Bata®

ANNUAL REPORT 2010

BATA INDIA LIMITED

Board of Directors

P M Sinha	*Chairman*	
M Villagran	*Managing Director*	
F M Hussein	*Director – Finance*	*Appointed w.e.f. 01.10.2010*
R Gopalakrishnan	*Managing Director – Bata Stores*	*Appointed w.e.f. 23.02.2011*
S Sinha	*Director – Finance*	*Resigned w.e.f. 07.09.2010*
N Sankar		
U Khanna		
J Carbajal		
M K Sharma		*Resigned w.e.f. 29.07.2010*
J G N Clemons		
A Singh		*Appointed w.e.f. 28.04.2011*
A Chudasama		*Appointed w.e.f. 28.04.2011*

Audit Committee

U Khanna *Chairman*
P M Sinha *Member*
N Sankar *Member*
J Carbajal *Member*

Nomination, Governance and Compensation Committee

P M Sinha *Chairman*
N Sankar *Member*
U Khanna *Member*
J Carbajal *Member*
J G N Clemons *Member*

Shareholders / Investors Grievance Committee

P M Sinha *Chairman*
F M Hussein *Member*

Vice-President & Company Secretary & Compliance Officer

A B Anand

Executive Committee

M Villagran
F M Hussein
R Gopalakrishnan
E Tonolli
R S Gautam
R K Gupta
M Chandra

CONTENTS

Auditors

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

Cost Auditors

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

Bankers

State Bank of India
HDFC Bank Ltd.

Investor Relations Manager

J Banerjee

Share Department

27B, Camac Street, 1st Floor, Kolkata 700 016
Telephone : (033) 2289 5796; (033) 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 : rd.infotech@vsnl.net; bata@rdinfotech.in

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 CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy Eighth Annual General Meeting of the Members of Bata India Limited will be held on **Tuesday, June 28, 2011 at 10.30 a.m.** at 'KALAMANDIR,' 48, Shakespeare Sarani, Kolkata 700 017, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended December 31, 2010, the Balance Sheet as on that date and Auditors' Report and Directors' Report thereon.
2. To declare dividend.
3. To elect Directors in place of those who retire by rotation. Mr. P. M. Sinha and Mr. Uday Khanna retire by rotation. Mr. P. M. Sinha has decided not to seek re-election and expressed his unwillingness to be re-appointed. However, Mr. Uday Khanna being eligible, offers himself for re-election.
4. To appoint Auditors and to fix their remuneration and to pass, with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

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

SPECIAL BUSINESS

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

5. (As an Ordinary Resolution)

   "RESOLVED THAT Mr. Fadzilah Mohd. Hussein be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
6. (As an Ordinary Resolution)

   "RESOLVED THAT subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required and pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Schedule XIII to the Act as amended, the Company hereby accords its approval to the appointment and entering into an Agreement with Mr. Fadzilah Mohd. Hussein (Mr. Hussein) as Director Finance of the Company (with such other designation or designations as the Board may determine and deem fit to give to Mr. Hussein from time to time) for a period of five years with effect from October 01, 2010 on such terms and conditions as may be mutually agreed upon, in terms of the Articles of Association of the Company."

   "FURTHER RESOLVED THAT the remuneration of Mr. Hussein in his capacity as the Director Finance of the Company, be fixed by the Board and thereafter revised from time to time within the overall limits approved by the Members by way of a Special Resolution passed at the Seventy-Sixth Annual General Meeting held on May 26, 2009."
7. (As an Ordinary Resolution)

   "RESOLVED THAT Mr. Rajeev Gopalakrishnan be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
8. (As a Special Resolution)

   "RESOLVED THAT subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required and pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Schedule XIII to the Act as amended, the Company hereby accords its approval to the appointment and entering into an Agreement with Mr. Rajeev Gopalakrishnan as Managing Director - Bata Stores, Bata India Limited (with such other designation or designations as the Board may determine and deem fit to give to Mr. Rajeev Gopalakrishnan from time to time) for a period of five years with effect from February 23, 2011 on such terms and conditions as may be mutually agreed upon, in terms of the Articles of Association of the Company."

   "FURTHER RESOLVED THAT the remuneration of Mr. Rajeev Gopalakrishnan in his capacity as Managing Director - Bata Stores, Bata India Limited, be fixed by the Board and thereafter revised from time to time within the limits approved by the Members by way of a Special Resolution passed at the Seventy-Sixth Annual General Meeting held on May 26, 2009."

"FURTHER RESOLVED THAT notwithstanding the provisions contained in Article 96 of the Articles of Association of the Company, Mr. Rajeev Gopalakrishnan, be and is hereby appointed as Managing Director - Bata Stores, Bata India Limited, whose period of office is liable to determination by retirement of Directors by rotation, till the Board of Directors of the Company is reconstituted pursuant to the provisions of Section 255 of the Companies Act, 1956."

9. (As an Ordinary Resolution)

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

10. (As an Ordinary Resolution)

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

By Order of the Board

Gurgaon,
Date: April 28, 2011

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 Businesses 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 Tuesday, June 14, 2011 to Tuesday, June 28, 2011 (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 DP I.D and Client I.D No(s). 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 DPs by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialization, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) so that no demat request remains pending beyond a period of 21 days. Upon rejection/cancellation of the DRN, a fresh DRF with new DRN has to be forwarded along with the Share Certificates by the DPs to the Registrar. This note is only to caution investors/shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the Registrar after generating the DRN.
11. Information u/s. 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below:
    (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31.12.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C Bose Road, Kolkata 700 020, by submitting an application in the prescribed Form.
    (ii) Consequent upon amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining un-paid or unclaimed for a period of seven years from the date they first become due for payment, shall be transferred to the Investor Education and Protection Fund set up by the Government of India 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, 2010, 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 June 13, 2011.

    ii) In respect of shares held in electronic form to those "Beneficial Owners" 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 June 13, 2011.

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

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

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

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

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

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

ANNEXURE TO THE NOTICE

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

ITEM NO. 3

Re-election of Mr. Uday Khanna (Resume)

Mr. Uday Khanna (Mr. Khanna), aged 61 years, has been the Managing Director & CEO of Lafarge India since July 1, 2005. He joined Lafarge in Paris on 1st June 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally.

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

Mr. Uday Khanna is a Chartered Accountant - B.Com, FCA. He was the President of the Indo-French Chamber of Commerce & Industry in 2008 & 2009 and is currently on the Managing Committee of the Bombay Chamber of Commerce & Industry and Associated Chamber of Commerce & Industry, as well as the Executive Committee of the Federation of Indian Chamber of Commerce & Industry (FICCI).

Mr. Khanna holds 5000 Equity Shares in the Company as on date.

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

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

Mr. Khanna 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. 5

At a Meeting of the Board of Directors of the Company held on July 29, 2010, Mr. Fadzilah Mohd. Hussein (Mr. Hussein), aged 52 years, was appointed as an Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr. Hussein holds a Diploma in Accountancy from Mara Institute of Technology, Malaysia and has completed B.Sc. majoring in Finance from Indiana State University, Indiana, USA and MBA majoring in Finance from Governor State University, Chicago, USA.

Mr. Hussein started his career in the year 1979 as an Internal Auditor and worked as a Financial Business Analyst in Malaysian International Merchant Bank between 1982 and 1987. Mr. Hussein joined Nestle Product Sdn Bhd in the year 1987 and served at various positions, viz., as Stocks & Debtors Accountant, Internal Audit Manager, Business Unit Controller in the Ice Cream business, Data Manager in the project to migrate to SAP, Treasurer, Head-Corporate Finance & Risk Management. In 2008, Mr. Hussein joined Bata and before joining as Director Finance of the Company, he was the Finance Director for PT Sepatu Bata, Indonesia.

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

The Notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours at the Registered Office of the Company.

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

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

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

ITEM NO. 6

At a meeting of the Board of Directors of the Company held on July 29, 2010, Mr. Fadzilah Mohd. Hussein (Mr. Hussein) was appointed as the Director Finance of the Company with effect from October 01, 2010. At the Nomination, Governance & Compensation Committee Meeting held on July 29, 2010, recommendation was made to the Board of Directors on the remuneration package of Mr. Hussein, which the Board accepted unanimously.

While approving the remuneration of Mr. Hussein, the Board took into consideration the knowledge, experience and expertise of Mr. Hussein in the field of Corporate Finance and also his achievements during his tenure of services with reputed organizations including Nestle and PT Sepatu Bata, Indonesia.

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

The Agreement entered into between Mr. Hussein and the Company is available for inspection by the Members at the Registered Office of the Company on any working day except holidays observed by the Company during usual business hours and will also be available at this Annual General Meeting.

The Board recommends passing of this Resolution.

Mr. Hussein may be deemed to be concerned or interested in this Resolution.

None of the other Directors is interested in this Resolution.

Item No. 7

At a Meeting of the Board of Directors of the Company held on February 23, 2011, Mr. Rajeev Gopalakrishnan (Mr. Gopalakrishnan) was appointed as an Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr. Gopalakrishnan holds office upto the date of this Annual General Meeting.

Mr. Gopalakrishnan, aged 46 years, holds a Degree of Bachelor of Engineering (Mechanical) from the University of Kerala. He joined Bata Shoe Organization (BSO) in the year 1990 and has since been associated with BSO till date. Mr. Gopalakrishnan has been the Director-Wholesale Channels, Sales & Marketing of Bata International - Canada and Vice President of Bata India Limited in Retail Operations including its Flagship & City, Store and Wholesale Divisions. Before joining as Managing Director - Bata Stores, Mr. Gopalakrishnan was the Managing Director of Bata Bangladesh Limited for a period of one year and prior to that as Managing Director for Bata Thailand for a period of 3 years.

Mr. Gopalakrishnan has attended various Courses and Advance Programmes of BSO, viz., Course Leader Advanco 2009 (India/China), Advanco 2006 in Singapore, Advance Retailing Courses - Executive Management Programme 2009, Sprint - 1997 (Retail Course), Retailco 1996-India.

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

The Notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours at the Registered Office of the Company.

Mr. Gopalakrishnan does not hold any share in the Company as on date.

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

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

Item No. 8

At a meeting of the Board of Directors of the Company held on February 23, 2011, Mr. Rajeev Gopalakrishnan (Mr. Gopalakrishnan) was appointed as Managing Director - Bata Stores, Bata India Limited for a period of five years with effect from February 23, 2011.

At the Nomination, Governance & Compensation Committee Meeting held on February 23, 2011, recommendation was made to the Board of Directors on the remuneration package of Mr. Gopalakrishnan, which the Board accepted unanimously.

While approving the remuneration of Mr. Gopalakrishnan, the Board took into consideration his knowledge, experience and achievements during his long association with Bata Shoe Organisation. Mr. Gopalakrishnan joined Bata Thailand as Company Manager in 2007 and made a turnaround of that Company by increasing its EBIT from 1% to 7%. During his tenure as the Managing Director, Bata Bangladesh Limited achieved operational EBIT of 15.5% on Turnover and opened the World's largest Bata Store of 20,000 sq.ft.

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

According to the provisions of Section 255 of the Companies Act, 1956, not less than two-third of the total number of Directors of a public limited company shall be persons whose period of office is liable to determination by retirement of directors by rotation. Further, according to the provisions of Article 96 of the Articles of Association of the Company, the Managing or Wholetime Directors, if any, shall not be liable to retire by rotation.

With the appointment of Mr. Rajeev Gopalakrishnan as Managing Director- Bata Stores, Bata India Limited, the total number of Directors, whose period of office is liable to determination by retirement of Directors by rotation, would have fallen below the specified number as aforesaid. Your Board has decided to seek approval of the Shareholders to appoint Mr. Rajeev Gopalakrishnan as a Managing Director liable to retire by rotation, till the Board of Directors of the Company is reconstituted pursuant to Section 255 of the Companies Act, 1956, after which, Mr. Rajeev Gopalakrishnan shall not be liable to retire by rotation in terms of Article 96 of the Articles of Association of the Company.

The Agreement entered into between Mr. Gopalakrishnan and the Company is available for inspection by the Members at the Registered Office of the Company on any working day except holidays observed by the Company during usual business hours and will also be available at this Annual General Meeting.

The Board recommends passing of this Resolution.

Mr. Gopalakrishnan may be deemed to be concerned or interested in this Resolution.

None of the other Directors is interested in this Resolution.

ITEM NO. 9

At a Meeting of the Board of Directors of the Company held on April 28, 2011, Mr. Atul Singh (Mr. Singh), aged 50 years, was appointed as an Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr. Atul Singh is an MBA from the Texas Christian University, USA. Mr. Singh joined The Coca-Cola Company in 1998 and is at present the President of the India and South West Asia Business Unit of The Coca-Cola Company, responsible for its operations in India, Sri Lanka, Bangladesh, Bhutan, Nepal and the Maldives. Under his leadership, The Coca-Cola Company's business in these Countries recorded excellent growth in all areas of its operations. Prior to his assignment in India he was the President of the East, Central & South China Division of The Coca-Cola Company. Before joining The Coca-Cola Company, Mr. Atul Singh has worked with other leading Companies like The Colgate Palmolive Company, where he held key positions in USA, Romania & Nigeria in a career spanning ten years, and also with Price Waterhouse as an Auditor in New York. Mr. Singh is also associated with various Trade/other Associations. He is the Chairman of the American Chamber of Commerce (AMCHAM) India and the Vice-Chairman of the Asia Pacific Council of the American Chambers of Commerce (APCAC) of South Asia. He is the Chairman of the Environment Committee of the Federation of Indian Chambers of Commerce & Industry in India (FICCI) and the Sports Committee of the Confederation of Indian Industry (CII). Mr. Singh has been a Panelist and Speaker at various Key Forums around the World.

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

The Notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours at the Registered Office of the Company.

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

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

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

ITEM NO. 10

At a Meeting of the Board of Directors of the Company held on April 28, 2011, Mr. Akshay Chudasama (Mr. Chudasama), aged 41 years, was appointed as an Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr. Akshay Chudasama has completed his B.A. (Economics) from St. Xavier's College (University of Bombay), Mumbai and passed the Bachelor of Laws examination from the London School of Economics (University of London), UK in 1994. He has enrolled as an Advocate with the Bar Council of Maharashtra & Goa and as a Solicitor with the Law Society of England & Wales. He has also attended Harvard Leadership Programme for Professional Services Organization. Mr. Chudasama is a Senior Partner and Member Executive Committee of J. Sagar Associates, Advocates & Solicitors. Before joining J Sagar Associates, Mr. Chudasama was associated as Senior Partner with AZB & Partners, as Managing Partner with Lex Inde and as Advocate & Junior Counsel, the Chambers of Mr. G E Vahanvati, the present Attorney General of India. Mr. Chudasama is also a Director, *inter alia,* on the Boards of Balaji Telefilms Limited, Balaji Motion Pictures Limited and Raymond Limited.

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

The Notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours at the Registered Office of the Company.

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

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

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

By Order of the Board

Gurgaon,
Date: April 28, 2011

A B ANAND
Vice-President & Company Secretary

FINANCIAL HIGHLIGHTS 2001-2010

(Rs. in '000s)	2001	2002	2003
PROFIT & APPROPRIATIONS			
Sales & Other Income	7,761,947	7,047,905	7,166,985
Profit before Depreciation, Tax & Prior Period Items	159,405	18,803	(82,079)
Depreciation	134,853	130,788	131,203
Profit before Tax & Prior Period Items	24,552	(111,985)	(213,282)
Taxation	(15,243)	(37,782)	47,219
Profit after Tax & Prior Period Items	39,795	(74,103)	(260,501)
Prior Period Items	—	—	—
Net Profit	39,795	(74,103)	(260,501)
Dividend & Dividend Distribution Tax	38,567	—	—
Retained Earnings	1,228	—	—
ASSETS EMPLOYED			
Fixed Assets — Gross	3,319,172	3,348,913	3,436,779
— Net	1,855,935	1,724,024	1,665,038
Investments	48,564	48,564	48,520
Net Current Assets	1,856,695	1,920,428	1,699,111
	3,761,194	**3,693,016**	**3,412,669**
FINANCED BY			
Equity Shares	514,221	514,221	514,221
Reserves	2,729,505	2,560,205	2,265,849
Shareholders' Funds	3,243,726	3,074,426	2,780,070
Loan Funds	517,468	618,590	632,599
	3,761,194	**3,693,016**	**3,412,669**

2004	2005	2006	2007	2008	2009	2010
7,289,930	7,525,386	8,219,786	9,038,049	10,235,319	11,210,110	12,923,417
(510,517)	255,929	627,996	711,607	908,410	1,281,868	1,755,076
124,156	120,018	136,174	160,107	190,009	279,234	325,104
(634,673)	135,911	491,822	551,500	718,401	1,002,634	1,429,972
(7,192)	11,000	90,310	40,624	111,033	330,362	476,452
(627,481)	124,911	401,512	510,876	607,368	672,272	953,520
—	—	—	36,436	—	—	—
(627,481)	124,911	401,512	474,440	607,368	672,272	953,520
—	—	—	150,371	187,963	225,556	299,004
—	—	401,512	324,069	419,405	446,716	654,516
3,594,903	3,639,102	3,076,871	3,251,913	3,506,479	3,754,871	4,178,774
1,396,547	1,319,238	802,474	1,042,332	1,178,798	1,309,174	1,534,394
48,518	49,768	172,433	172,483	172,483	172,483	172,483
1,378,996	2,061,994	1,750,393	1,805,052	1,930,059	2,096,404	2,413,232
2,824,061	**3,431,000**	**2,725,300**	**3,019,867**	**3,281,340**	**3,578,061**	**4,120,109**
514,221	642,638	642,638	642,638	642,638	642,638	642,638
1,066,364	1,972,069	1,477,345	1,859,224	2,192,397	2,684,934	3,339,728
1,580,585	2,614,707	2,119,983	2,501,862	2,835,035	3,327,572	3,982,366
1,243,476	816,293	605,317	518,005	446,305	250,489	137,743
2,824,061	**3,431,000**	**2,725,300**	**3,019,867**	**3,281,340**	**3,578,061**	**4,120,109**

SIGNIFICANT RATIOS 2001-2010

			2001	2002	2003
MEASURES OF INVESTMENTS					
Return on Equity	Profit after tax / Shareholders' Funds	(%)	1.23	(2.41)	(9.37)
Earnings per Share	Net Profit / No. of Shares	(Rs.)	0.77	(1.44)	(5.07)
Dividend Cover		(times)	1.03	—	—
Dividend		(%)	7.50	—	—
Book Value of an Equity Share	Shareholders' Funds / No. of Shares	(Rs.)	63.08	59.79	54.06
MEASURES OF PERFORMANCE					
Profitability	a) Profit before Tax / Sales	(%)	0.32	(1.61)	(3.00)
	b) Profit after Tax / Sales	(%)	0.52	(1.07)	(3.66)
Capital Turnover	Sales / Total Funds	(times)	2.02	1.88	2.08
Stock Turnover	Sales / Stocks	(times)	3.91	3.00	2.59
Working Capital Turnover	Sales / Net Current Assets	(times)	4.13	3.71	4.19
MEASURES OF FINANCIAL STATUS					
Debt Equity Ratio	Loan Funds / Shareholders' Funds	(times)	0.16:1	0.20:1	0.23:1
Current Ratio	Current Assets / Current Liabilities	(times)	2.18:1	2.01:1	1.72:1
Fixed Assets to Shareholders' Funds	Net Fixed Assets / Shareholders' Funds	(times)	0.57:1	0.56:1	0.60:1

* Without Considering Prior Period Items

2004	2005	2006	2007	2008	2009	2010
(25.41)	4.01	18.94	20.42*	21.42	20.20	23.94
(12.20)	2.07	6.25	7.38	9.45	10.46	14.84
—	—	—	3.69	3.78	3.49	3.71
—	—	—	20.00	25.00	30.00	40.00
48.02	48.51	32.99	38.93	44.12	51.78	61.97
(8.76)	(1.85)	6.19	6.19*	7.10	9.01	11.20
(8.66)	1.70	5.05	5.74*	6.00	6.04	7.47
1.95	1.87	2.92	2.95	3.09	3.11	3.10
2.76	2.63	2.88	2.93	3.46	4.01	4.27
3.20	2.87	4.54	4.93	5.25	5.31	5.29
0.50:1	0.26:1	0.29:1	0.21:1	0.16:1	0.08:1	0.03:1
1.91:1	1.94:1	1.93:1	1.77:1	1.71:1	1.72:1	1.53:1
0.56:1	0.42:1	0.38:1	0.42:1	0.42:1	0.39:1	0.39:1

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure to present the 78th Annual Report of your Company covering the operating and financial performance for the year ended December 31, 2010.

FINANCIAL REVIEW:

	2010 (in Rs '000)	2009 (in Rs '000)
Gross Turnover	**12,770,888**	11,125,882
Less: Excise Duty on Turnover	**188,945**	209,365
Net Turnover	**12,581,943**	10,916,517
Other Income	**152,529**	84,228
	12,734,472	11,000,745
Profit / (Loss) before Depreciation & Taxation	**1,755,076**	1,281,868
Less : Depreciation	**325,104**	279,234
Profit / (Loss) before Taxation	**1,429,972**	1,002,634
Provision for Taxation :		
– Current Tax	**546,378**	401,757
– Deferred Tax Charge/(Credit) (Net)	**(69,926)**	(66,361)
– Fringe Benefit Tax	**—**	1,722
– Tax for Earlier Years	**—**	(6,756)
Net Profit	**953,520**	672,272
Profit available for Appropriation	**2,381,675**	1,720,938

OPERATIONS

During the year 2010 your Company achieved a total turnover of Rs. 12,770.9 million as compared to Rs.11,125.9 million in 2009, which reflects a growth of around 15%.

Your Company has undergone a transformation in all areas of its business whether it is sales, profitability, shoe line, visibility and the ambience of its stores. In the last 4 years, 72% of the stores have been renovated.

Due to the continuous and ongoing process of restructuring being adopted by your Company in all areas of its operations, there has been improvement in manufacturing, changes in sourcing, credit management, retail restructuring, labour union - management relationship, retail expansion programs, training and development, team building, internal controls, borrowings, working capital management, business processes, corporate governance, de-risking the business of the Company and now introduction of the Home Delivery Service of shoes for the convenience, comfort and choice of our valued customers. Using this service, customers can now place orders for any footwear which they are unable to find in a Bata store and get it home delivered through courier with no extra cost.

The Company continues to focus on improving its collections by introducing a fresh range regularly and outsourcing some parts to get better margins. The cash flows from higher margins are used to expand our business primarily through large format stores. In order to improve quality and to reduce costs, our factories have been specialized to make footwear of particular variety. Hosur Factory specializes in Hush Puppies, Bangalore Factory makes School shoes and Batanagar turns out sports shoes and sandals. All these efforts have yielded improved margins for the Company and improved production to become more competitive.

Your Company has won the "Consumer Awards 2010" as "India's Most Preferred Retailer" given by CNBC Awaaz. This award was won amongst stiff competition from other leading retailers and is one of the most prestigious awards the country has to offer. Your Directors are proud in receiving this Award and the credit for this goes to every employee who has worked so hard in shaping the future of the Company. Your Company has been consistently showing improved results in each quarter and we are now in a position to take calculated business risks to focus on volume growth and to make a deeper penetration in the market place. Your Company will continue to grow its business by focusing on tier 2 and tier 3 cities where the potential for growth is enormous.

TRANSFER TO RESERVES

The Company has transferred a sum of Rs. 95.4 million to General Reserve against Rs.67.2 million last year.

DIVIDEND

The Board of Directors have recommended a dividend of 40% for the year ended December 31, 2010 as against 30% paid last year, subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

FIXED DEPOSIT

As on December 31, 2010 the Company has Rs 1.47 million unclaimed matured deposits. Necessary reminders have been sent to the deposit holders advising them to claim their deposits from the Company. Presently the Company is not accepting any fixed deposits.

