. Taxes on Income

Tax expense comprises of current, deferred tax and fringe benefit tax. Current income tax and fringe benefit 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 setoff current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on Income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The 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

u. 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. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

v. 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 period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

w. Cash Flow Statement

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

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

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

	2009 Rs.'000s	2008 Rs.'000s
As Auditors	4,669	5,000
As Advisor – Taxation Matter	—	—
Others		
– Group reporting	1,700	2,712
– Certification Fee	1,605	725
Reimbursement of out of Pocket Expenses	769	1,128

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

4. 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 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 any lease agreements.
- b) The aggregate lease rentals payables are charged as 'Rent' in Schedule 18.

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

5. Derivative Instruments and Unhedged Foreign Currency Exposure

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date	Amount in Foreign Currency (in '000s)			Amount in Indian Currency (Rs. '000s)	
	Currency	Current Year	Previous Year	Current Year	Previous Year
Import Creditors	USD	1,081.24 @ Rs. 47.12	1,863.82 @ Rs. 48.22	50,948	89,873
	EURO	77.20 @ Rs. 67.97	155.61 @ Rs. 67.87	5,247	10,561
Advance for Import	USD	—	24.30 @ Rs. 47.41	—	1,152
	EURO	1.39 @ Rs. 66.20	—	92	—
Debtors	USD	35.54 @ Rs. 46.21	343.28 @ Rs. 47.41	1,642	16,275
	EURO	73.20 @ Rs. 66.20	—	4,846	—

6. Expenditure incurred on Voluntary Retirement Scheme

During the year, the Company has incurred Rs.14,605 thousands (Previous Year: Rs.94,288 thousands) on account of voluntary retirement schemes introduced at its Batagunj and Faridabad units.

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)											
7. A. Related Party Transactions											
Amount in Rs. '000s											
Nature of Transaction	Holding Company		Fellow Subsidiaries		Joint Venture		Joint Venture Partner		Transactions with Key Management		Total
	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	
Sales (Refer 7B(ii))	—	—	11,549	4,991	—	—	—	—	11,549	4,991	
	Previous Year	—	406	—	—	—	—	—	406	—	
Purchases (Refer 7B(iii))	—	—	—	—	—	—	—	—	—	—	
	Previous Year	—	4,717	1,512	—	—	—	—	4,717	1,512	
Reimbursement of Expenses to (Refer 7B(iii) & 7B(vi) D)	—	—	2,336	162	—	—	—	—	2,336	162	
	Previous Year	—	1,610	3	23	—	—	—	1,633	3	
Reimbursement of Expenses from (Refer 7B(vi), 7B(vi)A & 7B(ix))	—	—	8,242	2,623	10,131	—	191	—	18,564	2,623	
	Previous Year	—	5,080	854	9,856	—	365	—	15,301	854	
Technical Fee (Refer 7B (vi))	—	—	120,000	27,000	—	—	—	—	120,000	27,000	
	Previous Year	—	90,000	20,250	—	—	—	—	90,000	20,250	
Remuneration (Refer 7B(vii))	—	—	—	—	—	—	—	32,267	32,267	—	
	Previous Year	—	—	—	—	—	—	28,618	28,618	—	
Dividend Paid (Refer 7B(viii))	81,963	—	—	—	—	—	—	—	81,963	—	
	Previous Year	65,570	—	—	—	—	—	—	65,570	—	
Project Management and Administration fees (Refer 7B(vi) C)	—	—	—	—	7,432	2,689	—	—	7,432	2,689	
	Previous Year	—	—	—	7,819	2,377	—	—	7,819	2,377	

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

7. B. Related Party Transaction Details

i. Sale of Goods:

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

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Kenya	2009 2008	— 406	— —
PT Sepatu Bata Tbk	2009 2008	2,954 —	— —
Bata SA SOC Spain	2009 2008	5,112 —	4,867 —
Manufactura Boliviana S.A.	2009 2008	2,586 —	— —

ii. Purchase of Goods:

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

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Industrials Europe-Netherland	2009 2008	— 4,717	— 1,512

iii. Reimbursement of Expenses:

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

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Shoe Singapore Pte Ltd.	2009 2008	496 294	— —
Global Footwear Services	2009 2008	— 859	— —
Bata Limited, Canada	2009 2008	819 215	— —
Bata Malaysia	2009 2008	810 —	162 —

iv. Reimbursement of Expenses:

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

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Bata Shoe Singapore Pte Ltd.	2009 2008	3,199 1,304	916 —
Compar S.P.A Italy	2009 2008	4,274 3,438	1,248 854

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

v. Technical Collaboration Fees:

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

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Global Footwear Services	2009	120,000	27,000
	2008	90,000	20,250

vi. Transaction with Joint Venture Company:

Details of transaction with 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. '000s)	Outstanding Balance (Rs. '000s)
River Bank Developers Private Limited	2009	9,857	—
	2008	9,589	—
River Bank Holding Private Limited	2009	274	—
	2008	267	—

B. Future Land Obligations to be fulfilled by the JV company:

Name of the Party	Future Transaction Value (Rs. '000s)
River Bank Developers Private Limited	325,000

The JV company will fulfil the obligation of development of 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.

C. Project Management and Administration fees:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
River Bank Holding Private Limited	2009	7,432	2,689
	2008	7,819	2,377

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

D. Reimbursement of Expenses to :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
River Bank Holding Private Limited	2009	—	—
	2008	23	—

vii. Remuneration to Directors * :

Name of the Director	Year	Transaction Value (Rs. '000s)
Shaibal Sinha	2009	11,934
	2008	11,023
Marcelo Villagran	2009	20,333
	2008	17,595

* Does not include the Actuarial valuation of Leave and Gratuity, since individually not determinable.

viii. Transaction with Holding Company :

Dividend Payment:

Name of the Party	Year	Transaction Value (Rs. '000s)
BATA (BN) B.V. - The Netherlands, Amsterdam	2009	81,963
	2008	65,570

ix. Transaction with Joint Venture Partner Company :

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

Reimbursement of Expenses :

Name of the Party	Year	Transaction Value (Rs. '000s)
Calcutta Metropolitan Group Limited (CMGL)	2009	191
	2008	365

7. C. Related Party Disclosure

Nature of relationship	Name
I. Holding Company	: BATA (BN) B.V. The Netherlands, Amsterdam
II. Key Management Person	: Marcelo Villagran – Managing Director Shaibal Sinha – Director Finance
III. Jointly Control Entity	: River Bank Developers Private Limited River Bank Holding Private Limited

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

IV. Fellow Subsidiaries:

COMPANY NAME

Compar SPA
Bata Czech Republic
Bata Singapore Pte. Ltd
Global Footwear Services Pte Ltd
Bata Malaysia SDN BHD
PT Sepatu Bata Tbk
Bata Limited, Canada
Bata Industrial Europe
Bata Shoe Kenya Ltd
Bata SA SOC Spain
Bata Shoe Co. of Ceylon Ltd
Manufactura Boliviana S.A.
Bata Shoe of Thailand Pubic Co. Ltd.
Bata Chile S.A.

8. Earnings Per Share (EPS)

	31.12.09	31.12.08
Profit / (Loss) as per Profit & Loss Account (Rs. '000s)	625,776	590,566
Weighted Average Number of Equity Shares (in thousands)	64,264	64,264
Basic and Diluted Earning per Share (Rs.)	9.74	9.19
Nominal value of Share (Rs.)	10.00	10.00

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

9 Segment Reporting

The Company operates in two segments- footwear & Accessories and Investment in Joint Venture for 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 through its retail and wholesale network.

Investment in Joint Venture for Surplus Property Development : The segment is involved in development of real estate at Batanagar.