CREDIT RATINGS

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

AWARDS AND RECOGNITION

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

1. Bata India Limited was awarded CNBC Awaaz Consumer Awards 2010 for “India's Most Preferred Exclusive Brand Retail Outlet” in July 2010. Mr. Marcelo Villagran, Managing Director was felicitated by Mr. Pranab Mukherjee, Hon'ble Finance Minister of India in a ceremony held in Mumbai.
2. 'Brand Equity' recognized Bata in the 'TOP 50 Most Trusted Brands' in August 2010. Bata is the only lifestyle retailer in the top 50 brands.
3. Bata India Limited was listed amongst India's Largest Corporations by Fortune India Magazine in December 2010.
4. Bata Industrials received Directorate General Mines Safety Certification for its PU Sole Safety Footwear range.
5. Bata India Limited received Images Fashion Award for the Most Admired Retail Partner of the Year in January 2010.
6. Bata India Limited was awarded “Retailer of Year (Footwear / Non Apparel)” by the Asia Retail Congress. Mr. Marcelo Villagran, Managing Director received the award in a glittering ceremony at Mumbai on 8th February 2011.
7. Bata India Limited received the “Most Admired Footwear Brand” of the year award by Images Fashion Forum in Mumbai on 18th February 2011.
8. Amity University awarded Bata India Limited “Corporate Excellence Award for the Best Retail Chain” during the international business summit on 23rd February 2011.
9. Bata India Limited was recognized as the Most Trusted Brand at 18th position by the Brand Trust Report. This ranking is post survey of 16,000 brands; only 300 top brands were felicitated by The Trust Advisory.

CORPORATE SOCIAL RESPONSIBILITY

The following CSR activities were undertaken by your Company during the year 2010:

- Shoes, slippers and stationery were donated to children in orphanage and tribal children under “Bata Children Program” across India.

- The Company provided support to the disaster affected people by promptly sending in shoes after the earthquake in Ladakh.
- Free Medical check up and blood donation camp organized in 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 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 Sports Club, Kolkata provides cricket and football coaching and guidance to budding talents through the services of renowned sporting personalities.
- Bata School of Cricket participated in Cricket Association of Bengal tournaments in junior group (Under - 14 & 17 Years).
- Organized sports day on the occasion of Children's Day for the underprivileged children from various NGOs/projects in Kolkata.

RETAIL

The year 2010 has been a milestone year for Bata India's retail business, with opening of 108 new large format stores across all major towns in India. With more than 1200 stores across 400 cities, the Bata Store is one of the most recognizable and favoured landmark in any major market in India.

In Retail, your Company continues to improve the strategic positioning of its stores to cater to the masses and compete better in future with over 60 new Bata Stores opened every year, and existing stores being renovated during the year. The growth of the retail business with penetration in newer markets - especially Tier 2 / Tier 3 cities and growth in existing metro market is the focus for Bata India. All the new stores are in large format, with an average size of over 3000 sq. ft. and offer an incomparable footwear shopping experience to the customer. The renovated stores are also modeled on these large format stores and promise a great shopping experience.

The specially designed shoe display systems, unique furniture for non-footwear sales, contemporary styling, and great ambience ensure that these new Bata Stores provide the best retail environment to its customers, so as to make their footwear shopping experience at Bata a very endearing one.

The large and international layout of these stores help in better exhibition and display of the several footwear concepts from Bata's new shoe collection.

The collection improved tremendously during the year 2010, with the company launching trendy and fashionable designs which appealed to today's youngsters. The new collection was well received and ensured that the brand enjoyed great customer support and loyalty. Bata's leadership in the dress comfort segment continues and Comfit, Ambassador and Mocassino brands have grown very well. For the ladies segment, Bata's popularity continues to grow with the trendy Marie Claire range and its latest designs to enhance a woman's femininity, sensuality and individuality. The youth focused brand North Star and specialty outdoor brand Weinbrenner presents new trendy designs with an increased focus on casual styles.

The premium brand of Hush Puppies offers city casual styles to customers while Scholl & Comfit are offered with fresh younger designs for absolute comfort with style. Popular amongst the tiny tots, Bubblegummers continue to allure them with its trendy and lightweight all-weather footwear.

Customer Service remained our focus with launch of new initiatives like Home Delivery service, e-commerce enabled website and a dedicated call centre for customer queries and suggestions. Extensive training of store staff, customer response and research management systems, and customer relationship management remained focal areas for the Company.

NON RETAIL

The Non Retail business has shown remarkable growth in business and profits over last year. New dealerships were opened in unrepresented areas to increase the market coverage. New products launched by the Company resulted in serving many more customers.

The Company is concentrating on the top distributors and working with them to grow our business. Constant incentive programs were offered to existing dealers to ensure growth in wholesale business.

Bata Industrials & Institutional business has been steadily growing for last 2 years and 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 leaders in next 2 years. Bata Industrial collection has been awarded BIS & DGMS certification which will allow us to serve more customers.

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

EXPORT

Your Company's Export sales in 2010 were Rs 117.7 million compared to Rs.77.7 million in 2009.

LOGISTICS

Your Company has a well organized Logistic Team at Gurgaon which controls the distribution process and ensures that footwear of the right size is available at the right time and at right place, to our customers all over the country. Your Company's endeavour is to keep improving its distribution process through greater use of Technology inputs to track the rapid changes in consumer preferences and shopping practices. To support and deliver the growth projections, your Company is strengthening its Logistics Infrastructure through restructuring and consolidation of the space at various Regional Distribution Centres (RDCs), introduction of modern infrastructure and new technologies, reduction in product transit lead-times and faster and more frequent deliveries to stores.

CAPITAL EXPENDITURE

The Capital Expenditure incurred during the year amounted to Rs. 580.4 million as against Rs.436.1 million in 2009. The increase in capital expenditure was predominantly due to opening a number of new stores and modernization of old stores. Capital expenditure has also been incurred for installation of machinery and moulds to modernize our factories and to produce latest trendy design footwear.

INDUSTRIAL RELATIONS AND PERSONNEL

Your Company has continuously been working to improve human resources competencies and capabilities in the company to deliver results as per the plan. Highlighted here are some of the initiatives and interventions taken up during the year 2010 :

Strengthening and Re-designing Organization structure

To strengthen the organization in the area of sourcing quality products, a new procurement function has been setup to support our sourcing from external vendors. All the teams which were earlier working for different category have become part of this team with the objective of sourcing quality and cost effective product on time. The function is headed by a Vice President - Procurement and based at Gurgaon. 17 new professionals are recruited in various disciplines to support the functions like quality control, vendor development, compliance, etc.

Revamping of Logistics function

All 5 Regional Distribution Centres (RDC) teams are restructured over a period of last six months. Your Company has hired total 21 new professional executive including 5 RDC managers during last year and now all our RDCs are managed by experienced professional managers hired from other retail organization. Your Company is now working on improvement in overall inventory and logistics management improvement to cater to all its stores across chains.

Building up the best team in all our functional areas

During 2010 your Company has hired 71 Middle and Senior level Executives for its various functional areas and people moving out, retiring etc. had been replaced with professionals with better qualification and experience.

Creating bench strength and building up capability for future growth

a) Executive Development plan

For the second consecutive year, your Company pursued its aim of nurturing and developing new talent for various responsibilities by successfully training its Executive Trainees. 13 executive trainee have been hired from various retail management schools who have gone through 9 months Executive Development Plan (EDP) which was initiated in the year 2009.

Total 13 executive trainees, who successfully completed their training, have been placed as District Managers across chains in retail operations in 2010.

Many more executives have been hired during 2010 for retail operation, merchandising and whole sale, etc.

b) Graduate Engineers Development Plan

Your Company has also initiated process of hiring and training engineers for its manufacturing division. In the first batch of Graduate Engineer Trainee's (GETs) a total of 11 graduate engineers were inducted at Batanagar. The one year duration training program is currently underway. During the initial phase of their training of 4 months at Batanagar, the trainees have been placed to different units to take up On-the-Job training in their final phase of training.

Training and Development

a) Training of store staff, Store Managers and K-Agents

Developing and Training of internal talents continued to be the focus area of your Company in 2010. Identified employees with potential for growth were put on specific developmental plan, Training was conducted for 1905 store employees and 150 store managers and K-Agents to enhance their performance and effectiveness.

b) Store operations management course seminar

In September 2010, Bata India organized a seminar on Store Operations Management Course leaded by Ms. Serena Di Sarra (Course Leader & Business Analyst, Global Footwear Services) for the merchandisers and district managers from all over the region. The objective of the course was to equip participants with the best tools and skills to excel in the area of retail operations.

During the seminar, the participants got an opportunity to interact one-on-one with the leadership team and consolidate their analytical skills, share best practices and familiarize themselves with Bata store operation's management process.

Total 15 participants from Kenya, Malaysia, Bangladesh, Thailand, Sri Lanka and India attended this five days program.

c) Store Management Course and Winning Merchandise Course

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

Merchandising seminar

A Merchandising Seminar was held, led by Ms. Gerry Tham, the then Chief Buyer - Family concept and attended by merchandisers and distributors with great enthusiasm. The focus was on providing a massive opportunity to all our participants to consolidate their critical expertise and familiarize themselves with Bata Merchandise Management.

Millennium Club 2010

Your Company recognized the achievement of the members of Millennium Club 2010. The Millennium Club is a recognition program for all Retail stores in Bata India Ltd. with an aim of acknowledging the superior performance and extra efforts put in by the store managers who have achieved a turnover of over Rs. 20 million and above during the preceding year.

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

Performance management: through Quarterly Performance Review.

Your Company initiated a quarterly performance review process for all the operational Retail Managers and District Managers. This process very clearly defines their objectives and achievements. This review takes place in retail chain office by the immediate supervisor before HR representative and feedback of the last quarter is given to the assessees and also their target for the next quarter is set. The overall process has been extremely helpful in setting up a process of continuous performance measurement and performance enhancement.

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

FINANCE

The Earning per Share (EPS) (Basic and Diluted) of your Company has increased substantially by 41.87% (from Rs.10.46 in 2009 to Rs.14.84 in 2010).

Your Company is out of Bank Borrowings since April 2010 as against Rs.146.5 million at the end of 2009, despite the entire capital expenditure and VRS funded through internal accruals.

RESEARCH & DEVELOPMENT ACTIVITIES AND ENERGY CONSERVATION

Your Company continued its local Research & Development activities during the year in the key areas of product, process, material development, footwear moulds, leather and tannery technology with emphasis on creating a pollution-free work environment. Total expenditure incurred on Research & Development was Rs. 50.1 million during the year.

Your Company continues to actively pursue energy conservation measures.

SUPPORT FROM BATA GROUP

Your Company has seamless access to the benefits of technical research and innovative programmes of the Bata group from Global Footwear Services, for which it paid a fee of Rs.135.0 million during the calendar year 2010.

The Company continues to receive guidance and managerial support in its various functions including store layout, marketing, shoe line, up gradation of factories, training of managers and guidance from senior most managers of the group. The Technical Collaboration which expired on December 31, 2010 has been renewed for a further period of 10 years.

STATUTORY AUDITORS

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

DIRECTORS RESPONSE TO THE COMMENTS, IF ANY, MADE BY THE AUDITORS IN THEIR REPORT

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

COST AUDITORS

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. P M Sinha and Mr. U Khanna, Directors of the Company are due to retire by rotation at the ensuing Annual General Meeting of the Company. Mr. P M Sinha, Chairman of the Board has decided not to seek any re-election. Mr. Sinha will, however, be stepping down from the Board after the conclusion of the 78th Annual General Meeting of the Company. The Company has achieved several milestones during his tenure as the Chairman. The Board of Directors of your Company wishes to place on record its sincere appreciation for the valuable services rendered by Mr. P M Sinha during his tenure as the Chairman. The Board wishes Mr. Sinha good health in the ensuing years. Mr. U Khanna, being eligible, offers himself for re-appointment as a Director on the Board of your Company.

Mr. Shaibal Sinha, Director Finance of your Company resigned from the Board with effect from September 7, 2010 and the Board accepted his resignation with effect from the same date. The Board of Directors of your Company wishes to place on record its sincere appreciation for the valuable services rendered by Mr. Shaibal Sinha during his tenure as Director Finance of the Company.

The Nomination, Governance & Compensation Committee recommended to the Board which was agreed by the Board that Mr. Fadzilah Mohd. Hussein be appointed as an Additional Director on the Board of your Company with effect from July 29, 2010. The Company has received a notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Hussein. Your Board, at the said Meeting has also appointed Mr. Hussein as Director Finance for a period of 5 (five) years with effect from October 01, 2010, subject to approval of the shareholders and also fixed his remuneration within the overall limits specified under the Companies Act, 1956 and as approved by the Shareholders at the 76th Annual General Meeting held on May 26, 2009. The aforesaid appointments of Mr. Hussein are being proposed by separate Resolutions which form part of the notice of the Annual General Meeting.

The Nomination, Governance & Compensation Committee recommended to the Board which was agreed by the Board that Mr. Rajeev Gopalakrishnan be appointed as an Additional Director on the Board of your Company with effect from February 23, 2011. The Company has received a notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Gopalakrishnan. Your Board, at the said Meeting has also appointed Mr. Gopalakrishnan as Managing Director-Bata Stores, Bata India Limited for a period of 5 (five) years, subject to approval of the shareholders and also fixed his remuneration within the overall limits specified under the Companies Act, 1956 and as approved by the Shareholders at the 76th Annual General Meeting held on May 26, 2009. The aforesaid appointments of Mr. Gopalakrishnan are being proposed by separate Resolutions, which form part of the notice of the Annual General Meeting.

At its Meeting held on April 28, 2011 the Nomination, Governance & Compensation Committee recommended to the Board which was agreed by the Board that Mr. Atul Singh and Mr. Akshay Chudasama be appointed as Additional Directors on the Board of Directors of your Company with effect from April 28, 2011. In terms of Section 260 of the Companies Act, 1956 both Mr. Atul Singh and Mr. Akshay Chudasama hold office upto the date of the forthcoming Annual General Meeting. The Company has received separate Notices in writing from a Member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointments of Mr. Atul Singh and Mr. Akshay Chudasama as Directors of the Company, liable to retire by rotation. The appointments of Mr. Atul Singh and Mr. Akshay Chudasama as Directors of the Company are being proposed by separate Resolutions, which form part of the Notice of this Annual General Meeting.

BATANAGAR PROJECT

Your Company has restructured the Agreements with revised terms and conditions for development of the modern integrated township project at Batanagar. This has been done to ensure that the development of the project proceeds with due urgency and your Company manages to focus on its core businesses. The restructured Agreements have been signed on April 28, 2010. As envisaged, the project is progressing in full swing. The employees of the Company at Batanagar Factory have been shifted to The Bata Rehabilitation Housing Complex, located next to the Batanagar Factory. This Housing Complex has defined a new way of living for the employees as the new flats are full of amenities, e.g., Central open space for community functions, Storm water drainage system, PG Gas Connections replacing earlier stove systems, state-of-the-art multipurpose grounds for various kinds of sports, good housekeeping system, etc. In consideration of the restructured Agreements, the Company has received an aggregate amount of Rs.1,000.0 million in cash for future transfer of shares in the Joint Venture Company - Riverbank Developers Private Limited (RDPL) and variation of the development rights for the project. However, the condition precedent to recognizing such sale of investment and variation of rights in the joint development agreement had crystallized in the month of March, 2011 and consequently, the gains of Rs. 1,093.55 million before tax arising on the said transaction have been recognized in the Books of the Company during the financial year 2010-11. Further, as part of consideration, your Company is yet to receive 3,24,550 sq. ft. of constructed space at no additional cost as per the terms of the agreements. Pursuant to such restructuring, your Company has disposed off its stake in joint venture with RDPL.

Notwithstanding the aforesaid restructuring of Agreements, your Company continues to remain committed to the Government of West Bengal in terms of the approval given by it. The Company's factory will continue to operate from its present site and the Company will continue to make additional investments in the factory for its modernization and for the revitalization and rejuvenation of the employees of the Company at Batanagar. The Company's commitment to its employees and the Government of West Bengal remains undiminished.

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

Your Directors hereby confirm :-

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

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

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

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

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit & Loss Account along with the respective Reports of the Auditors and the Board of Directors thereon of the subsidiary companies of the Company for the year ended 31 December 2010 are attached.

CORPORATE GOVERNANCE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian leather Industry is a vital component of the Indian Economy and has the potential of generating substantial export earnings and has strong potential for growth. After liberalization, the Indian market has opened up a lot of opportunities for the international players to enter the Indian market.

India is all set to gain a massive share of the international market with huge investments coming into this industry. The revenues have grown from US$ 2,495 million in 2004-05 to US$ 3,598 million in 2008-09 and this industry is expected to grow even faster in the upcoming years. The leather industry employed 2.5 million people in 2008-09 and grew to 3.5 million people in the year 2009-10.

India enjoys 3% of international share in the leather trade compared to 17% enjoyed by China. This gap leaves a considerable scope for the Indian leather industry to gain a better share in the international market and to compete directly with China.

Despite liberalization of the leather and footwear industry, 75% of the production still comes from the small scale cottage and artisans - the informal section. Therefore, huge investments are required to make this industry technologically and environmentally sound and competitive. Considering the massive potential of the Indian leather industry and its role as an economic indicator of growth, the Indian Government has been implementing and taking several steps in the speedy expansion of this sector.

In terms of output, Footwear segment is the main driver of the leather industry and India is only second to China with a market share of 13% of the global total of 16 billion pairs.

India produces 2 billion pairs of footwear annually and exports an estimated 115 million pairs. There are aggressive plans to increase the production and export of footwear from US$ 1.53 billion at present to well over US$ 3.0 billion by 2013-14. India at present produces 2.5 billion square feet of leather per year which is 10% of global market and is the 5th largest exporter of leather goods and accessories in the world.

The Government of India has set up various Institutes where continuous research is going on into making this industry a non-polluting environmentally friendly, because the leather and footwear industry has a direct impact on the livelihood of millions of people who work in this industry. This will involve significant investments in upgrading the machineries and to train the manpower to come up to the international standards.

In conclusion the growth of the footwear industry requires appropriate investments, proper infrastructure development and technological changes to increase the productivity and to make this industry environmentally friendly so that the livelihood of millions of people who work in this industry are protected. The importance of footwear in the domestic market is gaining its importance and has become a basic necessity after food, clothing and shelter.

Your company continues to procure a part of its total footwear sold in the market from small scale and cottage industries, so that these industries continue to upgrade their machines and manpower. This is a social obligation which your Company fulfills to support the employment given by these small scale and cottage industries. However, special care is taken with regard to quality and compliance of various Labour Laws by these small scale and cottage industries.

OPPORTUNITIES AND THREATS

As the Indian economy continues to march ahead, there is a transformation taking place in the entire economic demography, where millions of people are coming out of their poverty and are aspiring to enjoy the fruits of growth and the wealth generated in this process by the Indian economy, which is growing at a healthy pace of 8.9% per annum and is expected to grow by 9.5% per annum in the next few years. The huge middle class population which has come into existence by this economic miracle has presented great opportunities for business in India and it is expected that this middle class population will grow by 10 times in the next 15 years.

The country is witnessing a retail boom and the Indian consumers who are well travelled and informed, demand international standards in products at the right price and the right ambience for making their purchases. This has led to an exponential growth of organized retailing which is only 3% of the total retail trade and is expected to grow to US$ 64.0 billion by 2015.

India is emerging as a major footwear market with the rising awareness of fashion in the country especially amongst the youth who have the access to the latest trends in the western countries with continuous updates available via electronic means TV, Internet, radio, print media etc.

The main drivers for the growth in the footwear market are the growth in income level, increasing fashion consciousness among the consumers, increasing organised retail space, rising international demand for the leather footwear, availability of skilled manpower and abundant raw materials.

The key challenges have been identified as affordability and imports of cheap footwear from China. The opportunities in the Indian footwear market have attracted foreign brands and they are slowly penetrating the Indian market. It is expected that India will soon emerge as a shoe manufacturing hub for international brands and for exports.

Your Company enjoys a very strong brand positioning with the Indian consumers and its products have been winning the hearts and minds of millions of Indian over the last so many decades of its presence in India. The Company is all set to emerge as a vibrant lifestyle brand offering fashionable and trendy footwear at affordable prices to the Indian consumers. The Company has also won the CNBC Awaaz "Consumer Awards 2010" for "India's Most Preferred Exclusive Brand Retail Outlet". This award has been won after stiff competition and is one of the most prestigious awards the country has to offer. This award reaffirms the Company's competitive edge in the market and the consumer preference for its products with the huge opportunities which have been thrown open by the Indian Retail Sector which is now open to 100% Foreign Direct Investments through the Automatic Route.

There will be significant challenges which the Company will have to face with the entry of Multi-National Companies in the domestic market. There will also be stiff competition from countries like China, Indonesia, Thailand, Vietnam & Brazil, because their products are more competitive as compared to India.

There will also be threats from developing countries who may resort to restriction on imports from countries which are more competitive to protect their local industry. It will also be difficult for Indian Footwear & Leather Industry to keep pace with the fast changing fashion trends.

Organized retailers in India will also face a threat from 'non-specialist' retailers like the apparel retailers who are now diversifying into the footwear trade by promoting their own brands at competitive prices.

Your Company will meet these challenges by diversifying and opening big format stores in tier 2 & tier 3 cities and take the best available space in shopping malls and busy street corners to aggressively market its products at competitive prices. However, the main focus will be to provide 'value for money' and high quality trendy shoes for men, women and children.

Your Company has achieved a new mile stone by launching its Bata Home Delivery Services which enables customers to place their orders for any footwear from our shoe line, which they are unable to find in a Bata Store and get it delivered at their home through courier with no additional cost. With this new service, your Company will be able to make its entire collection available to the customers in every store. This service is also available for the customers through e-commerce enabled website, where they can browse, choose and purchase shoes for delivery accross the cities in India, all from the comfort of their home.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

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

OUTLOOK

Your Company's focus in 2010 had been to concentrate on expansion and galvanizing a team spirit so that all the major targets set by the Company are achieved. Moving ahead your Company will continue to focus on expanding its Retail Outlets, providing in-house, external and international training to its employees, so that they have an international vision of the global retail footwear business and grasp the opportunities which are now available globally. There is going to be tremendous competition as well as opportunities of growth in the footwear trade and your Company will have to come up and face the inevitable challenges posed by a competitive market. The Company is continuously reviewing individual progress and is setting challenging goals for its employees so that they can grow and prosper along with the Company.

In 2011 your Company will have to seize and identify outstanding talents inside and outside the Company to sustain its growth momentum. Your Company understands that its employees are its biggest assets and for the purpose of development of its employees the Company is organizing extensive training seminars, specially for its Sales staff, K-scheme Agents, Merchandisers and others. The Wholesale Division of the Company will have to explore ways and means to increase its performance by hiring new talents in all the RDCs and improving on its distribution functions. Your Company has already set its targets for 2011 and with the support, enthusiasm, team work and cooperation of all the employees its targets will be achieved and the Company will confidently move ahead to face the challenges of new competition which is bound to arrive in the market place as the foreign brands find India to be a land of great opportunities to sell their products.

RISKS AND CONCERNS

Contingent Liability

Contingent Liability is Rs. 645.8 million at the end of December 31, 2010 in comparison to Rs. 399.1 million in December 31, 2009.

This has been explained in Note No. 12 of Schedule 21 to the Statement of Accounts. On the basis of current status of these cases and legal advice obtained, 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.

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

Your 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 OEPRATIONAL PERFORMANCE

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

Bank borrowings at the year end 2010 is Nil against Rs.146.5 million for the corresponding period in the year 2009, despite the entire capital expenditure and VRS expenditure being funded through internal accruals.

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

The Board of Directors has recommended a dividend @ 40% on equity shares for the year ended December 31, 2010, 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 5776, as on December 31, 2010.

Human Resources

- The Company continued with Executive Development Programme to create a ready talent pool of District Managers in retail operations in 2010 also.
- The Company has initiated Graduate Engineer Training Programme to create a ready talent pool across Manufacturing division in 2010.
- The Company continued to enforce Performance Linked Salary at all level of employees, this has lead to a culture of accountability as clear goals / objectives have been set for all executives.

Industrial Relations

Manufacturing

The overall Industrial Relations in all the manufacturing units were cordial in 2010. Long term Agreement was settled at Mokamehghat. VRS was launched in Mokamehghat, Bataganj and Faridabad units and 37 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 under whose determined efforts the Company has been able to achieve all its major targets in 2010.

The Board would also like to thank the Managing Director and the Director Finance, the nominated Directors on the Board and the Major Shareholders for their complete support in revamping the operations of the Company. We are also very grateful to our independent Directors who despite their busy schedules have given their contributions and shared their valuable experience and knowledge with the Management to take the Company forward. We wish the Management all the best for achieving even greater heights in the future.

For and on behalf of the Board of Directors

P M Sinha
Chairman

Gurgaon, April 28, 2011.

Bata

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2010.

I. CONSERVATION OF ENERGY

A. Energy Savings Evaluation for the year 2010

Sl	Criteria	Value
1	Annual savings in 2010.	1.13 Mn
2	Energy savings / Pair	0.120
3.	Energy savings against total cost of energy	1.19 %

B. Energy Conservation Measures Obtained (2010)

1. Changing over to energy efficient luminaries.
2. Minimization of air losses in compressed air lines.
3. Mixing of additives in fuel for sludge reduction to improve combustion.
4. Intensified vigil against electricity wastage towards conservation awareness.
5. Installation of auto drains system in air receiver.
6. Installation of steam traps in steam lines.

C. Energy Conservation Measures Proposed (2011)

1. Detailed Energy Audit by accredited auditor.
2. Regular maintenance of all steam traps.
3. Installation of energy efficient luminaries.
4. Reduction / elimination of energy wastage.
5. Installation of capacitors banks to improve power factor.
6. Modification of existing steam and air line layout and to expel unused lines from system.
7. Reduction of running hours of high load centers.

	Year 2009 (Rs.)	Year 2010 (Rs.)
Cost of CESC units	5.48	5.75
Cost of Self Generated units	13.24	15.32

II. FOREIGN EXCHANGE EARNING AND OUTGO

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

B. Total Foreign exchange used : Rs. 1,011.1 million

C. Total Foreign exchange earned : Rs. 117.7 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 Foot Wear Moulds
1.5 Solid Waste Utilization
1.6 Energy Savings
1.7 Safer Environment
1.8 Cater to export specification requirement
1.9 Computerization and Data processing

2) Benefits as a result of R & D

2.1 Developed Electro Static Discharge (ESD) Leather for Safety Boot.

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 water based PU adhesive for pollution free environment.

2.5 Developed Anti-fungal liquid polish for polishing of Leather - using in Industrial Boot to protect from Fungal effect.

2.6 Developed Leather Safety Boot with Nitrile Rubber sole-resistant to Hot Contact as per IS:15298 (Part-2):2002.

2.7 Developed new type of air blown PVC compound for getting light weight DIP sandals with uniform cells structure as well as better physical properties.

2.8 Developed Anti-skid PU Sole for Leather Closed Shoes.

2.9 Developed TPR as out sole & Phylon as mid-sole for Leather Closed Shoes in order to get light weight shoes as well as Cushion Comfort.

2.10 Developed large Hawai / EVA / Micro sheet by modification of Mould for more productivity with cost effectiveness.

3) Future plan of action

3.1 Development of new type Leather Safety Boot with Double density sole (Nitrile Rubber Out sole & PU Mid sole).

3.2 Introduction / substitution of new chemicals or alternative chemicals for improvement of product quality with cost effectiveness.

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

3.4 Introduction of IPN polymer in unit sole for replacement of commonly used TPR compound in order to get better performance.

3.5 Development of Leather Safety Boot with Heat resistant sole at 500°C for 1 minute.

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 molding time to increase productivity.

3.9 Utilisation of PU waste materials from EHS point of view.

3.10 Development of Leather Safety Boot with Electrical resistance at 15 KV/20KV.

3.11 Development of Heat Insulated Safety Boot (Resistance to harsh environment) as per IS : 15298 (Part-2): 2002 standard - designation "HT".

4) Expenditure on R & D

4.1	Capital	-	0.8 million
4.2	Recurring	-	49.3 million
4.3	Total	-	50.1 million
4.4	Percentage of turn over	-	0.39 %

5) Technology absorption, adaptation & innovation

1) Efforts

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

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

2) Benefits

a) International standard quality of products

b) Greater participation in exports

c) New techniques and technology of production.

For and on behalf of the Board of Directors

P M SINHA
Chairman

Gurgaon, April 28, 2011.

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

AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.12.2010

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

Sl. No.	Name	Designation	Nature of Employment whether contractual or otherwise	Nature of duties of the employee	Qualification	Age	Date of Joining / resignation Bata India Limited	Experience No.of yrs. including previous employment	Remuneration (Rs. '000s)	Last Employment-Designation
1	Villagran Marcelo	Managing Director	Contractual	Head of Company Operation	Commercial Engineer	68	11.02.2005	39	29,718	Bata Chile - Company Manager
2	Ferraris F	Vice President	Contractual	Product Development	Diploma	62	18.03.2002	29	13,578	Eliesse, Italy- Vice President, Product Development
3	Tonolli E	Sr Vice President	Contractual	Incharge of Merchandising – Flagship	Commercial School	63	01.06.2003	41	16,965	Bata Europe, Paris - Shoeline Builder
4	Tham Gerry	Vice President	Contractual	Incharge of Merchandising – Family	HND Footwear & Fashion Technology	33	01.01.2008	14	9,048	Bata International Group - BIG West Group Bubblegummer Brand Manager

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

1	Sinha Shaibal	Director Finance	Contractual	Finance & Accounts	B.Com, Chartered Accountant	48	07.09.2010	23	17,642	Reckitt Benckiser (India) Ltd. - G.M. Finance & Supply Chain Controller
2	Hussein Fadzilah Mohd.	Director Finance	Contractual	Finance & Accounts	DIA, B.Sc, MBA-Finance (USA)	52	01.10.2010	32	2,211	PT Sepatu Bata Tbk, Indonesia - Director Finance

Notes :

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

For and on behalf of the Board of Directors

Gurgaon
28 April, 2011.

P M Sinha
Chairman

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

1. Company's Philosophy

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

2. Board of Directors

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

During the year, five Board Meetings were held on February 24, 2010; April 29, 2010; May 27, 2010; July 29, 2010 and October 27, 2010.

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

a. Composition

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

(As on December 31, 2010)

Sl. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Director-ships*	No. of Committee Member-ships
1.	Mr. P M Sinha	Chairman - Non-Executive Independent Director	5	Yes	2	5 (Chairman of 2)
2.	Mr. Marcelo Villagran	Managing Director (Executive Director)	5	Yes	1	—
3.	Mr. S Sinha (Resigned w.e.f. 07.09.2010)	Director Finance (Executive Director)	4	Yes	2	1
4.	Mr. Fadzilah Mohd. Hussein** (Appointed as Additional Director w.e.f. 29.07.2010)	Director Finance (Executive Director)	2	N.A.	2	1
5.	Mr. J Carbajal	Non-Executive Director (Promoter Director)	4	Yes	—	2
6.	Mr. Jack G. N. Clemons	Non-Executive Director (Promoter Director)	4	Yes	—	1
7.	Mr N Sankar	Non-Executive Director (Independent Director)	1	No	4	2 (Chairman of 1)
8.	Mr U Khanna	Non-Executive Director (Independent Director)	5	Yes	—	3 (Chairman of 1)
10.	Mr M K Sharma (Resigned w.e.f. 29.07.2010)	Non-Executive Director (Independent Director)	2	Yes	5	6

* Directorship has been computed with reference to Section 275 of the Companies Act 1956 and the composition has been maintained as per the requirements of Clause 49 of the Listing Agreement with Stock Exchanges.

** Mr.Fadzilah Mohd. Hussein was appointed as Director Finance w. e. f. 01.10.2010.

b. **Code of conduct**

i. Details of Code of Business Conduct and Ethics of the Company are available on the Company's website www.bata.in.

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

As the Managing Director (Chief Executive Officer) of Bata India Limited and as required by Clause 49(I)(D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial year ended December 31, 2010.

Marcelo Villagran
Gurgaon, April 28, 2011. Managing Director (CEO)

3. Audit Committee

The Board has constituted an Audit Committee in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee of the Company meets before the finalisation of accounts each year and also meets every quarter before the results of the previous 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 been vested with the following powers:

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

b) to seek information from any employee ;

c) to obtain outside legal or other professional advice ;

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

I. Terms of reference

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

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

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

c) Approval of 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 three Non-Executive Independent Directors and one Non-Executive Promoter Director. The Chairman of the Audit Committee is an Independent Director. The Audit Committee met four times in 2010, i.e., on February 24, 2010; April 29, 2010; July 29, 2010 and October 27, 2010 and attendance of the members at these meetings were as follows:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr U Khanna	Chairman & Independent Director	4
2.	Mr P M Sinha	Independent Director	4
3.	Mr N Sankar	Independent Director	1
4.	Mr J Carbajal	Promoter Director	3
5.	Mr M K Sharma (Resigned w.e.f. 29.07.2010)	Independent Director	1

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.

4. **Nomination, Governance and Compensation Committee**

(i) **Composition**

The Company has re-named the Remuneration Committee as Nomination, Governance and Compensation Committee w.e.f. April 26, 2005. The Committee at present consists of Mr. P M Sinha, Mr. N Sankar, Mr. U Khanna, Mr. J Carbajal and Mr. Jack G N Clemons. During the year, two meetings of the Nomination, Governance and Compensation Committee were held on April 29, 2010 and July 29, 2010 and the attendance of the Members of the Committee at these meetings were as follows:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr P M Sinha	Chairman & Independent Director	2
2.	Mr. U Khanna	Independent Director	2
3.	Mr. J Carbajal	Promoter Director	2
4.	Mr. N Sankar	Independent Director	1
5.	Mr. M K Sharma (Resigned w.e.f. 29.07.2010)	Independent Director	—
6.	Mr. Jack G. N. Clemons (Appointed w.e.f. 29.07.2010)	Promoter Director	1

(ii) **Remuneration Policy**

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

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

(iii) **Details of remunerations during the year ended December 31, 2010**

(I) **Executive Directors**

The details of remuneration and perquisites paid to the Executive Directors during the year ended December 31, 2010, are as under:

(Rs. '000s)

Name	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr Marcelo Villagran Managing Director	15,650	7,969	2,523	3,576
Mr. Shaibal Sinha Director Finance (Resigned w.e.f. 07.09.2010)	4,810	7,631	1,844	3,357
Mr. Fadzilah Mohd. Hussein Director Finance (Appointed w.e.f. 01.10.2010)	1,844	—	191	176

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

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

In accordance with the terms of appointment and pursuant to the authority vested on the Board of Directors by the shareholders at the 76th Annual General Meeting held on May 26, 2009, the Managing Director has been paid a commission upto Rs.7.969 Million for the financial year ended December 31, 2009. The esrtwhile Director Finance has been paid a commission of Rs. 7.631 Million for the same financial year based on the PBT (Profit Before Tax) performance of the Company. The Company has already issued the respective disclosures under Section 302 of the Companies Act, 1956 to the shareholders informing the variation in the terms of Agreements with the Managing Director and the Director Finance.

The Managing Director will also be entitled to a commission for the financial year ended December 31, 2010 based on the PBT performance of the Company and his entitlement will be decided by the Nomination, Governance and Compensation Committee at an appropriate time.

The Executive Director(s) may also be paid commission on pro-rata basis in accordance with their respective tenure in office for the financial year ended December 31, 2010, as may be decided by the Nomination, Governance and Compensation Committee at an appropriate time based on the PBT performance of the Company, which will be within the overall limits specified in Sections 198, 309, 310 and 311 of the Companies Act, 1956 and as approved by the shareholders by a Special Resolution passed at the Seventy Sixth Annual General Meeting of the Company, held on May 26, 2009.

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

There are no Stock options available / issued to any directors of the Company and this does not form a part of their contract with the Company.

(II) Non-Executive Directors

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

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

The details of sitting fees and commission to the Non-Executive Indian Directors for the financial year ended December 31, 2010, are as under:

Name of Directors	Sitting Fees Paid (Rs. '000s)	Commission Payable (Rs. '000s)	Shares Held
Mr P M Sinha	240	2,000	20,208
Mr N Sankar	60	1,000	—
Mr U Khanna	220	1,000	5,000
Mr M K Sharma (Resigned w.e.f. 29.07.2010)	60	575 (Pro-rata)	—

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

5. Shareholders Committee

(i) Share Transfer Committee

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

(ii) Shareholders/Investors Grievance Committee

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

The details of the Committee Members and their attendance at the Meeting held on February 24, 2010 are as under:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. P M Sinha	Chairman	1
2.	Mr. S Sinha (Resigned w.e.f. 07.09.2010)	Director Finance	1
3.	Mr. F M Hussein (Appointed w.e.f. 27.10.2010)	Director Finance	—

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

All investor complaints which cannot be settled at the level of Vice-President & Company Secretary & Compliance Officer and Investor Relations Manager, are forwarded to the Shareholders/Investors Grievance Committee for final settlement. The Company confirms that 1 shareholder's complaint lying pending as on December 31, 2010 has since been resolved.

The Company confirms that there were no share transfers lying pending and affirms that all the requests for share transfers/transmissions, issue of new certificates, etc., received upto December 31, 2010 have since been processed. All the requests for dematerialisation and rematerialisation of shares as on that date have been confirmed / rejected through the NSDL / CDSL system.

(iii) Nature of Shareholder complaints received during the year

Sl. No.	Subject matter of Complaints	Complaints at the beginning of the year	Complaints Received during the year	Total Complaints received	Total Complaints Redressed	Balance Complaints at the end of the year
1.	Non-receipt of Dividend	0	2	2	2	0
2.	Transfer of Shares etc.	0	3	3	3	0
3.	De-materialization Matters	0	1	1	1	0
4.	Others	0	2	2	1	1
5.	Rights Issue related matters	0	0	0	0	0
	TOTAL	**0**	**8**	**8**	**7**	**1**

6. General Body Meetings

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

Financial Year ended	Date	Time	Venue
December 31, 2009	May 27, 2010	10.30.a.m.	Kalamandir, Kolkata
December 31, 2008	May 26, 2009	10.30 a.m.	Kalamandir, Kolkata
December 31, 2007	June 19, 2008	10.30 a.m.	Kalamandir, Kolkata

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

Date of AGM	Details of the Special Resolutions passed
June 19, 2008	No Special Resolution was passed at the 75th Annual General Meeting held on June 19, 2008.
June 26, 2009	A Special Resolution was passed at the 76th Annual General Meeting of the Company stipulating the maximum limits of remuneration comprising of salary, commission on profits and perquisites as determeined by the Board from time to time, for the Managing / Wholetime Director subject to the limits contained in Sections 198, 309, 310 & 311 of the Companies Act, 1956.
May 27, 2010	A Special Resolution was passed at the 77th Annual General Meeting of the Company for payment of commission to the Directors of the Company (other than the Directors in wholetime employment of the Company or the Managing Director) not exceeding 1% of the net profits of the Company, computed in such manner referred to in Section 309 (5) of the Companies Act, 1956 in any financial year.

iii. **Resolutions passed during the financial year 2010 through Postal Ballot under Section 192A**

During the year, pursuant to Section 192A of the Companies Act, 1956, ("the act") the Company had conducted a postal ballot exercise in accordance with the provisions and rules framed under the Act for conducting a Postal Ballot.

The details/results of the postal ballot exercise so conducted are as under:

Date of Notice of Postal Ballot	Date of scrutinizer's report	Description	Result
April 29, 2010	June 29, 2010	An Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 was passed to create a mortgage/ charge on the Scheduled premises other than the Excluded Assets (as defined in the Development Agreement dated April 28, 2010 entered into between the Company, Riverbank Developers Private Limited ("RDPL"), Riverbank Holdings Private Limited ("RHPL") and Calcutta Metropolitan Group Limited referred to as the"New Development Agreement") to secure the loans to be raised by RDPL and RHPL, from time to time.	Carried with requisite Majority. Number of Votes cast in favor 4,01,14,044 constituting 99.96% and number of Votes cast against 15,292 constituting 0.04%.

The Postal Ballot exercise, under Section 192A of the Act read with The Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, was conducted by Mr. P.K. Sarawagi, Practicing Company Secretary, the Scrutinizer appointed for the purpose and his report was filed with the Office of the Registrar of Companies, West Bengal. The results of the Postal Ballot were declared by Mr. Shaibal Sinha, Director Finance on June 29, 2010 and the same were published in the newspapers on July 01,2010.

No Special Resolution is proposed to be passed through Postal Ballot at present.

7. Subsidiary Companies

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

8. Disclosures

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

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

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

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

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

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

g. Management Responsibility Statement

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

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

9. Means of Communication

I. Quarterly results are published in one of the prominent business dailies and a local language newspaper. The Annual results are posted to every shareholder of the Company.

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

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

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

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

10. General Shareholder Information

I. Annual General Meeting will be held on Tuesday, the 28th day of June 2011 at 10.30 a.m. at 'KALAMANDIR', 48, Shakespeare Sarani, Kolkata - 700 017.

II. Financial Calendar (tentative dates)

Annual Results of previous year (audited)	End February, 2011
First Quarter Results (31st March)	End April, 2011
Annual General Meeting	End June, 2011
Second Quarter results (30th June)	End July, 2011
Third Quarter results (30th September)	End October, 2011
Fourth Quarter results (31st December)	End February, 2012 (audited)

III. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Tuesday, June 14, 2011 to Tuesday, June 28, 2011 (both days inclusive) for the purpose of the 78th Annual General Meeting.

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

The Company's shares are listed on Calcutta Stock Exchange Limited (Scrip Code- 10000003), Bombay Stock Exchange Limited (Scrip Code- 500043) and the National Stock Exchange of India Limited (Scrip Code- BATAINDIA). The annual listing fees for the period 2010 2011 have been paid to all these Stock Exchanges. The ISIN code of the Company is INE176A01010.

V. Stock Market price data for the year :

Bata share price on BSE and NSE

Month	B S E		SENSEX		N S E		NIFTY	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan 2010	216.50	171.00	17790.33	15982.08	216.20	175.00	5310.85	4766.00
Feb 2010	246.00	176.30	16669.25	15651.99	246.55	177.50	4992.00	4675.40
March 2010	255.80	218.65	17793.01	16438.45	255.85	205.25	5329.55	4935.35
April 2010	303.35	230.50	18047.86	17276.80	303.30	229.40	5399.65	5160.90
May 2010	287.70	243.20	17536.86	15960.15	287.75	240.15	5278.70	4786.45
June 2010	287.40	235.00	17919.62	16318.39	287.50	248.15	5366.75	4961.05
July 2010	299.20	266.35	18237.56	17395.58	299.40	268.35	5477.50	5225.60
Aug 2010	333.70	286.05	18475.27	17819.99	334.00	286.15	5549.80	5348.90
Sept 2010	362.95	313.50	20267.98	18027.12	365.00	313.90	6073.50	5403.05
Oct 2010	355.00	318.20	20854.55	19768.96	376.70	317.00	6284.10	5937.10
Nov 2010	391.90	309.00	21108.64	18954.82	391.40	309.00	6338.50	5690.35
Dec 2010	368.90	318.00	20552.03	19074.57	368.80	318.05	6147.30	5721.15

VI. Share Transfer Agent

The Company has engaged the services of R&D Infotech Private Limited, 22/4, Nakuleshwar Bhattacharjee Lane, Kolkata - 700 026 w. e. f. January 01, 2007, a SEBI registered Registrar for processing the transfers, sub-division, consolidation, splitting of securities, etc.

Since trades in Company's shares can be done only in the dematerialised form, request for demat and remat should be sent directly by the Depository Participants to R&D Infotech Private Limited, 22/4,Nakuleshwar Bhattacharjee Lane, Kolkata - 700 026.

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

VII. Share Transfer System

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

VIII. Distribution of Shareholding as on December 31, 2010

No. of shares	No. of shareholders	No. of. shares
1 – 500	75630	5538172
501 – 1000	2130	1544538
1001 – 5000	937	1738719
5001 – 10000	68	486292
10001 and above	84	54956049
TOTAL	**78849**	**64263770**

IX. Pattern of Shareholding as on December 31, 2010

Sl. No.	Category	No. of Holders	No. of Shares	%
1.	Resident Individual	77116	9496934	14.778
2.	Domestic Companies	1185	1932834	3.008
3.	N.R.I.	435	158643	0.247
4.	Foreign Companies	1	33424100	52.011
5.	Mutual Fund	28	6494990	10.107
6.	Financial Institutions	15	3019795	4.699
7.	Banks	27	73997	0.115
8.	F.I.I.	40	9637269	14.996
9.	Directors	2	25208	0.039
	TOTAL	**78849**	**64263770**	**100.00**

X. Dematerialisation of Shares

As on December 31, 2010, 97.56% of the Company's total shares representing 62,696,472 shares are held in dematerialized form and the balance 2.44 % representing 1,567,298 shares are held in physical form and these shareholders are requested to dematerialize their shares in their own interests.

XI. 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.

XII. Address of Correspondence

The Company's share department is situated at 27B Camac Street (1st Floor), Kolkata - 700 016.

Shareholders correspondence should be addressed to :

(a) **BATA INDIA LIMITED**
Share Department
27B Camac Street (1st Floor)
Kolkata - 700 016
Telephone Nos. 033-3982 9412 / 9418 & 2289 5796 (Direct)
Fax No. (033) 2289-5859
Email: amarbir.anand@bata.co.in /share.dept@bata.co.in
Contact person: **Mr. A B Anand**, Vice-President & Company Secretary
Mr. J Banerjee, Investors' Relations Manager

(b) **SHARE TRANSFER AGENT**
R&D Infotech Private Limited
22/4, Nakuleshwar Bhattacharjee Lane
Kolkata - 700 026
Tel: (033) 2463 1657/58
Fax: (033) 2463 1658
Email: rd.infotech@vsnl.net; bata@rdinfotech.in
Contact Person: **Mr. Ratan Mishra**, Director

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

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

11. CEO/CFO Certification

Mr. Marcelo Villagran - Managing Director (CEO) and Mr. Fadzilah Mohd. Hussein, Director Finance (CFO) have certified to the Board that:

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

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

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

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

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

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

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

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

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

The above certificate was placed before the Board Meeting on February 23, 2011.

12. Tenure of Independent Directors

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

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

The Company has furnished information as required by Clause 49 (iv)(G)(i) of the Listing Agreement with the Stock Exchanges, relating to the appointment of a new Director or re-appointment of a Director. Shareholders may kindly refer to the Explanatory Statement convening the 78th 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.

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

MR. UDAY KHANNA

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director	a. Audit Committee (Chairman) b. Nomination, Governance & Compensation Committee
2	Lafarge India Private Limited	Director	Audit Committee
3	LI Cement Private Limited	Director	Nil
4	LI Eastern Private Limited	Director	Nil

MR. FADZILAH MOHD. HUSSEIN

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director Finance	Shareholders / Investors Grievance Committee
2	Bata Properties Limited	Director	Nil
3	Coastal Commercial & Exim Limited	Director	Nil

MR. RAJEEV GOPALAKRISHNAN

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Managing Director - Bata Stores	Nil

MR. ATUL SINGH

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director	Nil
2	Coca Cola India Private Limited	Director	Nil
3	Hindustan Coca-Cola Holdings Private Limited	Director	Nil
4	Coca-Cola India Foundation	Director	Nil

MR. AKSHAY CHUDASAMA

Sl No.	Name of Company	Nature of Office	
		Directorship	Committee Membership
1	Bata India Limited	Director	Nil
2	Balaji Telefilms Limited	Director	a. Audit Committee b. Remuneration Committee
3	Balaji Motion Pictures Limited	Director	a. Audit Committee b. Remuneration Committee
4	Godrej Tyson Foods Limited	Alternate Director	Nil
5	Cleargrip Hospitality & Entertainment Private Limited	Director	Nil
6	New Consolidated Construction Company Limited	Director	Audit Committee
7	Raymond Limited	Director	Nil

14. Corporate Governance Compliance

The Company has complied with the requirements as laid down in Clause 49 of the Listing Agreement with the Stock Exchanges for the purpose of Corporate Governance. A certificate obtained from M/s. S.R. Batliboi & Co., Chartered Accountants, the Statutory Auditors of the Company, to this effect has been attached to this Annual Report.