A Primary Segment Disclosure

Amount in Rs.'000s

Particulars	Footwear & Accessories		Investment in Joint Venture for Surplus Property Development		Total	
	2009	2008	2009	2008	2009	2008
REVENUE						
External Turnover	10,916,517	9,869,480	7,432	7,819	10,923,949	9,877,299
Other income *	62,622	94,407	6,621	877	69,243	95,284
RESULT	1,042,460	785,590	(47,392)	(35,608)	995,068	749,982
Unallocated Corporate Expenses					(20,677)	(20,588)
Operating Profit					974,391	729,394
Interest & Expenses					(40,719)	(65,963)
Preliminary Expenses written off					—	(81)
Dividend Income					—	8,584
Interest Income					23,563	23,344
Income Taxes					(331,459)	(104,712)
Net Profit					625,776	590,566
OTHER INFORMATION						
Segment assets	5,476,228	5,200,717	917,358	874,980	6,393,586	6,075,697
Unallocated corporate assets					526,525	424,565
Total assets					6,920,111	6,500,262
Segment liabilities	2,295,725	2,508,431	709,537	669,820	3,005,262	3,178,251
Unallocated corporate liabilities					572,004	425,206
Total liabilities					3,577,266	3,603,457
Capital expenditure	436,029	352,168	8,708	32,173	444,737	384,341
Depreciation	279,457	189,324	3,097	757	282,554	190,081
Amortisation	—	908	870	339	870	1,247
Non-cash expenses other than depreciation and amortisation	19,556	9,753	—	—	19,556	9,753

* Other income as reported does not include the interest income and Dividend Income amounting to Rs.23,563 thousands (Previous Year Rs. 31,928 thousands)

B INFORMATION ABOUT SECONDARY SEGMENTS

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

Particulars	Revenue		Sundry Debtors	
	2009	2008	2009	2008
India	10,846,277	9,776,452	247,973	244,697
Outside India	77,672	100,847	6,511	16,555
Total	10,923,949	9,877,299	254,484	261,252

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.

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

10. Details of Company's share in Joint Venture (engaged in business of real estate development) included in the Consolidated Financial Statements are as follows:

Amount in Rs.'000s

	As at December 31, 2009	As at December 31, 2008
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	—	—
Reserve and Surplus	293,375	293,375
Loan Funds		
a) Secured Loans	—	—
b) Unsecured Loans	50,000	—
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	17,610	15,430
Less: Depreciation	3,854	764
Net Block	13,756	14,666
Capital Work In Progress (Including Capital Advances)	26,949	21,458
Intangibles	1,612	1,471
Investment	46,608	6,072
Current Assets, Loans & Advances		
Inventories	693,404	598,434
Sundry Debtors	2,689	2,377
Cash & Bank Balances	2,253	98,269
Other Current Assets	—	264
Loans & Advances	8,822	10,782
(A)	707,168	710,126
Less: Current Liabilities & Provisions		
Liabilities	483,515	399,052
Provisions	226,022	270,768
(B)	709,537	669,820
Net Current Assets (A)-(B)	(2,369)	40,306
Miscellaneous Expenditure	—	—
Profit and Loss account	163,710	116,293

Amount in Rs.'000s

	For the year ended December 31, 2009	For the year ended December 31, 2008
INCOME		
Turnover	7,432	7,819
Other Income	7,926	13,025
Total Income	15,358	20,844
EXPENDITURE		
Manufacturing, Distribution, Selling and Administration Expenses	58,710	44,977
Miscellaneous Expenditure written off	—	81
Depreciation / Amortisation	3,967	1,095
Financial Expenses	—	881
Total Expenditure	62,677	47,034
Profit / (Loss) before Tax	(47,319)	(26,190)
Provision for Fringe Benefit Tax	98	223
Provision for Current Tax	—	—
Income tax for previous year	—	(7,689)
Profit / (Loss) after Tax	(47,417)	(18,724)
Balance brought forward	(116,293)	(97,569)
Balance Carried Forward	(163,710)	(116,293)

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

11. Contingent Liabilities not provided for in respect of:

- Claims against Company not acknowledged as debts includes

Nature	2009 (Rs. '000s)	2008 (Rs. '000s)
Excise and Customs Cases	190,140	227,200
Sales Tax Cases	34,200	37,100
Others*	174,798	188,541
Demand for change of land use**	49,500	49,500
Total	448,638	502,341

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

** Represents the Contingent Liability in respect of Joint Venture.

Additionally, there is a contingent liability relating to Stamp duty in the Joint venture Company as at December 31, 2009, which is not ascertainable.