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

The Company has already started the process of adopting the Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs and necessary steps have been taken in line with the prescribed Guidelines. A Secretarial Audit is being conducted by M/s P.K. Sarawagi & Associates, Company Secretaries, 29 Strand Road, Kolkata 700 001 and their Report is awaited.

For and on behalf of the Board of Directors

P M Sinha
Chairman

Gurgaon, April 28, 2011.

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, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

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

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

Place: Gurgaon
Date : 28th April, 2011

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 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, 2010;
      b) in the case of the profit and loss account, of the profit for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Rajiv Goyal
Partner
Membership No.: 94549

Place : Gurgaon
Date : February 23, 2011

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 there are no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.

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

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

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, 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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the 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	High Court, Chennai
Various State Sales Tax Acts	Purchase Tax Dispute at Faridabad	5,100	1984-85	Supreme Court
Various State Sales Tax Acts	Revenue recovery against non payment of demand in assessment	6,700	1994-95 1998-99 1999-00 2000-01	STAT, Kerala
Various State Sales Tax Acts	Tax in dispute u/s 92 of Central Sales tax Act regarding non-submission of forms	2,780	1991-92	High Court, UP
Various State Sales Tax Acts	Penalty for non payment of tax and non collection on “C” forms	1,200	2002	STAT, 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	Duty demanded for sale of footwear at domestic Tariff area of which final hearing before commissioner concluded and order is pending.	7,030	1997-1999	Commissioner of Central Excise, Chennai

Name of the statute	Nature of dues	Amount (Rs in thousand)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act,1944	Duty demanded on various chemicals used for processing of leather and subsequent clearance of said processed leather for manufacture of footwear (Exempted)	870	2005	Commissioner, CCE Kolkata
Central Excise Act,1944	Disallowance for trade discount for sale of footwear to retail outlet	2,750	1995-97	CESTAT-Chennai
Central Excise Act,1944	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	15,560	2004-05	Commissioner (Appeal) Kolkata.
Central Excise Act,1944	Disallowing of abatement @ 40% on MRP for Institutional Sales. Sale of Industrial Boots & Mines Safety Boots.	2,770	2006 2007 2008	CESTAT, Kolkata
Central Excise Act,1944	Demand for alleged non reversal of CENVAT credit on cenveted inputs and non payment of CE duty on finished goods on written off stock as per Balance sheet	5,440	2007	Commissioner, Kolkata.
Central Excise Act, 1944	Non compliance of the condition of the notification for marking MRP on factory seconds cleared on payment of appropriate C.E. duty.	21,480	2008	CESTAT, Kolkata

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	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
Employees' State Insurance Act, 1948	Exemption from ESI through Bata Workers Sickness Benefit Society	14,195	2007-2008	Regional Director ESI, Kolkata
Income Tax Act, 1961	Short Term Capital Gains	230,552*	2007-08	CIT (A), Kolkata

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

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

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

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

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

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

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

(xxi) 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.
Firm Registration No. 301003E
Chartered Accountants

per Rajiv Goyal
Partner
Membership No.: 94549

Place : Gurgaon
Date : February 23, 2011

BATA INDIA LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2010

	Schedule No.	**As at 31.12.2010 Rs '000s**	As at 31.12.2009 Rs '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**642,638**	642,638
Reserves & Surplus	2	**3,339,728**	2,700,244
		3,982,366	3,342,882
LOAN FUNDS			
Secured Loans	3A	**—**	146,532
Unsecured Loans	3B	**137,743**	103,957
		137,743	250,489
TOTAL		**4,120,109**	3,593,371
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**4,175,554**	3,744,047
Less: Accumulated Depreciation		**2,644,380**	2,441,165
Net Block		**1,531,174**	1,302,882
Capital Work In Progress		**3,220**	6,292
		1,534,394	1,309,174
INTANGIBLE ASSETS	5	**—**	—
INVESTMENTS	6	**172,483**	172,483
DEFERRED TAX ASSETS (Refer Note No.18 of Schedule 21)		**311,000**	241,074
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	**2,993,633**	2,774,602
Sundry Debtors	8	**302,024**	251,795
Cash & Bank Balances	9	**1,355,720**	562,089
Other Current Assets	10	**15,429**	8,201
Loans & Advances	11	**1,426,275**	824,014
	(A)	**6,093,081**	4,420,701
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	**3,131,423**	1,932,766
Provisions	13	**859,426**	632,605
	(B)	**3,990,849**	2,565,371
NET CURRENT ASSETS	(A - B)	**2,102,232**	1,855,330
Miscellaneous Expenditure (To the extent not written off or adjusted)	14	**—**	15,310
TOTAL		**4,120,109**	3,593,371

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

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Schedule No.	**31.12.2010 Rs '000s**	31.12.2009 Rs '000s
INCOME			
Gross Turnover	15	**12,770,888**	11,125,882
Less : Excise Duty on Turnover (Refer Note No. 21 of Schedule 21)		**188,945**	209,365
Net Turnover		**12,581,943**	10,916,517
Other Income	16	**152,529**	84,228
		12,734,472	11,000,745
EXPENDITURE			
Cost of Goods Sold	17	**5,945,184**	5,134,570
Manufacturing, Distribution, Selling and Administration Expenses	18	**4,942,517**	4,426,088
Miscellaneous Expenditure written off - VRS Expenses	14	**15,310**	61,238
Depreciation	19	**325,104**	279,234
Financial Expenses	20	**76,385**	96,981
		11,304,500	9,998,111
PROFIT BEFORE TAXATION		**1,429,972**	1,002,634
Provision for Taxation :			
– Current Tax		**546,378**	401,757
– Deferred Tax Charge / (Credit) (Net)		**(69,926)**	(66,361)
– Fringe Benefit Tax		**—**	1,722
– Tax for earlier year		**—**	(6,756)
NET PROFIT		**953,520**	672,272
Balance of Profit brought forward from Previous Year		**1,428,155**	1,048,666
Profit available for appropriation		**2,381,675**	1,720,938
Appropriations:			
Proposed Final Dividend		**257,055**	192,791
Tax on Dividend [includes Rs. 745 thousands written back for Previous Year]		**41,949**	32,765
Transfer to General Reserve		**95,352**	67,227
Profit carried to Balance Sheet		**1,987,319**	1,428,155
Earning Per Share (Basic & Diluted) (Rs.)		**14.84**	10.46
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 S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

		31.12.2010 Rs '000s	31.12.2009 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 33,424,100 (Previous Year: 32,785,000) Equity Shares held by Bata (BN) B.V., Amsterdam, The Netherlands, (Holding Company) - Rs. 334,241,000 (Previous Year: Rs 327,850,000).		

		31.12.2010		31.12.2009	
		Rs '000s	Rs '000s	Rs '000s	Rs '000s
2.	**RESERVES & SURPLUS**				
	A) Revaluation Reserve				
	As per last Account (Created on 31st December, 1969 and 31st December, 1997 by Revaluation of Fixed Assets)	**361,805**		377,222	
	Less: On Sold/ Discarded fixed assets	**2,411**		818	
	Less: Transferred to Profit & Loss Account (Being Depreciation for the year on Revalued amount)	**12,621**	**346,773**	14,599	361,805
	B) Securities Premium		**501,356**		501,356
	C) General Reserve				
	As per last Account	**408,928**		341,701	
	Add: Transferred from Profit and Loss Account	**95,352**	**504,280**	67,227	408,928
	D) Profit and Loss Account		**1,987,319**		1,428,155
			3,339,728		2,700,244

	31.12.2010		31.12.2009	
	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(a) of Schedule 21]		—		146,532
B) Unsecured Loans				
Deposits from Agents and Franchisees [Amount payable within one year Rs. Nil (Previous Year: Rs. Nil)]		**137,743**		103,957
		137,743		250,489

(All Figures are in Rs '000s)

4. FIXED ASSETS	Land	Buildings	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block							
As at 01.01.2010	240,836	514,253	1,988,367	956,611	16,980	**3,744,047**	3,493,365
Additions	—	53,308	74,705	455,225	253	**583,491**	438,373
Deductions/Adjustments	—	3,894	85,186	62,846	58	**151,984**	187,691
As at 31.12.2010	**240,836**	**590,667**	**1,977,886**	**1,348,990**	**17,175**	**4,175,554**	**3,744,047**
Depreciation							
As at 01.01.2010	—	338,866	1,505,936	581,845	14,518	**2,441,165**	2,323,149
For the year	—	24,629	137,442	175,104	550	**337,725**	293,833
Deletions / Adjustments	—	1,655	77,969	54,836	50	**134,510**	175,817
As at 31.12.2010	**—**	**361,840**	**1,565,409**	**702,113**	**15,018**	**2,644,380**	**2,441,165**
Net Block							
As at 31.12.2010	**240,836**	**228,827**	**412,477**	**646,877**	**2,157**	**1,531,174**	**1,302,882**
As at 31.12.2009	240,836	202,387	482,431	374,766	2,462	**1,302,882**	1,170,216
Capital Work in Progress							
As at 31.12.2010						**3,220**	6,292
As at 31.12.2009						**6,292**	8,582
Total Net Block							
As at 31.12.2010	**240,836**	**228,827**	**412,477**	**646,877**	**2,157**	**1,534,394**	**1,309,174**
As at 31.12.2009	240,836	202,387	482,431	374,766	2,462	**1,309,174**	1,178,798

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
	Rs. '000s	**Rs. '000s**
Gross Block		
As at 01.01.2010	4,532	4,532
Additions	—	—
Deductions	**4,532**	—
As at 31.12.2010	**—**	**4,532**
Amortisation		
As at 01.01.2010	4,532	4,532
For the year	—	—
Deductions	4,532	—
As at 31.12.2010	**—**	**4,532**
Net Block		
As at 31.12.2010	**—**	**—**
As at 31.12.2009	—	—

		Face value Per share Rs	No.of Equity Shares (Current Year & Previous Year)	31.12.2010 Rs '000s	31.12.2009 Rs '000s
6	**INVESTMENTS (LONG TERM) (AT COST)** (Unquoted, Fully paid)				
	(a) In Government or Trust Securities (Non Trade) (Deposited with Government Authorities)				
	6 Year National Savings Certificates			**5**	5
				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) Riverbank Developers Private Limited - Joint Venture [a company under the same management for part of the year (Non Trade)] (Refer Note No. 3 of Schedule 21)	10	130,000	**1,300**	1,300
	(f) Immovable Properties - Land (Trade) (Refer Note No. 3 & 5(b) of Schedule 21)			**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			**149,198**	156,965
	Work-in-Progress			**175,419**	158,877
	Stores & Spare Parts			**9,779**	10,638
	Finished Goods [Including in transit of Rs. 338,779 thousands (Previous Year Rs. 221,657 thousands)]			**2,659,237**	2,448,122
				2,993,633	2,774,602

		31.12.2010		31.12.2009	
		Rs '000s	Rs '000s	Rs '000s	Rs '000s
8	**SUNDRY DEBTORS**				
	(Unsecured considered Good)				
	(a) Debts outstanding for a period exceeding six months		**3,879**		11,430
	(b) Other Debts		**298,145**		240,365
			302,024		251,795
9	**CASH & BANK BALANCES**				
	A) Cash on hand		**17,962**		15,127
	B) Balances with Scheduled Banks on :				
	Current Accounts [Includes Rs. 4,461 thousands (Previous Year: Rs. 3,885 thousands) on unpaid dividend and unpaid matured deposit]	**137,623**		158,365	
	Term Deposits	**1,199,225**	**1,336,848**	387,650	546,015
	[Includes Rs.14,575 thousands (Previous Year: Rs 14,575 thousands) as deposits pledged with Banks]				
	C) Balance with Other Banks on :				
	Current Account [With Municipal Co-Operative Bank-Mumbai Maximum amount outstanding during the year Rs. 1,785 thousands (Previous Year: Rs 1,728 thousands)]		**910**		947
			1,355,720		562,089
10	**OTHER CURRENT ASSETS**				
	(Unsecured - Considered Good)				
	Interest receivable on Fixed Deposits with Banks		**15,429**		8,201
			15,429		8,201

	31.12.2010		31.12.2009	
	Rs '000s	**Rs '000s**	Rs '000s	Rs '000s
11 LOANS & ADVANCES				
(Unsecured - Considered Good, unless otherwise stated)				
Advances recoverable in cash or in kind or for a value to be received [including Rs. 2,035 thousands (Previous Year Rs 3,483 thousands) considered doubtful]	**147,214**		122,382	
Less: Provision for Doubtful Advances	**2,035**	**145,179**	3,483	118,899
Claims [including Rs. 505 thousands (Previous Year Rs. 6,686 thousands) considered doubtful]	**74,338**		36,218	
Less: Provision for Doubtful Claims	**505**	**73,833**	6,686	29,532
Deposits [including Rs. 6,440 thousands (Previous Year Rs. 8,411 thousands) considered doubtful]	**474,197**		367,986	
Less: Provision for Doubtful Deposits	**6,440**	**467,757**	8,411	359,575
Others [Including Rs. 3,101 thousands (Previous Year Rs. 4,925 thousands) considered doubtful]	**3,201**		7,383	
Less: Provision for Doubtful Other Loans & Advances	**3,101**	**100**	4,925	2,458
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. 2,449 thousands (Previous Year Rs. 2,695 thousands)]		**1,868**		2,361
Advance Tax (including tax deducted at source and refund receivable)		**703,255**		273,887
Balances with Customs, Port Trust and Excise Authorities [including Rs. 33,343 thousands (Previous Year Rs. 74,515 thousands) considered doubtful]	**67,626**		111,817	
Less: Provision for Doubtful Advances	**33,343**	**34,283**	74,515	37,302
		1,426,275		824,014

		31.12.2010		31.12.2009	
		Rs '000s	**Rs '000s**	Rs '000s	Rs '000s
12	**CURRENT LIABILITIES**				
	Acceptances		**19,773**		315,574
	Sundry Creditors				
	– Micro and Small Enterprises [Refer Note No.22 of Schedule 21]	**53,918**		36,068	
	– Others	**2,099,940**	**2,153,858**	1,453,332	1,489,400
	Advance for Restructuring of Agreements [Refer Note No. 3 of Schedule 21]		**800,000**		—
	Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :				
	I) Unpaid Dividend		**2,992**		1,907
	II) Unpaid Matured Deposit		**1,469**		1,978
	Other Liabilities		**153,331**		123,907
			3,131,423		1,932,766
13	**PROVISIONS**				
	Proposed Dividend		**257,055**		192,791
	Tax on Proposed Dividend		**42,694**		32,765
	Taxation		**486,917**		338,347
	Leave Benefits		**35,898**		38,671
	Warranty Claims [Refer Note No. 16 (a) of Schedule 21]		**21,888**		16,970
	Contingencies [Refer Note No. 16 (b) of Schedule 21]		**14,974**		13,061
			859,426		632,605
14	**MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)**				
	Voluntary Retirement Costs (As per last account)	**15,310**		76,548	
	Add : Current Year Cost	**—**		—	
		15,310		76,548	
	Less : Amortisation for the year	**15,310**	**—**	61,238	15,310
	Unamortised Balance Carried to Balance Sheet		**—**		15,310

		31.12.2010		31.12.2009	
		Rs '000s	Rs '000s	Rs '000s	Rs '000s
15	**GROSS TURNOVER**				
	Sale of Products		12,755,159		11,102,262
	Income from Repair and Chiropody		2,369		8,849
	Sale of Scrap		13,360		14,771
			12,770,888		11,125,882
16	**OTHER INCOME**				
	Interest (gross) [Tax deducted at source - Rs.5,960 thousands (Previous Year Rs. 4,486 thousands) Refer note 13 of Schedule 21]		60,551		21,605
	Gain on Foreign Exchange Fluctuations (net off of loss of Rs. 9,929 thousands (Previous Year: Rs. 13,006))		14,178		1,766
	Duty Draw Back & Other Export incentives		4,961		2,661
	Liabilities no longer required written back		3,698		8,164
	Miscellaneous Income		69,141		50,032
			152,529		84,228
17	**COST OF GOODS SOLD**				
	Raw materials consumed		2,106,674		2,138,515
	Job Processing Charges		210,218		229,261
	Purchase of Traded Good		3,849,855		2,692,194
	(Increase)/Decrease in Stock				
	Finished Goods:				
	Opening Stock	2,448,122		2,549,513	
	Less : Closing Stock	2,659,237		2,448,122	
		(211,115)		101,391	
	Work In Progress:				
	Opening Stock	158,877		175,077	
	Less : Closing Stock	175,419		158,877	
		(16,542)	(227,657)	16,200	117,591
	Increase / (Decrease) in Excise Duty on (Increase) / Decrease in Stocks (Refer Note No. 21 of Schedule 21)		6,094		(42,991)
			5,945,184		5,134,570

			31.12.2010 Rs '000s		31.12.2009 Rs '000s
18	**MANUFACTURING, DISTRIBUTION, SELLING AND ADMINISTRATION EXPENSES**				
	Salaries, Wages and Bonus (Refer Note No. 8 of Schedule 21)		1,495,853		1,452,880
	Workmen & Staff Welfare		78,855		78,242
	Contribution to Gratuity, Pension & Provident Funds		193,571		151,987
	Commission on sales - 'Other than to Sole Selling Agent's		266,361		192,539
	Cash Discount		9,584		7,461
	Stores and Spare Parts consumed		29,180		23,569
	Power & Fuel		327,474		288,174
	Rent [net of rent recovered of Rs. 2,023 thousands (Previous Year Rs.2,005 thousands)] (Including impact of straight lining of lease rent Rs.115,839 thousands (Previous Year: Rs. 111,773 thousands))		1,154,626		1,012,303
	Repairs – Buildings		39,463		34,110
	– Plant & Machinery		21,858		25,790
	– Others		22,983		16,342
	Insurance		45,947		39,166
	Rates & Taxes		94,588		85,504
	Travelling & Conveyance		128,628		112,131
	Freight		338,578		291,997
	Advertisement and Sales Promotion		181,058		145,299
	Communication Expenses		59,290		53,227
	Printing & Stationery		35,953		39,157
	Legal and Professional Expenses		85,765		60,656
	Loss on disposal/discard of Fixed Assets (net off of gain of Rs. 3,339 thousands (Previous Year Rs. 7,333))		3,054		2,880
	Bad Debts Written off		—		4,644
	Provision for Doubtful Debts, Loans, Advances, etc		4,693		19,556
	Technical Collaboration Fee		148,703		132,592
	Miscellaneous Expenses (Refer Note No. 4 of Schedule 21)		176,452		155,882
			4,942,517		4,426,088
19	**DEPRECIATION**				
	Depreciation for the year	337,725		293,833	
	Less: Transfer from Revaluation Reserve	12,621	`325,104	14,599	279,234
			325,104		279,234
20	**FINANCIAL EXPENSES**				
	Interest –				
	– on Cash Credit Accounts/ Working Capital Demand Loan	2,547		36,086	
	– on Deposits from Agents and Franchisees	5,256		4,127	
	– Others	335	8,138	506	40,719
	Bank Charges		68,247		56,262
			76,385		96,981

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 through its retail and wholesale network.

b. Basis of Accounting

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

c. Use of estimates

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

d. Investments

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

e. Fixed Assets

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

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.

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 using a pre tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

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

h. Inventories

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

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

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

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. **Export Benefits:**

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

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

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.

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.

l. Borrowing Cost

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

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 Footwear & Accessories and Investment in Joint Venture for Surplus Property Development.

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

Secondary Segment

Geographical Segment:

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

The geographical segments considered for disclosure are as follows:

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

(ii) Allocation of Common Costs:

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

(iii) Unallocated Items :

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

(iv) Segment Policies

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

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.

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.

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

ii. The Provident Fund (where administered by a Trust) is a defined benefit scheme where by the Company deposits as amount determine as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. 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 is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

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

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

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.

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 and short-term investments with an original maturity of three months or less.

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

	31.12.2010		31.12.2009	
	Rs. '000s	**Rs. '000s**	Rs. '000s	Rs. '000s
Managing & Wholetime Directors :				
Salary	**23,621**		23,946	
Commission	**15,600**		1,380	
Provident Fund Contribution, Pension & Accident Insurance Premium	**6,092**		3,986	
Value of other Perquisites	**3,983**		2,679	
Home Leave Travel	**276**	**49,571**	276	32,267
Non-Executive Directors :				
Commission		**4,575**		2,201
Fees		**580**		1,180
		54,726		35,648

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

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

	31.12.2010 Rs. '000s	31.12.2009 Rs. '000s
Net Profit Before Tax	**1,429,972**	1,002,634
Add:-		
Provision for Doubtful Debts & Advances	**4,693**	19,556
Payment under Voluntary Retirement Scheme	**24,665**	75,843
Less:-		
Bad debts Written Off	**57,288**	62,306
Net Profit as per Section 349 of the Companies Act, 1956	**1,402,042**	1,035,727
Add: Managerial Remuneration		
Remuneration & Estimated value of other benefits	**49,571**	32,267
Fees	**580**	1,180
Commission	**4,575**	2,201
Net Profit for the purpose of Director's remuneration as per Section 198	**1,456,768**	1,071,375

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

3. While retaining the legal title over the land at Batanagar Project and shares in the Joint Venture Company, Riverbank Developers Private Limited (RDPL), Bata India Limited has restructured its agreements with revised terms and conditions for the development of the modern integrated township project at Batanagar. In consideration of the restructured agreement, the Company shall receive an aggregate amount of Rs.1,000,000 thousands for future transfer of shares in the JV Company and variation of the development rights. The Company had already received Rs.700,000 thousand for variation of Development right and Rs.100,000 thousand for future transfer of Shares in JV Company. In addition, the Company will also receive 640,000 sq feet of constructed space free of cost in the project over a defined period of time. These agreements have been entered on 28th April 2010.

Since conditions precedent to recognizing sale of investment and variation of rights in the joint development agreement have not crystallized till the year end, hence the Company has not recognized any gains on account of these new agreements.

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

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

Particulars	2010 Rs. '000s	2009 Rs. '000s
As Auditors	**4,250**	4,250
As Advisor – Taxation Matter	**—**	—
Other Capacity		
– Group reporting	**1,700**	1,700
– Certification Fee	**615**	1,005
Reimbursement of out of Pocket Expenses	**765**	635

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

(b) During the year, the Company has mortgaged its investment in immovable property to a body corporate for disbursement of term loan and non fund based limit in favour of the Joint Venture Company.

6. Leases

Assets Taken on Operating Lease

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

b) The aggregate lease rentals 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	1,878.46 @ Rs. 45.28	1,081.24 @ Rs. 47.12	85,057	50,948
	EURO	0.21 @ Rs. 60.45	77.20@ Rs. 67.97	13	5,247
Advance for Import	USD	12.19 @ Rs. 44.37	—	541	—
	EURO	0.83 @ Rs. 58.79	1.39 @ Rs. 66.20	49	92
	GBP	0.46 @ Rs. 68.33	—	32	—
Debtors	USD	118.49 @ Rs. 44.37	35.54@ Rs. 46.21	5,256	1,642
	EURO	—	73.20 @ Rs. 66.20	—	4,846

8. Expenditure Incurred on Voluntary Retirement Scheme

During the year, the Company has incurred Rs.9,270 thousands (Previous Year: Rs. 14,605 thousands) on account of voluntary retirement schemes introduced at its Mokamehghat, Batagunj and Faridabad units and are grouped under Salaries, Wages and Bonus in Schedule 18.