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. 739,985 thousands (Previous Year Rs. 780,002 thousands).

The JV company will fulfil the obligation of development of 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.

12. Interest received (Schedule 16) includes:

	2009 (Rs. '000s)	2008 (Rs. '000s)
Banks (Includes TDS of Rs. 4,613 thousands (Previous Year: 3,798 thousands))	20,304	21,609
Others (Include TDS of Rs. Nil (Previous Year: Nil))	3,259	1,735
Total	23,563	23,344

13. 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.

14. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to Rs. 120,137 thousands (Previous Year: Rs.159,829 thousands).

The above amounts include Capital commitment amounting to Rs. 10,961 thousands (Previous Year Rs. 66,509 thousands) in respect of Joint Venture.

15. a) The movement of provision for warranty claims is as follows: (Amount in Rs.'000s)

Particulars	Warranty Claims		Land Development	
	2009	2008	2009	2008
Opening balance	14,097	12,595	269,417	335,150
Additions	47,326	27,460	263	319
Utilisation	35,453	12,065	44,512	66,052
Reversals	9,000	13,893	—	—
Closing balance	16,970	14,097	225,428	269,417

The warranty claim provision covers the expenses relating to the repairing / cost of shoes sold which are covered by a warranty period of 75 days from the date of sale. The amount is determined as per best estimate on a standard basis based on experience of the average expenses incurred. It is expected that cost will be incurred over the warranty period as per warranty terms.

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

The Land development Provision covers the expense relating to construction cost of Bata Employee Housing Society. The amount is determined as per best estimate based on the projected expenses. It is expected that cost will be incurred over the period of two years from the Balance Sheet date.

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

For the year ended 31st December, 2009	ESI	Labour Case, House Tax and Other Civil Cases [Refer Note (i) below]	TOTAL
Opening balance as on 1st January 2009	1,274	9,522	10,796
Additions	—	2,265	2,265
Reversals	—	—	—
Closing balance as on 31st December 2009	1,274	11,787	13,061

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

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

16. Gratuity and other post-employment benefit plans:

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

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

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

Profit and Loss account

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

	Gratuity	
	2009 (Rs. '000s)	2008 (Rs. '000s)
Current service cost	19,096	18,497
Interest cost on benefit obligation	23,995	26,510
Expected return on plan assets	(27,767)	(31,349)
Net actuarial(gain) / loss recognised in the year	16,201	106,015
Net benefit expense	31,525	119,673
Actual return on plan assets	17,806	19,593

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2009	2008
	(Rs. '000s)	(Rs. '000s)
Defined benefit obligation	347,462	387,452
Fair value of plan assets	353,822	317,570
	6,360	(69,882)
Plan asset / (liability)	6,360	(69,882)

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

	Gratuity	
	2009	2008
	(Rs. '000s)	(Rs. '000s)
Opening defined benefit obligation	387,453	415,398
Interest cost	23,995	26,510
Current service cost	19,096	18,497
Benefits paid	(89,336)	(168,047)
Acquisition	—	836
Actuarial (gains) / losses on obligation	6,254	94,259
Closing defined benefit obligation	347,462	387,453

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

	Gratuity	
	2009	2008
	(Rs. '000s)	(Rs. '000s)
Opening fair value of plan assets	317,570	362,000
Expected return	27,767	31,349
Contributions by employer	107,766	104,024
Benefits paid	(89,336)	(168,047)
Actuarial gains / (losses)	(9,945)	(11,756)
Closing fair value of plan assets	353,822	317,570

The Defined benefit obligation amounting to Rs. 347,462 thousands is funded by assets amounting to Rs. 353,822 thousands and company has contributed Rs. 6,360 thousands excess during the year 2009. The Company expects to contribute Rs. 50,000 thousands during the year 2010.