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))	This Year	—	—	—	—	**16,785**	**2,720**	—	—	—	—	**16,785**	**2,720**
	Previous Year	—	—	—	—	11,549	4,991	—	—	—	—	11,549	4,991
Advance Recoverable (Refer 9B(vi)A)	This Year	—	—	**514**	**1,868**	—	—	—	—	—	—	**514**	**1,868**
	Previous Year	—	—	1,112	2,361	—	—	—	—	—	—	1,112	2,361
Rent Expenses (Refer 9B(vi)B)	This Year	—	—	**1,674**	—	—	—	—	—	—	—	**1,674**	—
	Previous Year	—	—	1,674	—	—	—	—	—	—	—	1,674	—
Reimbursement of Expenses to (Refer 9B(ii), 9B(vi)C)	This Year	—	—	**34**	—	**4,636**	**1,241**	—	—	—	—	**4,670**	**1,241**
	Previous Year	—	—	54	—	2,336	162	—	—	—	—	2,390	162
Reimbursement of Expenses from (Refer 9B(iii), 9B(v)A)	This Year	—	—	—	—	**12,285**	**3,676**	**23,082**	**8,617**	—	—	**35,367**	**12,293**
	Previous Year	—	—	—	—	8,242	2,623	19,714	—	—	—	27,956	2,623
Technical Fee Refer 9B (iv)	This Year	—	—	—	—	**135,000**	**27,000**	—	—	—	—	**135,000**	**27,000**
	Previous Year	—	—	—	—	120,000	27,000	—	—	—	—	120,000	27,000
Remuneration (Refer 9B(vii))	This Year	—	—	—	—	—	—	—	—	**49,571**	—	**49,571**	—
	Previous Year	—	—	—	—	—	—	—	—	32,267	—	32,267	—
Dividend Paid (Refer 9B(viii))	This Year	**98,355**	—	—	—	—	—	—	—	—	—	**98,355**	—
	Previous Year	81,963	—	—	—	—	—	—	—	—	—	81,963	—
Advances for Restructuring of Development Agreement (Refer 9B(v) (C))	This Year	—	—	—	—	—	—	**700,000**	**700,000**	—	—	**700,000**	**700,000**
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage of Immovable Property (Refer 9B(v)(D))	This Year	—	—	—	—	—	—	**1,740,000**	**1,740,000**	—	—	**1,740,000**	**1,740,000**
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—

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)
PT Sepatu Bata Tbk	**2010**	**—**	**—**
	2009	2,954	—
Bata SA SOC Spain	**2010**	**—**	**—**
	2009	5,112	4,867
Manufactura Boliviana S.A.	**2010**	**—**	**—**
	2009	2,586	—
Bata Shoe Co. (Bangladesh) Ltd.	**2010**	**10,965**	**—**
	2009	—	—
Bata Shoe Co. of Ceylon Ltd.	**2010**	**4,534**	**2,150**
	2009	—	—

ii. 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.	**2010**	**538**	**—**
	2009	496	—
Bata Limited	**2010**	**—**	**—**
	2009	819	—
Bata Malaysia SDN. BHD.	**2010**	**1,075**	**94**
	2009	810	162
Compass Limited	**2010**	**497**	**—**
	2009	—	—
P. T. Sepatu Bata TbK	**2010**	**1,608**	**1,134**
	2009	—	—

iii. 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.	**2010**	**5,899**	**1,396**
	2009	3,199	916
Compar S.P.A.	**2010**	**1,131**	**—**
	2009	4,274	1,248
Shoe Innovation Centre Europe Srl	**2010**	**4,165**	**1,249**
	2009	—	—

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

iv. 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 Pte Ltd.	**2010**	**135,000**	**27,000**
	2009	120,000	27,000

v. Transaction with Joint Venture Company:

Details of transaction with Joint Venture Company

A. Reimbursement of Expenses:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2010**	**23,082**	**8,617**
	2009	19,714	—

B. Future Land Obligations pertaining to Employee Housing to be fulfilled by the JV Company:

Name of the Party	Year	Future Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2010**	**650,000**	**—**
	2009	650,000	—

The JV Company will also fulfil the obligation of development of 56 acres (Previous Year: 88 acres) of land for social and economic purposes as per the conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time.

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

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2010**	**700,000**	**700,000**
	2009	—	—

D. Mortgage of Immovable Property :

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Riverbank Developers Private Limited	**2010**	**1,740,000**	**1,740,000**
	2009	—	—

During the year, the Company has mortgaged its investment in immovable property to a body corporate for disbursement of term loan and non fund based limit in favor of the Joint Venture Company.

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

vi. Transaction with Subsidiaries :

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

A. Advance Recoverable :

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	**2010** 2009	**251** 780	**—** —
Coastal Commercial & Exim Ltd.	**2010** 2009	**263** 332	**1,868** 2,361

B. Rent Expenses:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	**2010** 2009	**834** 834	**—** —
Coastal Commercial & Exim Ltd.	**2010** 2009	**840** 840	**—** —

C. Reimbursement of Expenses to:

Name of the Party	Year	Transaction Value (Rs.'000s)	Outstanding Balance (Rs.'000s)
Bata Properties Ltd.	**2010** 2009	**34** 54	**—** —

vii. Remuneration to Directors * :

Name of the Director	Year	Transaction Value (Rs.'000s)
Shaibal Sinha (upto 07.09.2010)	**2010** 2009	**17,642** 11,934
Marcelo Villagran	**2010** 2009	**29,718** 20,333
Fadzilah Mohd. Hussein (w.e.f. 01.10.2010)	**2010** 2009	**2,211** —

* 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.

viii. Transaction with Holding Company :

Dividend Payment :

Name of the Party	Year	Transaction Value (Rs.'000s)
BATA (BN) B.V. The Netherlands, Amsterdam	**2010** 2009	**98,355** 81,963

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

9. C. Related Party Disclosure

I. Where Control Exists :

Nature of relationship		**Name**
A. Holding Company	:	BATA (BN) B.V. The Netherlands, Amsterdam
B. Jointly Control Entity	:	Riverbank Developers Private Limited
C. Subsidiaries	:	Bata Properties Ltd. and Coastal Commercial & Exim Limited

II. Where Control Does Not Exists :

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

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

Company Name	**Company Name**
Compar S.P.A.	Bata Industrial Europe
Bata Shoe Singapore Pte. Ltd.	Compass Limited
Global Footwear Services Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Bata Malaysia SDN. BHD.	Bata Shoe Co. of Ceylon Ltd.
P.T. Sepatu Bata Tbk	Shoe Innovation Centre Europe Srl
Bala Limited	Bata Shoe of Thailand Public
Bata Brands S.A.R.L.	Bata Chile S.A.

10. Earnings Per Share (EPS)

	31.12.10	31.12.09
Profit / (Loss) as per Profit & Loss Account (Rs.'000s)	953,520	672,272
Weighted Average Number of Equity Shares (in thousands)	64,264	64,264
Basic and Diluted Earning per Share (Rs.)	14.84	10.46
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	
	2010	2009	2010	2009	2010	2009
REVENUE						
External Turnover	12,581,943	10,916,517	—	—	12,581,943	10,916,517
Other income*	91,978	62,623	—	—	91,978	62,623
RESULT	1,402,531	1,041,271	—	—	1,402,531	1,041,271
Unallocated Corporate Expenses					(24,972)	(19,523)
Operating Profit					1,377,559	1,021,748
Interest Expenses					(8,138)	(40,719)
Interest Income					60,551	21,605
Income Taxes					(476,452)	(330,362)
Net Profit					953,520	672,272
OTHER INFORMATION						
Segment assets	6,948,692	5,496,304	132,582	123,965	7,081,274	5,620,269
Unallocated corporate assets					1,029,684	523,163
Total assets					8,110,958	6,143,432
Segment liabilities	3,337,426	2,245,660	—	—	3,337,426	2,245,660
Unallocated corporate liabilities					791,166	570,200
Total liabilities					4,128,592	2,815,860
Capital expenditure	580,419	436,082	—	—	580,419	436,082
Depreciation	325,104	279,234	—	—	325,104	279,234
Amortisation	—	—			—	—
Non-cash expenses other than depreciation and amortisation	4,693	19,556	—	—	4,693	19,556

* Other income as reported does not include the interest income amounting to Rs.60,551 thousands (Previous Year Rs. 21,605 thousands)

B INFORMATION ABOUT SECONDARY SEGMENTS

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

Particulars	Revenue		Sundry Debtor	
	2010	2009	2010	2009
India	12,464,271	10,838,845	296,768	245,307
Outside India	117,672	77,672	5,256	6,488
Total	12,581,943	10,916,517	302,024	251,795

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

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

12. Contingent Liabilities not provided for in respect of:

- Claims against Company not acknowledged as debts includes

Nature	2010 (Rs.000s)	2009 (Rs.000s)
Excise and Customs Cases	163,220	190,140
Sales Tax Cases	34,200	34,200
Others*	217,790	174,798
Income Tax Cases**	230,552	—
Total	**645,762**	**399,138**

* Others include individually small cases pertaining to rent labour etc

** During the assessment proceedings, the assessing Officer has revised the computation of Capital Gains on "Transfer of Development Rights to RHPL" in the year 2007 by treating it as Short Term instead of the Long Term and thus raised a demand of Rs. 230,552 thousands on the Company. However as per the Joint Development Agreement entered in December 2006, liability of Income Tax on such transfer, if any, will be borne by JV Company.

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

- Future obligations imposed by the Govt of West Bengal in respect of property project are Rs.731,802 thousands (Previous Year Rs. 739,985 thousands).

  The JV company will fulfil the obligation of development of 56 acres (Previous Year: 88 acres) of land for social and economic purposes as per conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time.

13. Interest received (Schedule 16) includes:

Particulars	2010 (Rs.000s)	2009 (Rs.000s)
From Banks on Fixed Deposits (Includes TDS of Rs. 5,960 thousands (Previous Year: 4,486 thousands))	58,286	18,412
From Others on Security Deposits (Includes TDS of Rs. Nil (Previous Year: Nil))	2,265	3,193
Total	**60,551**	**21,605**

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. 79,555 thousands (Previous Year: Rs. 109,176 thousands).

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

Particulars	2010 (Rs.000s)	2009 (Rs.000s)
Opening balance	16,970	14,097
Additions	61,728	47,326
Utilisation	49,904	35,453
Reversals	6,906	9,000
Closing balance	21,888	16,970

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

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

For the year ended 31st December, 2010	ESI	Labour Case, House Tax and Other Civil Cases [Refer Note (i) below]	TOTAL
Opening balance as on 1st January 2010	1,274	11,787	13,061
Additions	—	1,913	1,913
Reversals	—	—	—
Closing balance as on 31st December 2010	1,274	13,700	14,974

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	
	2010 (Rs.'000s)	2009 (Rs.'000s)
Current service cost	16,359	18,777
Interest cost on benefit obligation	23,714	23,951
Expected return on plan assets	(28,960)	(27,751)
Past Service Cost	12,000	—
Net actuarial(gain) / loss recognised in the year	53,534	16,660
Net benefit expense	76,647	31,637
Actual return on plan assets	23,980	17,806

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2010 (Rs.'000s)	2009 (Rs.'000s)
Defined benefit obligation	346,551	346,937
Fair value of plan assets	352,181	353,210
	5,630	6,273
Plan asset / (liability)	5,630	6,273

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

	Gratuity	
	2010 (Rs.'000s)	2009 (Rs.'000s)
Opening defined benefit obligation	346,937	386,830
Interest cost	23,714	23,951
Current service cost	16,359	18,777
Benefits paid	(101,013)	(89,336)
Plan Amendments	12,000	—
Actuarial (gains) / losses on obligation	48,554	6,715
Closing defined benefit obligation	346,551	346,937

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

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

	Gratuity	
	2010 (Rs.'000s)	2009 (Rs.'000s)
Opening fair value of plan assets	353,210	317,570
Expected return	28,960	27,751
Contributions by employer	76,004	107,170
Benefits paid	(101,013)	(89,336)
Actuarial gains / (losses)	(4,980)	(9,945)
Closing fair value of plan assets	352,181	353,210

The Defined benefit obligation amounting to Rs. 346,551 thousands is funded by assets amounting to Rs.352,181 thousands and company has contributed Rs. 5,630 thousands excess during the year 2010. The Company expects to contribute Rs. 60,000 thousands during the year 2011.

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

	Gratuity	
	2010	2009
	%	%
Investments	100.00	100.00
– With Insurer	46.22	42.65
– With Government securities and Bonds	4.12	5.91
– With Special deposit scheme	49.66	51.44

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

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

	2010	2009
	%	%
Discount rate	8.25	8.00
Expected rate of return on assets	8.50	9.50
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.)*

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

(Amount in Rs. '000s)

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

(Amount in Rs. '000s)

Contribution to Defined Contribution Plans:	**2010**	**2009**
Pension fund	2,311	2,375

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-10	31-Dec-09
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	160,113	131,589
Provision for doubtful debts advances etc.	15,089	33,317
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	114,024	76,168
Effect of income not credited to profit and loss account in the current year but considered for tax purposes	21,774	—
Gross Deferred Tax Assets	311,000	241,074
Less : Opening Deferred Tax Asset	241,074	174,713
Deferred Tax Charge/(Credit) for the year recognised in Profit and Loss Account	(69,926)	(66,361)

19. Manufacturing, Distribution, Selling and Administration expenses (Schedule 18) include Research & Development Expenses of Rs. 49,257 thousands (Previous Year: Rs. 33,877 thousands).

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

Name of the Company:-	Riverbank Developers Private Limited
Nature:-	Jointly Controlled Entity
Nature of Business:-	Development of Real Estate
Country of Incorporation:-	India
(%) of Holding as on December 31, 2010 :-	50

Details of Interest in Joint Venture are as follows:

(Amount in Rs. '000s)

Particulars	**2010**	**2009**
Fixed Assets (Gross Block, including Capital work in progress)	107,131	95,090
Fixed Assets (Accumulated Depreciation)	57,534	35,944
Investments	1,250	33,750
Inventories	5,258	15,393
Project Work in Progress	1,486,059	765,289
Current Assets	37,978	14,916
Secured Loans	590,000	—
Unsecured Loans	43,000	50,000
Current Liabilities	1,128,528	947,305
Revenue	183,979	21,152
Expenses	256,553	80,369
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, 2010, which is not ascertainable.

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

During the previous 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. 188,945 thousands (Previous Year: Rs. 209,365 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. (6,094) thousands [Previous Year: Rs. 42,991 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	2010 (Rs.'000s)	2009 (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	53,918	36,068
	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	418,976	369,937
	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

		2010			2009		
		Installed Capacity	Licenced Capacity	Actual Production	Installed Capacity	Licenced Capacity	Actual Production
		in '000s		in '000s	in '000s		in '000s
Rubber & Canvas Footwear	Pairs	42,500	N.A	8,040	42,500	N.A	12,598
Leather & Other Footwear	Pairs	20,256	N.A	14,384	20,256	N.A	13,549
Finished Leather from Hides	Pieces	1,596	N.A	129*	1,596	N.A	184

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

23. NOTES TO THE FINANCIAL STATEMENT *(Contd.)*

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

	OPENING STOCK				CLOSING STOCK				PURCHASES				TURNOVER *			
	2010		2009		**2010**		2009		**2010**		2009		**2010**		2009	
	Pairs (in '000s)	**Value (Rs.'000s)**	Pairs (in '000s)	Value (Rs.'000s)	**Pairs (in '000s)**	**Value (Rs.'000s)**	Pairs (in '000s)	Value (Rs.'000s)	**Pairs (in '000s)**	**Value (Rs.'000s)**	Pairs (in '000s)	Value (Rs.'000s)	**Pairs (in '000s)**	**Value (Rs.'000s)**	Pairs (in '000s)	Value (Rs.'000s)
Rubber/Canvas Footwear	**5,053**	**534,549**	4,875	552,651	**5,028**	**646,695**	5,053	534,549	**7,706**	**828,521**	4,202	361,691	**15,771**	**2,405,551**	16,622	2,299,638
Leather & Leather look alike Footwear	**8,005**	**1,726,355**	8,155	1,809,648	**7,516**	**1,781,436**	8,005	1,726,355	**8,822**	**2,222,530**	5,892	1,570,101	**23,695**	**8,933,371**	19,591	7,485,964
Plastic Footwear	**2,366**	**138,304**	2,281	146,051	**2,151**	**145,907**	2,366	138,304	**8,582**	**601,695**	9,403	592,901	**8,797**	**1,022,890**	9,318	1,003,841
Accessories, Garments and others		**48,914**		41,163		**85,199**		48,914		**197,109**		167,501		**393,347**		312,819
		2,448,122		2,549,513		**2,659,237**		2,448,122		**3,849,855**		2,692,194		**12,755,159**		11,102,262

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

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

	31.12.2010 (Rs. '000s)	31.12.2009 (Rs. '000s)
(c) Value of Imports on CIF basis (on accrual basis)		
Raw Materials	**43,782**	30,961
Stores & Spare Parts	**1,859**	910
Capital Goods	**29,918**	29,000
Finished Goods	**670,742**	536,094
	746,301	596,965

(d) Consumption of Raw Materials	Unit	31.12.2010		31.12.2009	
		Quantity (in '000s)	**Value (Rs.'000s)**	Quantity (in '000s)	Value (Rs.'000s)
Raw Hides	**Kg**	**1,279**	**42,689**	1,279	42,674
Leather	**Kvt**	**6,293**	**413,327**	6,270	411,501
Rubber	**Kg**	**1,833**	**240,094**	1,934	190,156
Textiles	**Msq**	**4,964**	**158,006**	4,274	131,797
Chemical	**Kg**	**4,224**	**480,079**	4,459	470,470
Packaging			**176,761**		176,840
Other Materials			**595,718**		715,077
			2,106,674		2,138,515

(e) Consumption of Raw Materials	31.12.2010		31.12.2009	
	(Rs.'000s)	**% of total Consumption**	(Rs.'000s)	% of total Consumption
Imported	**48,490**	**2**	41,894	2
Indigenous	**2,058,184**	**98**	2,096,621	98
	2,106,674	**100**	2,138,515	100

(f) Consumption of Stores and Spare Parts	31.12.2010		31.12.2009	
	(Rs.'000s)	**% of total Consumption**	(Rs.'000s)	% of total Consumption
Imported	**3,140**	**11**	1,583	7
Indigenous	**26,040**	**89**	21,986	93
	29,180	**100**	23,569	100

(g) Foreign Currency Income & Expenditure	31.12.2010		31.12.2009	
	(Rs.'000s)	**(Rs.'000s)**	(Rs.'000s)	(Rs.'000s)
Income Exports (F.O.B. value) (on accrual basis)		**117,672**		77,672
Expenditure (on payment basis):				
Royalty	**31,745**		24,157	
Technical Collaboration Fees	**111,375**		101,250	
Others	**23,298**	**166,418**	12,827	138,234

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

(h)	**Remittance in foreign currency on account of dividend**	**31.12.2010**	31.12.2009
	Dividend on Equity Shares* (Rs. in thousands)	**98,355**	81,963
	Number of Non-resident Equity Shareholders	**1**	1
	Number of Equity Shares held by them on which dividend is paid during the year	**32,785,000**	32,785,000

* Dividend of Rs. 98,355 thousands pertains to year 2009 (2008 : Rs. 81,963 thousands).

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

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

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

Bata

1.	Name of the Subsidiary Company	:	BATA PROPERTIES LIMITED
2.	Financial year of the Subsidiary Company ended on	:	December 31, 2010
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. 860 thousand
	ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	Rs. (19,102) thousand

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

Gurgaon, February 23, 2011

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, 2010
3.	Extent of interest in Subsidiary Company	:	100%
4.	Net aggregate amount of the profits of the Subsidiary Company as far as it concerns the members of the Company.		
	a) Dealt with in the Company's accounts		
	i) for the financial year of the Subsidiary	:	NIL
	ii) for the previous financial years of the Subsidiary since it became the Subsdiary of the Company	:	NIL
	b) Not dealt with in the Company's accounts		
	i) for the financial year of the Subsidiary	:	Rs. 218 thousand
	ii) for the previous financial years of the Subsidiary since it became the Subsidiary of the Company	:	Rs. (880) thousand

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

Gurgaon, February 23, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

		31.12.2010		31.12.2009	
		Rs.'000s	**Rs.'000s**	Rs.'000s	Rs.'000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax		**1,429,972**		1,002,634
	Adjustment for :				
	Depreciation	**325,104**		279,234	
	Provision for Doubtful Debts & Advances	**4,693**		19,556	
	Liabilities no longer required written back	**(3,698)**		(8,164)	
	Lease rent straight lining	**115,839**		111,773	
	Miscellaneous Expenditure written off - VRS Expenses	**15,310**		61,238	
	(Gain)/ Loss on Disposal of Fixed Assets (Net)	**3,054**		2,880	
	Interest Income	**(60,551)**		(21,605)	
	(Gain) / Loss on Foreign Exchange (Net)	**647**	**400,398**	109	445,021
			1,830,370		1,447,655
	Add: Interest Expense		**8,138**		40,719
	Operating Profit before Working Capital changes		**1,838,508**		1,488,374
	(Increase)/Decrease in Inventories	**(219,031)**		147,691	
	(Increase)/Decrease in Sundry Debtors	**(50,170)**		7,080	
	(Increase)/Decrease Loans and Advances	**(177,586)**		(24,274)	
	Increase/(Decrease) in Current Liabilities & Provisions	**290,080**	**(156,707)**	(173,010)	(42,513)
	Cash Generated from operations		**1,681,801**		1,445,861
	Add/(Less): Refund/(Payment) of Tax (Net)		**(853,235)**		(343,193)
	Net Cash Flow from operating activities		**828,566**		1,102,668
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(580,419)**		(436,083)	
	Proceeds from Sale of Fixed Assets	**12,009**		8,176	
	Fixed Deposits with Scheduled Banks	**(811,575)**		(208,075)	
	Advance for Restructuring of Agreements	**800,000**		—	
	Interest Received	**47,363**		20,059	
	Net Cash used in investing activities		**(532,622)**		(615,923)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010 *(Contd.)*

		31.12.2010		31.12.2009	
		Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Dividend Paid	**(191,706)**		(160,068)	
	Increase/(Decrease) in Working Capital Demand Loan & Cash Credit	**(146,532)**		(212,557)	
	Payment of interest	**(9,436)**		(44,405)	
	Receipts of deposits from Agents and Franchisees	**33,786**		16,741	
	Net Cash used from Financing activities		**(313,888)**		(400,289)
	Net increase in Cash and Cash equivalent		**(17,944)**		86,456
	Add: Cash and Cash equivalent as at beginning of the year		**174,439**		87,983
	Cash and Cash equivalent as at end of the year		**156,495**		174,439
	Cash and Cash equivalent as at end of the year includes				
	Cash on hand		**17,962**		15,127
	Balances with Scheduled Banks				
	– On Current Accounts*		**137,623**		158,365
	– On Term Deposit		**1,199,225**		387,650
	Balances with Other Bank				
	– On current Account		**910**		947
			1,355,720		562,089
	Less: Deposits pledged with Banks		**(14,575)**		(14,575)
	Less: Deposits having maturity period more than 3 months		**(1,184,650)**		(373,075)
			156,495		174,439

* Includes Rs. 4,461 thousands (Previous Year Rs. 3,885 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.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

Bata

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

I. Registration Details

Registration No.	7261	State Code	21
Balance Sheet Date	31 12 10 (Date Month Year)		

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

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

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

Total Liabilities	8110958	Total Assets	8110958
Sources of Funds			
Paid-up Capital	642638	Reserves & Surplus	3339728
Secured Loans	NIL	Unsecured Loans	137743
Application of Funds			
Net Fixed Assets	1534394	Investments	172483
Net Current Assets	2102232	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover*	12734472	Total Expenditure	11304500
Profit Before Tax (+ for Profit,- for loss)	(+) 1429972	Profit After Tax	(+) 953520
Earnings Per Share (Rs.)	(+) 14.84	Dividend Rate %	040

* Representing Net Revenue including Other Income

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

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

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

Gurgaon, February 23, 2011

MOVEMENT OF BATA INDIA LIMITED SHARE PRICES

YEAR	HIGH	LOW
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
2010	391.90	171.00

BATA PROPERTIES LIMITED

Board of Directors
M Villagran
Fadzilah M Hussein
R K Gupta
A B Anand

Auditors
S. V. Ghatalia & Associates
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.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with Audited Accounts of the Company for the year ended December 31, 2010.