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

	Gratuity	
	2009	2008
	%	%
Investments		
– With Insurer	42.65	29.29
– With Government securities and Bonds	5.91	8.58
– With Special deposit scheme	51.44	62.13

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

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 Parent Company's plans are shown below:

	2009	2008
	%	%
Discount rate	8.00-9.30	7.00
Expected rate of return on assets	9.50	8.50
Employee turnover		
Non Management		
20-24	0.50-2.00	0.50-2.00
25-29 and 55-60	0.30-2.00	0.30-2.00
30-34 and 50-54	0.20-2.00	0.20-2.00
35-49	0.10-2.00	0.10-2.00
Management		
20-25	2.00-5.00	2.00-5.00
26-35	2.00-3.00	2.00-3.00
36 and above	0.50-2.00	0.50-2.00

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

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

Experience History	2009 (Rs. '000s)	2008 (Rs. '000s)	2007 (Rs. '000s)
1 Defined Benefit Obligation at end of the period	(347,462)	(387,453)	(415,398)
2 Plan Assets at end of the period	353,822	317,570	362,000
3 Funded Status	6,360	(69,882)	(53,398)
4 Experience Gain/(Loss) adjustments on plan liabilities	(35,058)	(65,560)	(69,554)
5 Experience Gain/(Loss) adjustments on plan assets	(9,945)	(11,756)	(6,032)
6 Actuarial Gain/(Loss) due to change on assumptions	28,804	28,912	(19,391)

Contribution to Defined Contribution Plans:

	2009 (Rs. '000s)	2008 (Rs. '000s)
Pension fund	2,375	1,600
Provident Fund	1,112	284

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

(Amount in Rs. '000s)

	31-Dec-09	31-Dec-08
Deferred Tax Assets		
Tax impact of Timing Differences leading to Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	131,589	85,339
Provision for doubtful debts advances etc.	33,317	47,847
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	76,168	41,527
Gross Deferred Tax Assets	241,074	174,713
Less:- Opening Deferred Tax assets	174,713	27,192
Deferred Tax Charges/(Credit) for the year recognised in Profit and Loss Account	(66,361)	(147,521)

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

18. Manufacturing, Distribution, Selling and Administration expenses (Schedule 18) includes R & D Expenses of Rs.33,877 thousands (Previous Year: Rs. 30,974 thousands).

19. In accordance with "Explanation below Para 10 of Notified AS 9", excise duty on turnover amounting to Rs. 209,365 thousands (Previous Year: Rs. 253,843 thousands) has been reduced from turnover in profit & loss account and differential excise duty on opening and closing stock of finished goods amounting to Rs. 42,991 thousands [Previous Year: Rs. 25,229 thousands] has been adjusted from Cost of Goods Sold in Schedule -17.

20. (a) **Project work in progress represents the following**

Nature	2009 (Rs. '000s)	2008 (Rs. '000s)
Construction Expenses	126,061	46,289
Rates & Taxes	46,226	46,226
Legal & Professional	95,999	86,647
Land Survey	572	573
Testing Charges	795	730
Insurance	202	8
Repair & Maintenance	21,799	15,272
Provision for land development	326,400	326,400
Salaries, Wages & Bonus	7,990	7,990
Contribution to Gratuity, Provident & Other Funds	251	251
Staff Welfare	144	144
Power & Fuel	2,417	974
Travelling and Conveyance	4,438	3,984
Social Cost	9,100	9,188
Miscellaneous expenses	7,454	6,683
Finance Expense	28,070	27,878
Project Work in Progress	677,918	579,237

(b) **Capital work in progress includes expenses capitalized as follows**

Nature	2009 (Rs. '000s)	2008 (Rs. '000s)
Construction Expenses	9,034	4,804
Rates & Taxes	2,448	2,448
Legal & Professional	13,291	12,301
Personnel Expenses	1,038	772
Travelling	47	46
Miscellaneous Expenses	355	351
Finance Expenses	736	736
Grand Total	26,949	21,458

(c) **During the year following expenses have been netted off in the respective line items in the Profit and Loss Account and are capitalised under Capital work in progress**