Financial Results		**Rs. '000s**
Net Profit/(loss) before tax for the year	Rs.	1,220
Less: Provision for Taxation	Rs.	360
Net Profit/(loss) after tax for the year	Rs.	860
Add: Profit/(loss) brought forward from previous year	Rs.	(19,102)
Profit/(loss) carried to Balance Sheet	Rs.	(18,242)

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 and accumulated loss, your Directors do not recommend any dividend for the year under review.

Directors:

Mr. Fadzilah Mohd. Hussein was appointed as an Additional Director on the Board of Directors of the Company with effect from July 29, 2010. The Company has received a notice in writing from a Member of the Company in terms of Section 257 of the Companies Act, 1956 together with requisite deposits, signifying his intention to propose the appointment of Mr. Fadzilah Mohd. Hussein at the forthcoming Annual General Meeting, as a Director of the Company liable to retire by rotation.

Mr. Shaibal Sinha resigned from the Board of Directors of the Company with effect from September 07, 2010. The Board places on record their sincere appreciation for the valuable services rendered by Mr. Shaibal Sinha during his tenure as a Director on the Board.

Mr. A B Anand retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Auditors:

Messrs S V Ghatalia & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible, have expressed their willingness to be re-appointed.

Response to the comments/observations made by the Statutory Auditors in their Report to the Members:

Auditor's Report read together with Annexure 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.

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

A) **Conservation of energy:**

The Company has no factory/manufacturing unit hence provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

B) **Technology Absorption:**

The Company is engaged in the business of lease of property, hence provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

C) **Foreign Exchange earnings and outgo:**

The Company does not cater to export markets and hence, there was no foreign exchange earnings and outgo during the year under review.

Particulars of Employees:

During the year under review, the Company had no employee drawing remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Deposits:

The Company has not accepted any deposit from public under Section 58A of the Companies Act, 1956 and the Rules framed thereunder, during the year under review.

Compliance certificate under Section 383A of the Companies Act, 1956:

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

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 had been followed along with proper explanations relating to material departures, if any;

ii) 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 of the Company for that period;

iii) 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;

iv) that the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Gurgaon	**FADZILAH MOHD. HUSSEIN**	**R K GUPTA**
February 23, 2011	Director	Director

CIN- U70101WB1987PLC042839
Authorised Capital Rs. 10 Crores
Paid up Capital Rs. 4,85,10,000
Date of AGM – 28.06.2011
(Accounting Year-01.01.2010 to 31.12.2010)

FORM

(See Rule 3)

COMPLIANCE CERTIFICATE

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

We have examined the registers, records, books and papers of M/s 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, 2010. 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 with payment of requisite fees for filing the documents.
3. The Company being a public limited company, Clause No. 3 is not applicable.
4. The Board of Directors met 5 times on 24.02.2010, 29.04.2010, 29.07.2010, 05.08.2010 and 27.10.2010 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 31.12.2009 was held on 27.05.2010 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. However, during the financial year, no such entry was required to be entered in the register under Section 301 of the Act, as per records of the Company.
11. We have been informed that no approval was required under Section 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 :
    - (i) delivers certificates on lodgement thereof for transfer/transmission etc; in accordance with the provisions of the Act as and when it receives the same;
    - (ii) & (iii) has not declared dividend for the financial year ended 31.12.2009;
    - (iv) has no amount lying in the unpaid/unclaimed dividend account as informed to us by the Management; and
    - (v) has 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 issued, subscribed & paid-up 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.
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. However, no such transaction has taken place during the financial year.

26 to 29 The Company, during the financial year, has not altered the provisions of the Memorandum with respect to:

(a) situation of registered office of the Company
(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, the company had received a default notice from the Office of The Registrar of Companies, West Bengal vide letter dated 22.06.2010 u/s 159/166/210 and 220 of the Act and the company duly replied by its letter dated 16.07.2010,giving proof of filing of all the relevant documents. Subsequently, the Office of The Registrar of Companies conveyed by their letter dated 23.07.2010 that the compliance on the part of the company was in order.
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 test-check 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 : 23.02.2011

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, 2010: -

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 31.12.2009	09.06.2010
2.	Form 23AC & 23ACA	220	Form for filing of Balance Sheet and Profit & Loss Account for the financial year ended on 31.12.2009	16.06.2010
3.	Form 20B	159	Form for filing of Annual Return made upto 27.05.2010	19.07.2010
4	Form 32	203(2)	Cessation of Mr. Shaibal Sinha from Directorship w.e.f. 07.09.2010	10.09.2010
5	Form 32	303(2)	Appointment of Mr. Fadzilah Mohd. Hussein as Additional Director w.e.f. 29.07.2010	10.09.2010

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 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, 2010;

      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. V. GHATALIA & ASSOCIATES
Firm Registration Number: 103162W
Chartered Accountants

per **VISHAL SHARMA**
Partner
Membership No.: 96766

Place: Gurgaon
Date: February 23, 2011

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) All fixed assets have been physically verified by the management during the year. As informed, 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) ("hereinafter referred to as the Order") 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 Order, are not applicable.

(e) 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 Order, 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. 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, 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 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 Order, 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 not less than fifty per cent of its net worth and it has not incurred cash losses 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 Order, 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 Order, are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on the documents and records produced to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.

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

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

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

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

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

(xx) The Company has not raised any money 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.

For S. V. GHATALIA & ASSOCIATES
Firm Registration Number: 103162W
Chartered Accountants

per **VISHAL SHARMA**
Partner
Membership No.: 96766

Place: Gurgaon
Date :February 23, 2011

BATA PROPERTIES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2010

	Schedule No.	31.12.2010 Rs. '000s	31.12.2009 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	3		
Gross Block		**21,766**	21,766
Less : Accumulated Depreciation		**1,777**	1,615
Net Block		**19,989**	20,151
INVESTMENTS	4	**500**	500
CURRENT ASSETS, LOANS & ADVANCES			
Bank Balances	5a	**9,190**	8,707
Loans and Advances	5b	**2,527**	1,573
		11,717	10,280
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6a	**33**	35
Provisions	6b	**1,903**	1,486
		1,936	1,521
NET CURRENT ASSETS		**9,781**	8,759
Debit Balance of Profit & Loss Account		**18,242**	19,102
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. V. GHATALIA & ASSOCIATES
Firm Registration No. 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Schedule No.	31.12.2010	31.12.2009
		Rs. '000s	Rs. '000s
INCOME			
Rental Income		**834**	834
Other Income	7	**600**	803
		1,434	1,637
EXPENDITURE			
Legal & Professional Charges		**49**	36
Rates & Taxes	3	**3**	7
Depreciation		**162**	162
		214	205
PROFIT/ (LOSS) BEFORE TAXATION		**1,220**	1,432
Provision for Taxation		**364**	429
Tax for Earlier Years		**(4)**	389
PROFIT/ (LOSS) AFTER TAXATION		**860**	614
Balance of (Loss) / Profit Brought Forward from Previous Year		**(19,102)**	(19,716)
PROFIT/ (LOSS) CARRIED FORWARD		**(18,242)**	(19,102)
Earning / (Loss) Per Share (Basic & Diluted) Rs.		**0.18**	0.13
[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. V. GHATALIA & ASSOCIATES
Firm Registration No. 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

				As at 31.12.2010		As at 31.12.2009	
				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	
Particulars	**As at 01.01.2010**	**Additions**	**Deductions**	**As at 31.12.2010**	**As at 01.01.2010**	**For The Year**	**Deductions**	**As at 31.12.2010**	**As at 31.12.2010**	As at 31.12.2009
Land	**11,817**	—	—	**11,817**	—	—	—	—	**11,817**	11,817
Building	**9,949**	—	—	**9,949**	1,615	162	—	**1,777**	**8,172**	8,334
Total	**21,766**	—	—	**21,766**	**1,615**	**162**	—	**1,777**	**19,989**	20,151
Previous Year	21,766	—	—	21,766	1,453	162	—	1,615	20,151	20,313

BATA PROPERTIES LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31.12.2010 Rs. '000s	As at 31.12.2010 Rs. '000s	As at 31.12.2009 Rs. '000s	As at 31.12.2009 Rs. '000s
4 INVESTMENTS				
Long Term Investments (at cost)		**500**		500
Unquoted shares in wholly owned subsidiary:				
50,000 [Previous year: 50,000] Shares of Rs.10 each in Coastal Commercial & Exim Limited				
		500		500
5 CURRENT ASSETS, LOANS & ADVANCES				
a) Bank Balances				
Balances with scheduled Banks on:				
Current Accounts	**488**		5	
Term Deposits	**8,702**	**9,190**	8,702	8,707
		9,190		8,707
b) Loans & Advances (Unsecured Considered Good)				
Advances recoverable in cash or in kind or for value to be received	**46**		46	
Accrued Interest	**545**		8	
Advance Tax (including tax deducted at source and refund receivable)	**1,936**	**2,527**	1,519	1,573
		2,527		1,573
6 CURRENT LIABILITIES & PROVISIONS				
a) Sundry Creditors *		**33**		35
b) Provisions for Taxation		**1,903**		1,486
		1,936		1,521
7 OTHER INCOME				
a) Interest from Bank (gross) [Tax deducted at source Rs. 60 thousands (Previous Year Rs. 103 thousands)]	**596**		803	
Liability no longer required written back	**4**	**600**	—	803
		600		803

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

* The Company does not have any outstanding balance payable to Investor Education and Protection Fund.

SCHEDULES TO THE FINANCIAL STATEMENTS

8 NOTES TO ACCOUNTS

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 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 Accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. 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 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. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes 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 as per the useful lives of the assets estimated by the management, which are 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 (after deducting attributable taxes) 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 lessor

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.

SCHEDULES TO THE FINANCIAL STATEMENTS

(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) Income Taxes

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets 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.

(l) Cash and Cash equivalents

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

2 The provision for Income tax for the current accounting year ended 31st December, 2010 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 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 2010 are Rs. 662 thousands. The above diminution, being temporary in nature, is not required to be recognised in the financial statements.

4 **Earnings Per Share (EPS)**

	31.12.2010	**31.12.2009**
Profit/(Loss) as per Profit & Loss A/c (Rs. '000s)	**860**	614
Weighted Average Number of Equity Shares (in thousand)	**4,851**	4,851
Nominal Value of Share (Rs.)	**10**	10
Basic and Diluted Earnings/(Loss) per Share (Rs.)	**0.18**	0.13

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

6 **Going Concern**

The Company has earned profit of Rs. 860 thousands during the year against a profit of Rs. 614 thousands in the Previous Year. Total accumulated losses as at December 31, 2010 are Rs. 18,242 thousands (Previous Year Rs. 19,102 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.

SCHEDULES TO THE FINANCIAL STATEMENTS

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, 2010. 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, 2010 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-10	December-09
As Auditor	28	28
Reimbursement of out of Pocket Expenses	8	8
Total	36	36

10 **(i) Related Party Transaction details**
Transaction with Holding Company

A **Reimbursement of expenses**

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2010	34	—
	2009	54	—

B **Current Account Transaction (Payment Received)**

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2010	251	—
	2009	780	—

C **Rental Income**

Name of the Party	Year	Transaction	Outstanding
		Value	Balance
Bata India Limited	2010	834	—
	2009	834	—

SCHEDULES TO THE FINANCIAL STATEMENTS

10 (ii) Related Party Disclosure

	Nature of relationship		**Name of related parties**
A	Holding Company	:	Bata India Limited
B	Parent of the Holding Company	:	Bata (BN) B.V. Amsterdam
C	Key Management Personnel	:	M. Villagran – Director Shaibal Sinha – Director (Upto 07.09.2010) Fadzilah Mohd. Hussein – Director (w.e.f. 29.07.2010) A B Anand – Director R K Gupta – Director
D	Enterprises owned or controlled by Key Management Personnel	:	Nil
E	Enterprises having Key Management Personnel in Common	:	Riverbank Developers Private Limited (A joint Venture between Holding Company "Bata India Limited" and "Calcutta Metropolitan Group Limited")
F	Subsidiary	:	Coastal Commercial & Exim Limited

11 The figures of previous year were audited by a firm of Chartered Accountants other than S. V. Ghatalia & Associates.

12 Previous year's figures, have been regrouped where necessary to confirm to this year's classification.

As per our report of even date

FOR S. V. GHATALIA & ASSOCIATES
Firm Registration No. 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

		31.12.2010	31.12.2009
		Rs. '000s	Rs. '000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before taxation, and extraordinary Items	**1,220**	1,432
	Add: Adjustment for :		
	Depreciation	**162**	162
	Interest Income	**(596)**	(803)
	Liabilities no longer required written back	**(4)**	—
	Operating Profit/ (Loss) before Working Capital changes	**782**	791
	Movements in working capital :		
	Increase/(Decrease) in Current Liabilities & Provisions	**1**	(11)
	Cash Generated from operations	**783**	780
	Add/(Less): Refund/(Payment) of Tax (Net) including interest thereon	**(300)**	(1,023)
	Net Cash Flow from/ (used in) operating activities	**483**	(243)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Interest received	**—**	803
	Proceeds of deposits matured (with maturity more than three months)	**—**	(702)
	Net Cash used in investing activities	**—**	101
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash realised from Financing activities	**—**	—
	Net increase/ (decrease) in Cash and Cash equivalent (A+B+C)	**483**	(142)
	Cash and Cash equivalent at the beginning of the year	**5**	147
	Cash and Cash equivalent at the end of the year*	**488**	5

* 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 Notified Accounting Standard-3 – Cash Flow Statement.

As per our report of even date

FOR S. V. GHATALIA & ASSOCIATES
Firm Registration No. 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

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.	42839	State Code	21
Balance Sheet Date	31 12 10 (Date Month Year)		

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

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

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

Total Liabilities	50448	Total Assets	32206
Sources of Funds			
Paid-up Capital	48510	Reserves & Surplus	002
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	19989	Investments	500
Net Current Assets	9781	Misc. Expenditure	NIL
Accumulated Losses	18242		

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

Turnover *	1434	Total Expenditure	214
* Representing Net Revenue including Other Income			
Profit Before Tax (+) (+ for Profit,- for loss)	1220	Profit After Tax (+)	860
Earnings Per Share (Rs.) (+)	00.18	Dividend Rate %	NIL

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

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

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

Place: Gurgaon
Date : February 23, 2011

A B ANAND
Director

COASTAL COMMERCIAL & EXIM LIMITED

Board of Directors

Fadzilah M Hussein

R K Gupta

A B Anand

Auditors

S. V. Ghatalia & Associates

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.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Twentieth Annual Report together with Audited Accounts of the Company for the year ended December 31, 2010.

Financial Results		Rs. '000s
Net Profit/(Loss) before tax for the year	Rs.	483
Less: Provision for Taxation	Rs.	265
Net Profit/(Loss) after tax for the year	Rs.	218
Add: Profit/(Loss) brought forward from previous year	Rs.	(880)
Profit/(Loss) carried to Balance Sheet	Rs.	(662)

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 and accumulated loss, your Directors do not recommend any dividend for the year under review.

Directors:

Mr. Fadzilah Mohd. Hussein was appointed as an Additional Director on the Board of Directors of the Company with effect from July 29, 2010. The Company has received a notice in writing from a Member of the Company in terms of Section 257 of the Companies Act, 1956 together with requisite deposits, signifying his intention to propose the appointment of Mr. Fadzilah Mohd. Hussein at the forthcoming Annual General Meeting, as a Director of the Company liable to retire by rotation.

Mr. Shaibal Sinha resigned from the Board of Directors of the Company with effect from September 07, 2010. The Board places on record their sincere appreciation for the valuable services rendered by Mr. Shaibal Sinha during his tenure as a Director on the Board.

Mr. A B Anand retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Auditors:

Messrs S V Ghatalia & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible, have expressed their willingness to be re-appointed.

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 Report in terms of the Companies (Auditors' Report) Order, 2003 and your Directors wish to clarify as required under Section 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 the coming years, which would gradually reduce the accumulated losses of the Company.

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

A) Conservation of energy:

The Company has no factory/manufacturing unit hence provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

B) Technology Absorption:

The Company is engaged in the business of lease of property, hence provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

C) Foreign Exchange earnings and outgo:

The Company does not cater to export markets and hence, there was no foreign exchange earnings and outgo during the year under review.

Particulars of Employees:

During the year under review, the Company had no employee drawing remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Deposits:

The Company has not accepted any deposit from public under Section 58A of the Companies Act, 1956 and the Rules framed thereunder, during the year under review.

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 had been followed along with proper explanations relating to material departures, if any;

ii) 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 of the Company for that period;

iii) 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;

iv) that the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Gurgaon	**FADZILAH MOHD. HUSSEIN**	**R K GUPTA**
February 23, 2011	Director	Director

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 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, 2010;
      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. V. GHATALIA & ASSOCIATES
Firm Registration Number: 103162W
Chartered Accountants

per **Vishal Sharma**
Partner
Membership No.: 96766

Place : Gurgaon
Date : February 23, 2011

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 as informed, 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) ("hereinafter referred to as the Order") 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 Order, are not applicable.

(e) 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 Order, 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 the sale of services. 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, 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) 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 Order, 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 Order, 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 Order, are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on the documents and records produced to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that 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.

For S. V. GHATALIA & ASSOCIATES
Firm Registration Number: 103162W
Chartered Accountants

per **Vishal Sharma**
Partner
Membership No.: 96766

Place : Gurgaon
Date : February 23, 2011

COASTAL COMMERCIAL & EXIM LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2010

	Schedule No.	31.12.2010 Rs. '000s	31.12.2009 Rs. '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	**500**	500
TOTAL		**500**	500
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Gross Block		**1,954**	1,954
Less : Accumulated Depreciation		**534**	473
Net Block		**1,420**	1,481
CURRENT ASSETS, LOANS & ADVANCES			
Bank Balances	3A	**216**	349
Loans & Advances	3B	**573**	507
		789	856
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	4A	**1,903**	2,399
Provisions	4B	**468**	318
		2,371	2,717
NET CURRENT ASSETS		**(1,582)**	(1,861)
DEBIT BALANCE OF PROFIT & LOSS ACCOUNT	5	**662**	880
TOTAL		**500**	500

The Schedules 1-7 form an integral part of financial statements

As per our report of even date
FOR S. V. GHATALIA & ASSOCIATES
Firm Registration No.: 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Schedule No.	31.12.2010 Rs. '000s	31.12.2009 Rs. '000s
INCOME			
Rental Income		**840**	840
Other Income		**4**	—
		844	840
EXPENDITURE			
Depreciation	2	**61**	61
Selling, Distribution & Administrative Expenses	6	**300**	288
		361	349
PROFIT / (LOSS) BEFORE TAXATION		**483**	491
Provision for Taxation		**182**	182
Tax for earlier years		**83**	—
PROFIT / (LOSS) AFTER TAXATION		**218**	309
Balance of (Loss)/Profit brought forward from previous year		**(880)**	(1,189)
PROFIT/(LOSS) CARRIED FORWARD		**(662)**	(880)
Earning / (Loss) Per Share (Basic & Diluted) Rs. [Refer Note No. 3 of Schedule 7]		**4.35**	6.18

The Schedules 1-7 form an integral part of financial statements

As per our report of even date

FOR S. V. GHATALIA & ASSOCIATES
Firm Registration No.: 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

			As at 31.12.2010 Rs. '000s	As at 31.12.2009 Rs. '000s
1	**SHARE CAPITAL**			
	Authorised			
	100,000	(Previous Year: 100,000) Equity Shares of Rs.10/- each	**1,000**	1,000
	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)	**500**	500
			500	500

SCHEDULES TO THE FINANCIAL STATEMENTS

2. FIXED ASSETS (All figures are in Rs. '000s)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
DESCRIPTION	As at 01.01.2010	Additions	Deductions	**As at 31.12.2010**	As at 01.01.2010	For The Year	Deductions	**As at 31.12.2010**	**As at 31.12.2010**	As at 31.12.2009
BUILDING (Refer Note 4 of Schedule 7)	1,335	—	—	**1,335**	277	22	—	**299**	**1,036**	1,058
FURNITURE & FIXTURE	619	—	—	**619**	196	39	—	**235**	**384**	423
Total	**1,954**	**—**	**—**	**1,954**	**473**	**61**	**—**	**534**	**1,420**	1,481
Previous Year	1,954	—	—	1,954	412	61	—	**473**	**1,481**	1,542

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

			As at 31.12.2010 Rs. '000s	As at 31.12.2009 Rs. '000s
3.	**CURRENT ASSETS, LOANS & ADVANCES**			
	A	**BANK BALANCES**		
		Balance with a Scheduled Bank on Current Account	**216**	349
			216	349
	B	**LOANS & ADVANCES**		
		(Unsecured - Considered good)		
		Security Deposit	**75**	75
		Advance Tax (including tax deducted at source and refund receivable)	**498**	432
			573	507
4.	**CURRENT LIABILITIES & PROVISIONS**			
	A	**CURRENT LIABILITIES**		
		Payable to Bata India Limited	**1,868**	2,361
		[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 *	**35**	38
			1,903	2,399
	B	**PROVISIONS**		
		Provision for Taxation	**468**	318
			468	318
5.	**PROFIT & LOSS ACCOUNT**			
	Loss as per last Account		**880**	1,189
	Add: Loss /(Profit) for the year		**(218)**	(309)
			662	880
6.	**SELLING, DISTRIBUTION & ADMINISTRATION EXPENSES**			
		Rent	264	250
		Legal & Professional Expenses	33	35
		Rates & Taxes	3	3
			300	288

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

* The Company does not have any outstanding balance payable to Investor Education and Protection Fund.

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO ACCOUNTS

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, whatsover 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 Preparation

The financial statements have been prepared to comply in all material respects with the Accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. 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 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. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes 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

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.

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO ACCOUNTS *(Contd.)*

Where the Company is the lessor

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 Income Tax Act, 1961. 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.

(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.

(m) Cash and Cash Equivalents

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

2. The provision for Income tax for the current accounting year ended 31st December, 2010 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 are no timing differences requiring accounting for deferred taxes.

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO ACCOUNTS *(Contd.)*

3. Earnings Per Share (EPS)

	31.12.2010	31.12.2009
Profit/(Loss) as per Profit & Loss Account. (Rs. '000s)	218	309
Weighted Average Number of Equity Shares (in thousands)	50	50
Nominal Value of Share (Rs.)	10	10
Basic and Diluted Earnings/(Loss) per Share (Rs.)	4.35	6.18

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

5. Going Concern

The Company has earned profit of Rs.218 thousands (Previous Year Rs.309 thousands) during the year. Total accumulated losses as at December 31, 2010 are Rs.662 thousands (Previous Year Rs.880 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, 2010. Accordingly, the Company has tested the fixed assets for impairment and determined that the recoverbale amount of these assets exceeds their carrying value as at December 31, 2010 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 Value**	**Outstanding Balance**
Bata India Limited	2010	263	1,868
	2009	332	2,361

B Rental Income

Name of the Party	**Year**	**Transaction Value**	**Outstanding Balance**
Bata India Limited	2010	840	—
	2009	840	—

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 Personnel	: Shaibal Sinha	– Director (Upto 07.09.2010)
		Fadzilah Mohd. Hussein	– Director (w.e.f. 29.07.2010)
		A B Anand	– Director
		R K Gupta	– Director
D	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	: Nil	

COASTAL COMMERCIAL & EXIM LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

7. NOTES TO ACCOUNTS *(Contd.)*

E Enterprises having Key Management Personnel in Common : Riverbank Developers Private Limited (A Joint Venture between Parent of Holding Company "Bata India Limited" and "Calcutta Metropolitan Group Limited")

8. Legal & Professional expenses include payment to Auditors:

(Amount in Rs. '000s)

Particulars	**2010**	2009
As Auditor	**28**	28
Out of Pocket Expenses	**7**	7
Total	**35**	35

9. The figures of previous year were audited by a firm of Chartered Accountants other than S. V. Ghatalia & Associates.

10. Previous year's figures, have been regrouped where necessary to conform to this year's classification.

As per our report of even date
FOR S. V. GHATALIA & ASSOCIATES
Firm Registration No.: 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

		31.12.2010 Rs. '000s	31.12.2009 Rs. '000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before taxation, and extraordinary Items	**483**	491
	Add: Adjustment for :		
	Depreciation	**61**	61
	Liabilities no longer required written back	**(4)**	—
	Operating Profit/ (Loss) before Working Capital changes	**540**	552
	Movements in working capital :		
	(Decrease) / Increase in Current Liabilities & Provisions	**(492)**	(343)
	Cash Generated from operations	**48**	209
	Add/(Less): Refund/(Payment) of Tax (Net) including interest thereon	**(181)**	(209)
	Net Cash Flow from/ (used in) operating activities	**(133)**	—
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 (A+B+C)	**(133)**	—
	Cash and Cash equivalent at the beginning of the year	**349**	349
	Cash and Cash equivalent at the end of the year*	**216**	349

* Represents Cash & Bank Balances as indicated in Schedule 3A.

Note: 1. Previous year figures have been regrouped/rearranged wherever necessary.

2. The above Cash Flow has been prepared under the 'Indirect Method' as set out in the Notified Accounting Standard-3 – Cash Flow Statement.

As per our report of even date

FOR S. V. GHATALIA & ASSOCIATES
Firm Registration No. 103162W
Chartered Accountants

Per VISHAL SHARMA
Partner
Membership No. 96766

Place: Gurgaon

Date : February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

A B ANAND
Director

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.	53364	State Code	21
Balance Sheet Date (Date Month Year)	31 12 10		

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

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

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

Total Liabilities	2871	Total Assets	2209

Sources of Funds

Paid-up Capital	500	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	1420	Investments	NIL
Net Current Assets (-)	1582	Misc. Expenditure	NIL
Accumulated Losses	662		

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

Turnover *	844	Total Expenditure	361
* Representing Net Revenue including Other Income			
Profit Before Tax (+) (+ for Profit,- for loss)	483	Profit After Tax (+)	218
Earnings Per Share (Rs.) (+)	4.35	Dividend Rate %	NIL

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

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

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director

R K GUPTA
Director

Place: Gurgaon
Date : February 23, 2011

A B ANAND
Director

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 2010, 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 2010;

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

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

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

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

Place : Gurgaon
Date : 23rd February, 2011

BATA INDIA LIMITED (GROUP)

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2010

	Schedule No.	**As at 31.12.2010 Rs '000s**	As at 31.12.2009 Rs '000s
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**642,638**	642,638
Reserves & Surplus	2	**3,285,207**	2,715,518
		3,927,845	3,358,156
LOAN FUNDS			
Secured Loans	3A	**590,000**	146,532
Unsecured Loans	3B	**171,743**	153,957
		761,743	300,489
TOTAL		**4,689,588**	3,658,645
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**4,228,921**	3,785,376
Less: Accumulated Depreciation		**2,656,288**	2,447,105
Net Block		**1,572,633**	1,338,271
Capital Work In Progress		**3,220**	33,240
		1,575,853	1,371,511
INTANGIBLE ASSETS	5	**667**	1,612
INVESTMENTS	6	**124,045**	169,281
DEFERRED TAX ASSETS		**311,000**	241,074
(Refer Note No.17 of Schedule 21)			
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	**4,068,517**	3,468,006
Sundry Debtors	8	**306,356**	254,484
Cash & Bank Balances	9	**1,388,921**	573,397
Other Current Assets	10	**18,913**	8,210
Loans & Advances	11	**1,435,699**	832,537
	(A)	**7,218,406**	5,136,634
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	**3,307,857**	2,416,358
Provisions	13	**1,232,526**	860,419
	(B)	**4,540,383**	3,276,777
NET CURRENT ASSETS	(A - B)	**2,678,023**	1,859,857
Miscellaneous Expenditure (To the extent not written off or adjusted)	14	**—**	15,310
TOTAL		**4,689,588**	3,658,645

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

As per our report of even date
FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Schedule No.	**31.12.2010 Rs '000s**	31.12.2009 Rs '000s
INCOME			
Gross Turnover	15	**12,946,612**	11,133,314
Less : Excise Duty on Turnover (Refer Note No. 19 of Schedule 21)		**188,945**	209,365
Net Turnover		**12,757,667**	10,923,949
Other Income	16	**156,130**	92,806
		12,913,797	11,016,755
EXPENDITURE			
Cost of Goods Sold	17(a)	**5,945,184**	5,134,570
Cost of Sales Real Estate Projects	17(b)	**183,754**	—
Manufacturing, Distribution, Selling and Administration Expenses	18	**4,999,929**	4,483,306
Voluntary Retirement Expenses	14	**15,310**	61,238
Depreciation / Amortisation	19	**332,021**	283,424
Financial Expenses	20	**76,797**	96,981
		11,552,995	10,059,519
PROFIT BEFORE TAXATION AND PRIOR PERIOD ITEMS		**1,360,802**	957,236
Provision for Taxation : (Refer Note no. 10 of Schedule 21)			
– Current Tax		**546,924**	402,368
– Deferred Tax Charge / (Credit) (Net)		**(69,926)**	(66,361)
– Fringe Benefit Tax		**—**	1,820
– Income Tax for earlier year		**79**	(6,367)
NET PROFIT		**883,725**	625,776
Balance of Profit brought forward from Previous Year		**1,145,427**	812,434
Profit available for appropriation		**2,029,152**	1,438,210
Appropriations:			
Proposed Final Dividend		**257,055**	192,791
Tax on Dividend [includes Rs. 745 thousands written back for Previous Year]		**41,949**	32,765
Transfer to General Reserve		**95,352**	67,227
Profit carried to Balance Sheet		**1,634,796**	1,145,427
Earning Per Share (Basic & Diluted) (Rs.)		**13.75**	9.74
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.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon, February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company Secretary

P M SINHA
Chairman

BATA INDIA LIMITED (GROUP)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2010 Rs '000s	31.12.2009 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 33,424,100 (Previous Year: 32,785,000) Equity Shares held by Bata (BN) B.V., Amsterdam, The Netherlands, (Holding Company) - Rs. 334,241,000 (Previous Year: Rs 327,850,000)		

	31.12.2010		31.12.2009	
	Rs '000s	Rs '000s	Rs '000s	Rs '000s
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)	**361,805**		377,222	
Less: On Sold/ Discarded fixed assets	**2,411**		818	
Less: Transferred to Profit & Loss Account (Being Depreciation for the year on Revalued amount)	**12,621**	**346,773**	14,599	361,805
B) Capital Reserve		**2**		2
C) Securities Premium				
As per last Account		**794,731**		794,731
D) General Reserve				
As per last Account	**413,553**		346,326	
Add: Transferred from Profit and Loss Account	**95,352**	**508,905**	67,227	413,553
E) Profit and Loss Account		**1,634,796**		1,145,427
		3,285,207		2,715,518

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2010 Rs '000s	31.12.2010 Rs '000s	31.12.2009 Rs '000s	31.12.2009 Rs '000s
3. LOAN FUNDS				
(Refer Note no. 10 of Schedule 21)				
A) Secured Loans				
i) From Scheduled Banks on Cash Credit Accounts & Working Capital Demand Loan [Refer Note No. 3(a) of Schedule 21]		—		146,532
ii) Term Loan from a Body Corporate [Refer Note No. 3(b) & 3(c) of Schedule 21]		**590,000**		—
B) Unsecured Loans				
i) Deposit from Agents and Franchisees [Amount payable within one year Rs.Nil (Previous Year: Rs. Nil)]	**137,743**		103,957	
ii) Inter Corporate Loan (Short Term)	**34,000**	**171,743**	50,000	153,957
		761,743		300,489

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 01.01.2010	252,653	564,352	1,990,426	960,965	16,980	**3,785,376**	3,532,559
Additions	—	55,894	83,886	455,496	253	**595,529**	440,527
Deductions/Adjustments	—	3,894	85,186	62,846	58	**151,984**	187,710
As at 31.12.2010	**252,653**	**616,352**	**1,989,126**	**1,353,615**	**17,175**	**4,228,921**	**3,785,376**
Depreciation							
As at 01.01.2010	—	343,568	1,505,957	583,061	14,519	**2,447,105**	2,325,823
For the year	—	27,705	139,724	175,714	550	**343,693**	297,153
Deletions / Adjustments	—	1,655	77,969	54,836	50	**134,510**	175,871
As at 31.12.2010	**—**	**369,618**	**1,567,712**	**703,939**	**15,019**	**2,656,288**	**2,447,105**
Net Block							
As at 31.12.2010	**252,653**	**246,734**	**421,414**	**649,676**	**2,156**	**1,572,633**	**1,338,271**
As at 31.12.2009	252,653	220,784	484,469	377,904	2,461	**1,338,271**	1,206,736
Capital Work in Progress**							
As at 31.12.2010						**3,220**	33,240
As at 31.12.2009						**33,240**	30,041
Total Net Block							
As at 31.12.2010	**252,653**	**246,734**	**421,414**	**649,676**	**2,156**	**1,575,853**	**1,371,511**
As at 31.12.2009	252,653	220,784	484,469	377,904	2,461	**1,371,511**	1,236,777

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

5. INTANGIBLE ASSETS* (COMPUTER SOFTWARE)	CURRENT YEAR	PREVIOUS YEAR
	Rs. '000s	**Rs. '000s**
Gross Block		
As at 01.01.2010	8,065	7,054
Additions	4	1,011
Deductions	4,532	—
As at 31.12.2010	**3,537**	**8,065**
Amortisation		
As at 01.01.2010	6,453	5,583
For the year	949	870
Deductions	4,532	—
As at 31.12.2010	**2,870**	**6,453**
Net Block		
As at 31.12.2010	**667**	**1,612**
As at 31.12.2009	1,612	1,471

*(Refer Note no. 10 of Schedule 21)

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

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Face value Per share Rs	No. of Equity Shares/ Units	No. of Equity Shares/ Units (Previous Year)	31.12.2010 Rs '000s	31.12.2009 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 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) (Refer Note 3(b) & 20(d) of Schedule 21)				122,665	122,665
CURRENT INVESTMENTS - SHORT TERM (AT LOWER OF COST AND MARKET VALUE)					
Share in Investment of Joint Venture Mutual Fund - Non Trade (Unquoted, Fully Paid)	**Face value Per Unit (Rs.)**	**No. of Units (Current Year)**	**No. of Units (Previous Year)**		
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	78,706	298,554	1,372	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		
DSP Blackrock Short Term Fund	10	1,974,439	—		
ICICI Prudential - Flexible Income Plan Premium	10	145,157	—		
				124,040	169,276
				124,045	169,281

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		31.12.2010 Rs '000s	31.12.2010 Rs '000s	31.12.2009 Rs '000s	31.12.2009 Rs '000s
7	**INVENTORIES (at lower of cost and net realizable value)** (Refer Note no. 10 of Schedule 21)				
	Raw Materials		**149,198**		156,965
	Work-in-Progress		**175,419**		158,877
	Stores & Spare Parts		**9,779**		10,638
	Finished Goods [Including in transit of Rs. 338,779 thousands (Previous Year Rs. 221,657 thousands)]		**2,659,237**		2,448,122
	Construction Material at Site		**5,258**		15,486
	Project Work in Progress (Refer Note No. 20(a) of Schedule 21)		**1,069,626**		677,918
			4,068,517		3,468,006
8	**SUNDRY DEBTORS** (Unsecured considered Good) (Refer Note no. 10 of Schedule 21)				
	(a) Debts outstanding for a period exceeding six months		**3,879**		11,430
	(b) Other Debts		**302,477**		243,054
			306,356		254,484
9	**CASH & BANK BALANCES** (Refer Note no. 10 of Schedule 21)				
	A) Cash on hand		**18,017**		15,158
	B) Balances with Scheduled Banks on :				
	Current Accounts [Includes Rs.4,461 thousands (Previous Year: Rs 3,885 thousands) on unpaid dividend and unmatured deposits]	**157,053**		160,940	
	Term Deposits [Includes Rs. 14,575 thousands (Previous Year : Rs 14,575 thousands) as deposits pledged with Banks]	**1,212,941**	**1,369,994**	396,352	557,292
	C) Balance with Other Banks on :				
	Current Account [With Municipal Co-Operative Bank-Mumbai Maximum amount outstanding during the year Rs. 1,785 thousands (Previous Year : Rs 1,728 thousands)]		**910**		947
			1,388,921		573,397
10	**OTHER CURRENT ASSETS** (Unsecured - Considered Good) (Refer Note no. 10 of Schedule 21)				
	Accrued Revenue		**2,940**		—
	Interest receivable on Fixed Deposits with Banks		**15,973**		8,210
			18,913		8,210

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31.12.2010		31.12.2009	
	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. 2,035 thousands (Previous Year Rs 3,483 thousands) considered doubtful]	**152,794**		129,748	
Less: Provision for Doubtful Advances	**2,035**	**150,759**	3,483	126,265
Claims [including Rs. 505 thousands (Previous Year Rs. 6,686 thousands) considered doubtful]	**74,338**		36,218	
Less: Provision for Doubtful Claims	**505**	**73,833**	6,686	29,532
Deposits [including Rs 6,440 thousands (Previous Year Rs. 8,411 thousands) considered doubtful]	**474,379**		368,150	
Less: Provision for Doubtful Deposits	**6,440**	**467,939**	8,411	359,739
Others [Including Rs 3,101 thousands (Previous Year Rs 4,925 thousands) considered doubtful]	**3,201**		7,383	
Less: Provision for Doubtful Other Loans & Advances	**3,101**	**100**	4,925	2,458
Advance Tax (including tax deducted at source and refund receivable)		**708,117**		277,241
Balances with Customs, Port Trust and Excise Authorities [including Rs. 33,343 thousands (Previous Year Rs. 74,515 thousands) considered doubtful]	**68,294**		111,817	
Less: Provision for Doubtful Advances	**33,343**	**34,951**	74,515	37,302
		1,435,699		832,537

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		31.12.2010 Rs '000s	31.12.2010 Rs '000s	31.12.2009 Rs '000s	31.12.2009 Rs '000s
12	**CURRENT LIABILITIES** (Refer Note no. 10 of Schedule 21)				
	Acceptances		**19,773**		315,574
	Sundry Creditors				
	– Micro and Small Enterprises (Refer Note No. 21 of Schedule 21)	**53,918**		36,068	
	– Others	**2,621,012**	**2,674,930**	1,935,638	1,971,706
	Advance for Restructuring of Agreements (Refer Note No. 20(d) of Schedule 21)		**450,000**		—
	Interest Accrued and not Due		**2,886**		—
	Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :				
	I) Unpaid Dividend		**2,992**		1,907
	II) Unpaid Matured Deposit		**1,469**		1,978
	Other Liabilities		**155,807**		125,193
			3,307,857		2,416,358
13	**PROVISIONS** (Refer Note no. 10 of Schedule 21)				
	Proposed Dividend		**257,055**		192,791
	Tax on Proposed Dividend		**42,694**		32,765
	Taxation		**489,287**		340,151
	Leave Benefits		**37,318**		39,250
	Warranty Claims [Refer Note No. 15 (a) of Schedule 21]		**21,888**		16,970
	Contingencies [Refer Note No. 15 (b) of Schedule 21]		**14,974**		13,061
	For Land Development [Refer Note No. 15 (a) of Schedule 21]		**369,310**		225,431
			1,232,526		860,419
14	**MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)** (Refer Note no. 10 of Schedule 21)				
	Voluntary Retirement Expenses				
	As per last account	**15,310**		76,548	
	Add : Current Year Cost	**—**		—	
		15,310		76,548	
	Less : Amortisation for the year	**15,310**	**—**	61,238	15,310
	Unamortised Balance Carried to Balance Sheet		**—**		15,310

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		31.12.2010 Rs '000s	31.12.2010 Rs '000s	31.12.2009 Rs '000s	31.12.2009 Rs '000s
15	**GROSS TURNOVER** (Refer Note no. 10 of Schedule 21)				
	Sale of Products		**12,755,159**		11,102,262
	Revenue from Real Estate Project		**169,975**		—
	Income from Repair and Chiropody		**2,369**		8,849
	Sale of Scrap		**13,360**		14,771
	Project Management and Administrative Fees		**5,749**		7,432
			12,946,612		11,133,314
16	**OTHER INCOME** (Refer Note no. 10 of Schedule 21)				
	Interest (gross) [Tax deducted at source - Rs. 6,022 thousands (Previous Year Rs 4,613 thousands) Refer note 12 of Schedule 21]		**61,365**		23,563
	Gain on Foreign Exchange Fluctuations [net off of loss of Rs.9,929 thousands (Previous Year: Rs. 13,006 thousands)]		**14,178**		1,766
	Duty Draw Back & Other Export incentives		**4,961**		2,661
	Liabilities no longer required written back		**4,333**		11,185
	Profit on sale of Current Investment - Non trade		**823**		1,614
	Miscellaneous Income		**70,470**		52,017
			156,130		92,806
17	(a) **COST OF GOODS SOLD**				
	Raw materials consumed		**2,106,674**		2,138,515
	Job Processing Charges		**210,218**		229,261
	Purchase of Traded Goods		**3,849,855**		2,692,194
	(Increase)/ Decrease in Stock				
	Finished Goods:				
	Opening Stock	**2,448,122**		2,549,513	
	Less : Closing Stock	**2,659,237**		2,448,122	
		(211,115)		101,391	
	Work In Progress:				
	Opening Stock	**158,877**		175,077	
	Less : Closing Stock	**175,419**		158,877	
		(16,542)	**(227,657)**	16,200	117,591
	Increase/(Decrease) in Excise Duty on (Increase)/Decrease in Stocks (Refer Note No. 19 of Schedule 21)		**6,094**		(42,991)
			5,945,184		5,134,570
17	(b) **COST OF SALES REAL ESTATE PROJECTS**				
	Cost of Sales Real Estate Projects (Refer Note No. 20(e) of Schedule 21)		**183,754**		—
			183,754		—

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

			31.12.2010 Rs '000s		31.12.2009 Rs '000s
18	**MANUFACTURING, DISTRIBUTION, SELLING AND ADMINISTRATION EXPENSES** (Refer Note no. 10 of Schedule 21)				
	Salaries, Wages and Bonus (Refer Note No. 6 of Schedule 21)		**1,501,325**		1,462,992
	Workmen & Staff Welfare		**78,983**		78,598
	Contribution to Gratuity, Pension & Provident Funds		**193,946**		153,173
	Commission on sales - 'Other than Sole Selling Agent's'		**266,630**		192,539
	Cash Discount		**9,584**		7,461
	Stores and Spare Parts consumed		**29,180**		23,569
	Power & Fuel		**327,661**		288,257
	Rent [net of rent recovered of Rs 2,023 thousands (Previous Year Rs 2,005 thousands)]		**1,153,390**		1,010,996
	(Including impact of straight lining of lease rent Rs. 115,839 thousands (Previous Year: Rs. 111,773 thousands))				
	Repairs – Buildings		**39,463**		34,110
	– Plant & Machinery		**21,858**		25,790
	– Others		**23,541**		16,777
	Insurance		**45,961**		39,199
	Rates & Taxes		**95,814**		90,176
	Travelling & Conveyance		**131,103**		114,285
	Freight		**338,578**		291,997
	Advertisement and Sales Promotion		**204,566**		174,652
	Communication Expenses		**60,187**		53,227
	Printing & Stationery Expenses		**36,209**		39,396
	Legal and Professional Expenses		**92,868**		65,568
	Loss on disposal/discard of Fixed Assets (net off of gain of Rs. 3,339 thousands (Previous Year: Rs. 7,333 thousands))		**3,054**		2,880
	Bad Debts Written Off		**—**		4,644
	Provision for Bad Debts, Loans, Advances, etc		**4,693**		19,556
	Technical Collaboration Fee		**148,703**		132,592
	Capital Work in progress written off		**5,748**		—
	Miscellaneous Expenses (Refer Note No. 2 of Schedule 21)		**186,884**		160,872
			4,999,929		4,483,306
19	**DEPRECIATION / AMORTISATION** (Refer Note no. 10 of Schedule 21)				
	a) Depreciation for the year	**343,693**		297,153	
	Less: Transfer from Revaluation Reserve	**12,621**	**331,072**	14,599	282,554
	b) Amortisation of Intangible Asset		**949**		870
			332,021		283,424
20	**FINANCIAL EXPENSES** (Refer Note no. 10 of Schedule 21)				
	Interest –				
	– on Cash Credit Accounts/ Working Capital Demand Loans	**2,547**		36,086	
	– on Deposit from Agents and Franchisees	**5,256**		4,127	
	– Others	**607**	**8,410**	506	40,719
	Bank Charges		**68,387**		56,262
			76,797		96,981

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), it's Subsidiary Companies and its Joint Venture Companies (hereinafter referred as the "Group").

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

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 (as amended). Interest in assets, liabilities, income and expenses of the Joint Venture Company have been consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Parent Company's proportionate shares as per Accounting Standard - 27, Financial reporting of interests in Joint Ventures, notified in the Companies (Accounting Standards) Rules, 2006 (as amended).

ii) The financial statements of the Subsidiary Companies 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, 2010

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, 2010	Extent of Holding/Voting Power (%) as on December 31, 2009
1.	Bata Properties Limited	Subsidiary	India	100.00	100.00
2.	Coastal Commercial & Exim Limited	Subsidiary	India	100.00	100.00
3.	Riverbank Developers Private Limited (RDPL)	Joint Venture	India	50.00	50.00
4.	Riverbank 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.

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. Depreciation on the revalued amount is transferred from Revaluation Reserve to Profit and Loss Account.

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 acquitision/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 using a pre tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

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

i. Project work in progress

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

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

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 group and the revenue can be reliably measured.

i. **Sale of Goods:**

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

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

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

iii. **Repairs and Chiropody:**

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

iv. **Interest:**

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

v. **Dividends:**

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

vi. **Export Benefits:**

Export Entitlements in the form of Duty Drawback and Duty Entitlement Pass Book (DEPB) and other 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.

vii. **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.

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

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 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. 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.

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are off set, if a legally enforceable right exists to setoff current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on Income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the 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 Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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.

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 Group are segregated. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash and short-term investments with an original maturity of three months or less.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Particulars	**2010 Rs.'000s**	2009 Rs.'000s
As Auditors	**4,663**	4,669
As Advisor – Taxation Matter	**—**	—
Others Capacity		
– Group reporting	**2,513**	1,700
– Certification Fee	**615**	1,605
Reimbursement of out of Pocket Expenses	**855**	769

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

b) The Term Loan is secured by way of charge on investment in immovable property.

c) Further the Term Loan is secured by construction both present and future excluding Bata Employees' Housing of Land, Receivables of and from the project, both present and future, Escrow account with HDFC Bank and personal guarantee of Mr. Sumit Dabriwala.