Nature	2009 (Rs. '000s)	2008 (Rs. '000s)
Construction Expenses	4,230	4,804
Rates & Taxes	—	440
Legal & Professional	990	7,822
Personnel Expenses	266	748
Travelling	1	7
Miscellaneous Expenses	4	255
Grand Total	5,491	14,076

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

21. 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	2009 (Rs. '000s)	2008 (Rs. '000s)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	36,068	26,708
	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	369,937	149,379
	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	—	—

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

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per RAJIV GOYAL

Partner

Membership No. 94549

Gurgaon,

February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

Director - Finance

MARCELO VILLAGRAN

Managing Director

A B ANAND

Secretary

P M SINHA

Chairman

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	31.12.2009		31.12.2008	
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		957,236		695,278
Adjustment for :				
Depreciation / Amortisation	283,424		191,328	
Provision for Doubtful Debts & Advances	19,556		9,753	
Miscellaneous Expenditure written off	61,238		29,801	
Liabilities no longer required written back	(11,185)		(40,559)	
Lease rent straight lining	111,773		60,662	
(Gain)/ Loss on Disposal of Fixed Assets (Net)	2,880		(4,704)	
(Gain)/ Loss on Sale of Investment	(1,614)		179	
Dividend from mutual funds	—		(8,584)	
Interest Income	—		(23,344)	
(Gain) / Loss on Foreign Exchange (Net)	109	466,181	(2,056)	212,476
		1,423,417		907,754
Add: Interest Expense		40,719		65,963
Operating Profit before Working Capital changes		1,464,136		973,717
(Increase)/Decrease in Inventories	52,721		14,803	
(Increase)/Decrease in Sundry Debtors	6,768		(32,677)	
(Increase)/Decrease in Loans and Advances	(22,449)		(124,380)	
Increase/(Decrease) in Current Liabilities & Provisions	(130,300)	(93,260)	(94,548)	(236,802)
Cash Generated from operations		1,370,876		736,915
Add/(Less): Refund/(Payment) of Tax (Net)		(344,586)		(292,043)
Payment under VRS		—		(94,288)
Net Cash Flow from operating activities		1,026,290		350,584
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(444,737)		(384,341)	
Proceeds from Sale of Fixed Assets	8,141		19,963	
Fixed Deposits with Scheduled Banks	(130,027)		(77,363)	
Proceeds from Sale of Investments	41,437		652,005	
Purchase of Investments	(80,359)		(377,500)	
Dividend Income	—		8,584	
Interest Received	(1,409)		20,799	
Net Cash used in investing activities		(606,954)		(137,853)

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009 (Contd.)

	31.12.2009		31.12.2008	
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(160,068)		(128,222)	
Receipt of Unsecured Loan from Body Corporate	50,000		—	
Increase/(Decrease) in Working Capital Finance	(212,557)		(91,659)	
Payment of interest	(44,404)		(65,522)	
Receipts of deposits from Agents and Franchisees	16,741		21,321	
Net Cash realised from Financing activities	(350,288)		(264,082)	
Net increase in Cash and Cash equivalent	69,048		(51,351)	
Add: Cash and Cash equivalent as at beginning of the year	107,997		159,348	
Cash and Cash equivalent as at end of the year	177,045		107,997	
Cash and Cash equivalent as at end of the year includes				
Cash on hand	15,158		24,050	
Balances with Scheduled Banks				
— On Current Accounts*	160,940		83,601	
— On Term Deposit	396,352		266,325	
Balances with Other Bank				
— On current Account	947		346	
	573,397		374,322	
Less: Deposits pledged with Banks	(14,575)		(14,575)	
Less: Deposits having maturity period more than 3 months	(381,777)		(251,750)	
	177,045		107,997	

* Includes Rs. 3,885 thousands (Previous Year Rs. 3,949 thousands) on account of unpaid dividend and unpaid matured deposits. These balances are not available for use by the Company as they represent corresponding liabilities.

Notes :

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

As per our report of even date

FOR S R BATLIBOI & CO.

Chartered Accountants

Per **RAJIV GOYAL**

Partner

Membership No. 94549

Gurgaon,

February 24, 2010

For and on behalf of the Board of Directors

SHAIBAL SINHA

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