4. Leases

Assets Taken on Operating Lease

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

b) The aggregate lease rentals payables are charged as 'Rent' in 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	1,878.46 @ Rs.45.28	1,081.24 @ Rs. 47.12	85,057	50,948
	EURO	0.21 @ Rs. 60.45	77.20 @ Rs. 67.97	13	5,247
Advance for Import	USD	12.19 @ Rs. 44.37	—	541	—
	EURO	0.83 @ Rs. 58.79	1.39 @ Rs. 66.20	49	92
	GBP	0.46 @ Rs. 68.33	—	32	—
Debtors	USD	118.49 @ Rs. 44.37	35.54 @ Rs. 46.21	5,256	1,642
	EURO	—	73.20@ Rs. 66.20	—	4,846

6. Expenditure incurred on Voluntary Retirement Scheme

During the year, the Group has incurred Rs.9,270 thousands (Previous Year: Rs.14,605 thousands) on account of voluntary retirement schemes introduced at its Mokamehghat, Batagunj and Faridabad units and are grouped under Salaries, Wages and Bonus in Schedule 18.

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 Persons		Total	
		Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance	Transaction Value	Outstanding Balance
Sales (Refer 7B(i))	This Year	—	—	16,785	2,720	—	—	—	—	—	—	16,785	2,720
	Previous Year	—	—	11,549	4,991	—	—	—	—	—	—	11,549	4,991
Reimbursement of Expenses to (Refer 7B(ii))	This Year	—	—	4,636	1,241	—	—	—	—	—	—	4,636	1,241
	Previous Year	—	—	2,336	162	—	—	—	—	—	—	2,336	162
Reimbursement of Expenses from (Refer 7B(iii), 7B(v)A, 7B(viii)(a))	This Year	—	—	12,285	3,676	12,137	4,526	100	—	—	—	24,522	8,202
	Previous Year	—	—	8,242	2,623	10,131	—	191	—	—	—	18,564	2,623
Technical Fee (Refer 7B (iv))	This Year	—	—	135,000	27,000	—	—	—	—	—	—	135,000	27,000
	Previous Year	—	—	120,000	27,000	—	—	—	—	—	—	120,000	27,000
Remuneration (Refer 7B(vi))	This Year	—	—	—	—	—	—	—	—	49,571	—	49,571	—
	Previous Year	—	—	—	—	—	—	—	—	32,267	—	32,267	—
Dividend Paid (Refer 7B(vii))	This Year	98,355	—	—	—	—	—	—	—	—	—	98,355	—
	Previous Year	81,963	—	—	—	—	—	—	—	—	—	81,963	—
Project Management and Administration fees (Refer 7B(v) (C))	This Year	—	—	—	—	5,749	4,332	—	—	—	—	5,749	4,332
	Previous Year	—	—	—	—	7,432	2,689	—	—	—	—	7,432	2,689
Advance against Expenses (Refer 7B(viii)(a))	This Year	—	—	—	—	—	—	17	17	—	—	17	17
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Unsecured Loan taken (Refer 7B(v)(D))	This Year	—	—	—	—	9,000	9,000	—	—	—	—	9,000	9,000
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Advance for Developing infrastructure facilities (Refer 7B(v)E)	This Year	—	—	—	—	—	243,750	—	—	—	—	—	243,750
	Previous Year	—	—	—	—	—	243,750	—	—	—	—	—	243,750
Advance for restructuring of Development Agreement (Refer 7B(v)F)	This Year	—	—	—	—	350,000	350,000	—	—	—	—	350,000	350,000
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage of Immovable Property (Refer 7B(v)(G))	This Year	—	—	—	—	870,000	870,000	—	—	—	—	870,000	870,000
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—
Interest on Unsecured Loan (Refer 7B(v)(H))	This Year	—	—	—	—	982	461	—	—	—	—	982	461
	Previous Year	—	—	—	—	—	—	—	—	—	—	—	—

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)
PT Sepatu Bata Tbk	**2010** 2009	**—** 2,954	**—** —
Bata SA SOC Spain	**2010** 2009	**—** 5,112	**—** 4,867
Manufactura Boliviana S.A.	**2010** 2009	**—** 2,586	**—** —
Bata Shoe Co. (Bangladesh) Ltd.	**2010** 2009	**10,965** —	**—** —
Bata Shoe Co. of Ceylon Ltd.	**2010** 2009	**4,534** —	**2,150** —

ii. 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.	**2010** 2009	**538** 496	**—** —
Bata Limited	**2010** 2009	**—** 819	**—** —
Bata Malaysia SDN. BHD.	**2010** 2009	**1,075** 810	**94** 162
Compass Limited	**2010** 2009	**497** —	**—** —
P.T. Sepatu Bata Tbk	**2010** 2009	**1,608** —	**1,134** —

iii. 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.	**2010** 2009	**5,899** 3,199	**1,396** 916
Compar S.P.A.	**2010** 2009	**1,131** 4,274	**—** 1,248
Shoe Innovation Centre Europe Srl	**2010** 2009	**4,165** —	**1,249** —

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

iv. 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 Pte Ltd.	**2010** 2009	**135,000** 120,000	**27,000** 27,000

v. 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)
Riverbank Developers Private Limited	**2010** 2009	**11,541** 9,857	**4,309** —
Riverbank Holding Private Limited	**2010** 2009	**596** 274	**217** 24

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

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2010** 2009	**325,000** 325,000	**—** —

The JV company will also fulfil the obligation of development of 56 acres (Previous Year: 88 acres) of land for social and economic purposes as per the conditions imposed on the Company by Government of West Bengal. The transaction value is not ascertainable at this point of time.

C. Project Management and Administration fees:

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Holding Private Limited	**2010** 2009	**5,749** 7,432	**4,332** 2,689

D. Unsecured Loan taken :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Holding Private Limited	**2010** 2009	**9,000** —	**9,000** —

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

E. Advances for developing infrastructure facilities :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Holding Private Limited	**2010** 2009	**—** —	**243,750** 243,750

F. Advances for Restructuring of Development Agreement (Refer Note No. 20(d) of Schedule 21):

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2010** 2009	**350,000** —	**350,000** —

G. Mortgage of Immovable Property :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2010** 2009	**870,000** —	**870,000** —

During the year, the Group has mortgaged its investment in immovable property to a body corporate for disbursement of term loan and non fund based limit in favour of the Joint Venture Company.

H. Interest on Unsecured Loan :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance (Rs. '000s)
Riverbank Developers Private Limited	**2010** 2009	**982** —	**461** —

vi. Remuneration to Directors * :

Name of the Director	Year	Transaction Value (Rs. '000s)
Shaibal Sinha (upto 07.09.2010)	**2010** 2009	**17,642** 11,934
Marcelo Villagran	**2010** 2009	**29,718** 20,333
Fadzilah Mohd. Hussein (w.e.f. 01.10.2010)	**2010** 2009	**2,211** —

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

vii. Transaction with Holding Company :

Dividend Payment:

Name of the Party	Year	Transaction Value (Rs. '000s)
BATA (BN) B.V. The Netherlands, Amsterdam	**2010** 2009	**98,355** 81,963

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

viii. Transaction with Joint Venture Partner Company :

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

a) Reimbursement of Expenses :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance Payable (Rs. '000s)
Calcutta Metropolitan Group Limited (CMGL)	**2010** 2009	**100** 191	**—** —

b) Advance against Expenses :

Name of the Party	Year	Transaction Value (Rs. '000s)	Outstanding Balance Payable (Rs. '000s)
Calcutta Metropolitan Group Limited (CMGL)	**2010** 2009	**17** —	**17** —

7 C. Related Party Disclosure

I. Where Control Exists :

Nature of Relationship	**Name**
A. Holding Company	: BATA (BN) B.V. The Netherlands, Amsterdam
B. Jointly Control Entity	: Riverbank Developers Private Limited Riverbank Holding Private Limited

II. Where Control Does Not Exists :

Nature of Relationship	**Name**
A. Key Management Personnel	: Marcelo Villagran – Managing Director Shaibal Sinha – Director Finance upto 07.09.2010 Fadzilah Mohd. Hussein – Director Finance w.e.f.01.10.2010

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

Company Name	**Company Name**
Compar S.P.A.	Bata Industrial Europe
Bata Shoe Singapore Pte. Ltd.	Compass Limited
Global Footwear Services Pte. Ltd.	Bata Shoe Co. (Bangladesh) Ltd.
Bata Malaysia SDN. BHD.	Bata Shoe Co. of Ceylon Ltd.
P.T. Sepatu Bata Tbk	Shoe Innovation Centre Europe Srl
Bata Limited	Bata Shoe of Thailand Public
Bata Brands S.A.R.L.	Bata Chile S.A.

8. Earnings Per Share (EPS)

	31.12.10	31.12.09
Profit / (Loss) as per Profit & Loss Account (Rs. '000s)	883,725	625,776
Weighted Average Number of Equity Shares (in thousands)	64,264	64,264
Basic and Diluted Earning per Share (Rs.)	13.75	9.74
Nominal value of Share (Rs.)	10.00	10.00

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

9 Segment Reporting

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

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

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

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	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
REVENUE						
External Turnover	12,581,943	10,916,517	175,724	7,432	12,757,667	10,923,949
Other income *	91,986	62,622	2,780	6,621	94,766	69,243
RESULT	1,404,237	1,042,460	(70,118)	(47,392)	1,334,119	995,068
Unallocated Corporate Expenses					(26,272)	(20,677)
Operating Profit					1,307,847	974,391
Interest Expenses					(8,410)	(40,719)
Interest Income					61,365	23,563
Income Taxes					(477,077)	(331,459)
Net Profit					883,725	625,776
OTHER INFORMATION						
Segment assets	6,614,870	5,476,228	1,580,012	917,358	8,194,882	6,393,586
Unallocated corporate assets					1,035,090	526,525
Total assets					9,229,972	6,920,111
Segment liabilities	2,986,996	2,295,725	1,521,092	709,537	4,508,088	3,005,262
Unallocated corporate liabilities					794,036	572,004
Total liabilities					5,302,124	3,577,266
Capital expenditure	580,419	436,029	12,041	8,708	592,460	444,737
Depreciation	325,327	279,457	5,745	3,097	331,072	282,554
Amortisation	—	—	949	870	949	870
Non-cash expenses other than depreciation and amortisation	4,693	19,556	—	—	4,693	19,556

* Other income as reported does not include the interest income and Dividend Income amounting to Rs.61,365 thousands (Previous Year Rs. 23,563 thousands)

B INFORMATION ABOUT SECONDARY SEGMENTS

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

Particulars	Revenue		Sundry Debtors	
	2010	**2009**	**2010**	**2009**
India	12,639,995	10,846,277	301,100	247,996
Outside India	117,672	77,672	5,256	6,488
Total	12,757,667	10,923,949	306,356	254,484

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

SCHEDULES TO THE CONSOLIDATED 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, 2010	As at December 31, 2009
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	—	—
Reserve and Surplus	293,375	293,375
Loan Funds		
a) Secured Loans	590,000	—
b) Unsecured Loans	34,000	50,000
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	29,647	17,610
Less: Depreciation	9,599	3,854
Net Block	20,048	13,756
Capital Work In Progress (Including Capital Advances)	—	26,949
Intangibles	667	1,612
Investment	1,372	46,608
Current Assets, Loans & Advances		
Inventories	1,074,884	693,404
Sundry Debtors	4,332	2,689
Cash & Bank Balances	23,795	2,253
Other Current Assets	2,940	—
Loans & Advances	8,737	8,822
(A)	**1,114,688**	**707,168**
Less:Current Liabilities & Provisions		
Liabilities	176,363	483,515
Provisions	370,729	226,022
(B)	**547,092**	**709,537**
Net Current Assets (A)-(B)	567,595	(2,369)
Miscellaneous Expenditure	—	—
Profit and Loss account	234,583	163,710

Amount in Rs.'000s

	For the year ended December 31, 2010	For the year ended December 31, 2009
INCOME		
Turnover	175,724	7,432
Other Income	2,998	7,926
Total Income	178,722	15,358
EXPENDITURE		
Raw Materials, Finished Goods, Work in Progress & Job Processing Charges	183,754	—
Manufacturing, Distribution, Selling and Administration Expenses	58,735	58,710
Depreciation / Amortisation	6,695	3,967
Financial Expenses	411	—
Total Expenditure	**249,595**	**62,677**
Profit / (Loss) before Tax	**(70,873)**	**(47,319)**
Provision for Fringe Benefit Tax	—	98
Provision for Current Tax	—	—
Income tax for previous year	—	—
Profit / (Loss) after Tax	**(70,873)**	**(47,417)**
Balance brought forward	(163,710)	(116,293)
Balance Carried Forward	**(234,583)**	**(163,710)**

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 Group not acknowledged as debts includes

Nature	2010 (Rs. '000s)	2009 (Rs. '000s)
Excise and Customs Cases	163,220	190,140
Sales Tax Cases	34,200	34,200
Others*	217,790	174,798
Demand for change of land use**	49,979	49,500
Income Tax***	230,552	—
Total	**695,741**	**448,638**

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

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

***During the assessment proceedings, the assessing Officer has revised the computation of Capital Gains on "Transfer of Development Rights to RHPL" in the year 2007 by treating it as Short Term instead of the Long Term and thus raised a demand of Rs. 230,552 thousands on the Group. However as per the Joint Development Agreement entered in December 2006, liability of Income Tax on such transfer, if any, will be borne by JV Company.

Additionally, there is a contingent liability relating to Stamp duty in the Joint Venture Company as at December 31, 2010, which is not ascertainable.

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

- Future obligations imposed by the Govt. of West Bengal in respect of property project are Rs. 731,802 thousands (Previous Year Rs. 739,985 thousands).

  The JV company will fulfil the obligation of development of 56 acres (Previous Year: 88 acres) of land for social and economic purposes as per conditions imposed on the Group by Government of West Bengal. The transaction value is not ascertainable at this point of time.

12. Interest received (Schedule 16) includes:

Particulars	2010 (Rs. '000s)	2009 (Rs. '000s)
From Banks on Fixed Deposits (Includes TDS of Rs. 6,022 thousands (Previous Year: 4,613 thousands))	59,034	20,304
From Others on Security Deposits (Include TDS of Rs. Nil (Previous Year: Nil))	2,265	3,259
From Income Tax on Income tax refunds	66	—
Total	**61,365**	**23,563**

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. 79,927 thousands (Previous Year: Rs.120,137 thousands).

The above amounts include Capital commitment amounting to Rs. 372 thousands (Previous Year Rs. 10,961 thousands) in respect of Joint Venture.

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

Particulars	Warranty Claims		Land Development	
	2010	**2009**	**2010**	**2009**
Opening balance	16,970	14,097	225,428	269,417
Additions	61,728	47,326	258,164	263
Utilisation	49,904	35,453	114,282	44,512
Reversals	6,906	9,000	—	—
Closing balance	21,888	16,970	369,310	225,428

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

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 one year 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, 2010	ESI	Labour Case, House Tax and Other Civil Cases [Refer Note (i) below]	TOTAL
Opening balance as on 1st January 2010	1,274	11,787	13,061
Additions	—	1,913	1,913
Reversals	—	—	—
Closing balance as on 31st December 2010	1,274	13,700	14,974

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

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

16. Gratuity and other post-employment benefit plans:

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

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

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

Profit and Loss account

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

	Gratuity	
	2010 (Rs. '000s)	2009 (Rs. '000s)
Current service cost	16,513	19,096
Interest cost on benefit obligation	23,763	23,995
Expected return on plan assets	(29,018)	(27,767)
Past Service Cost	12,000	—
Net actuarial(gain) / loss recognised in the year	53,697	16,201
Net benefit expense	76,955	31,525
Actual return on plan assets	23,980	17,806

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2010 (Rs. '000s)	2009 (Rs. '000s)
Defined benefit obligation	347,413	347,462
Fair value of plan assets	352,894	353,822
	5,481	6,360
Plan asset / (liability)	5,481	6,360

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

	Gratuity	
	2010 (Rs. '000s)	2009 (Rs. '000s)
Opening defined benefit obligation	347,462	387,453
Interest cost	23,868	23,995
Current service cost	16,408	19,096
Benefits paid	(101,023)	(89,336)
Plan Amendments	12,000	—
Actuarial (gains) / losses on obligation	48,698	6,254
Closing defined benefit obligation	347,413	347,462

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

	Gratuity	
	2010 (Rs. '000s)	2009 (Rs. '000s)
Opening fair value of plan assets	353,822	317,570
Expected return	29,018	27,767
Contributions by employer	76,075	107,766
Benefits paid	(101,023)	(89,336)
Actuarial gains / (losses)	(4,999)	(9,945)
Closing fair value of plan assets	352,894	353,822

The Defined benefit obligation amounting to Rs. 347,413 thousands is funded by assets amounting to Rs.352,894 thousands and Group has contributed Rs. 5,481 thousands excess during the year 2010. The Group expects to contribute Rs. 60,000 thousands during the year 2011.

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

	Gratuity	
	2010 %	2009 %
Investments		
– With Insurer	46.22	42.65
– With Government securities and Bonds	4.12	5.91
– With Special deposit scheme	49.66	51.44

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 obligations for the Parent Company's plans are shown below:

	2010 %	2009 %
Discount rate	8.25-8.60	8.00-9.30
Expected rate of return on assets	8.50	9.50
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	5.00-2.00	2.00-5.00
26-35	3.00-2.00	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	**2010 (Rs. '000s)**	**2009 (Rs. '000s)**	**2008 (Rs. '000s)**	**2007 (Rs. '000s)**
1 Defined Benefit Obligation at end of the period	(347,413)	(347,462)	(387,453)	(415,398)
2 Plan Assets at end of the period	352,894	353,822	317,570	362,000
3 Funded Status	5,481	6,360	(69,882)	(53,398)
4 Experience Gain/(Loss) adjustments on plan liabilities	(55,413)	(35,058)	(65,560)	(69,554)
5 Experience Gain/(Loss) adjustments on plan assets	(4,999)	(9,945)	(11,756)	(6,032)
6 Actuarial Gain/(Loss) due to change on assumptions	6,715	28,804	28,912	(19,391)

Contribution to Defined Contribution Plans:	**2010 (Rs. '000s)**	**2009 (Rs. '000s)**
Pension fund	2,311	2,375
Provident Fund	831	1,112

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

(Amount in Rs. '000s)

Deferred Tax Assets	**31-Dec-10**	**31-Dec-09**
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	160,113	131,589
Provision for doubtful debts advances etc.	15,089	33,317
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	114,024	76,168
Effect of income not credited to profit and loss account in the current year but considered for tax purposes	21,774	—
Gross Deferred Tax Assets	311,000	241,074
Less:- Opening Deferred Tax assets	241,074	174,713
Deferred Tax Charges/(Credit) for the year recognised in Profit and Loss Account	(69,926)	(66,361)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

18. Manufacturing, Distribution, Selling and Administration expenses (Schedule 18) includes Research & Development Expenses of Rs.49,257 thousands (Previous Year: Rs. 33,877 thousands).

19. In accordance with "Explanation below Para 10 of Notified AS 9", excise duty on turnover amounting to Rs. 188,945 thousands (Previous Year: Rs. 209,365 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. (6,094) thousands [Previous Year: Rs. 42,991 thousands] has been adjusted from Cost of Goods Sold in Schedule -17.

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

Nature	2010 (Rs. '000s)	2009 (Rs. '000s)
Construction Expenses	354,704	126,061
Rates & Taxes	42,439	46,226
Legal & Professional	89,098	95,999
Land Survey	552	572
Testing Charges	931	795
Insurance	306	202
Repair & Maintenance	21,157	21,799
Provision for Land Development	431,240	326,400
Salaries, Wages & Bonus	27,837	7,990
Contribution to Gratuity, Provident & Other Funds	—	251
Staff Welfare	—	144
Power & Fuel	6,138	2,417
Travelling and Conveyance	4,565	4,438
Social Cost	10,385	9,100
Miscellaneous expenses	2,150	7,454
Finance Expense	78,124	28,070
Project Work in Progress	**1,069,626**	**677,918**

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

Nature	2010 (Rs. '000s)	2009 (Rs. '000s)
Construction Expenses	—	9,034
Rates & Taxes	—	2,448
Legal & Professional	—	13,291
Personnel Expenses	—	1,038
Travelling	—	47
Miscellaneous Expenses	—	355
Finance Expenses	—	736
Grand Total	—	**26,949**

Pursuing the restructuring of JV agreement, Bata India Limited has applied to the Government of India for denotification of its IT SEZ. Consequent to such de-notification, the capital work in progress aggregating Rs. 26,949 thousands has been written off in profit and loss account and/or transferred to work in progress.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(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	2010 (Rs. '000s)	2009 (Rs. '000s)
Construction Expenses	—	4,230
Rates & Taxes	—	—
Legal & Professional	—	990
Personnel Expenses	—	266
Travelling	—	1
Miscellaneous Expenses	—	4
Grand Total	**—**	**5,491**

(d) While retaining the legal title over the land at Batanagar Project and shares in the Joint Venture Company, Riverbank Developers Private Limited (RDPL), Bata India Limited has restructured its agreements with revised terms and conditions for the development of the modern integrated township project at Batanagar. In consideration of the restructured agreement, the Group shall receive an aggregate amount of Rs. 1,000,000 thousands for future transfer of shares in the JV Company and variation of the development rights. In addition, the Group will also receive 640,000 sq feet of constructed space free of cost in the project over a defined period of time. These agreements have been entered on 28th April 2010.

Since conditions precedent to recognizing sale of investment and variation of rights in the joint development agreement have not crystallized till the year end, hence on the conservative basis the Group has decided not to account for the said transaction.

(e) The Breakup of Cost of Sales of real estate projects is as below :

Nature	2010 (Rs. '000s)	2009 (Rs. '000s)
Advertisement & Marketing	279	—
Construction Expenses	85,633	—
Finance Charges	9,574	—
Insurance	38	—
Land Survey Expenses	68	—
Legal and Professional Charges	9,256	—
Miscellaneous Expenses	7,495	—
Personnel Expenses	3,363	—
Power & Fuel Expenses	759	—
Provision for Land Development	53,324	—
Rates & Taxes	9,391	—
Repair	2,616	—
Social Cost	1,284	—
Soil testing charges	115	—
Travelling Expenses	559	—
Grand Total	**183,754**	**—**

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	2010 (Rs. '000s)	2009 (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	53,918	36,068
	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	418,976	369,937
	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 or reclassified, where necessary to conform to current year's classification.

As per our report of even date

FOR S R BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon
February 23, 2011

For and on behalf of the Board of Directors

FADZILAH MOHD. HUSSEIN
Director Finance

MARCELO VILLAGRAN
Managing Director

A B ANAND
Company 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, 2010

		31.12.2010		31.12.2009	
		Rs.'000s	**Rs.'000s**	Rs.'000s	Rs.'000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax		**1,360,802**		957,236
	Adjustment for :				
	Depreciation / Amortisation	**332,021**		283,424	
	Provision for Doubtful Debts & Advances	**4,693**		19,556	
	Miscellaneous Expenditure written off	**15,310**		61,238	
	Liabilities no longer required written back	**(4,333)**		(11,185)	
	Lease rent straight lining	**115,839**		111,773	
	(Gain)/ Loss on Disposal of Fixed Assets (Net)	**3,054**		2,880	
	(Gain)/ Loss on Sale of Investment	**(823)**		(1,614)	
	CWIP Written off	**5,748**		—	
	Interest Income	**(61,365)**		(23,563)	
	(Gain) / Loss on Foreign Exchange (Net)	**647**	**410,791**	109	442,618
			1,771,593		1,399,854
	Add: Interest Expense		**8,410**		40,719
	Operating Profit before Working Capital changes		**1,780,003**		1,440,573
	(Increase)/Decrease in Inventories	**(579,311)**		52,721	
	(Increase)/Decrease in Sundry Debtors	**(51,813)**		6,768	
	(Increase)/Decrease in Loans and Advances	**(179,919)**		(22,449)	
	Increase/(Decrease) in Current Liabilities & Provisions	**475,683**	**(335,360)**	(130,300)	(93,260)
	Cash Generated from operations		**1,444,643**		1,347,313
	Add/(Less): Refund/(Payment) of Tax (Net)		**(856,150)**		(344,586)
	Net Cash Flow from operating activities		**588,493**		1,002,727
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(592,460)**		(444,737)	
	Proceeds from Sale of Fixed Assets	**12,000**		8,141	
	Fixed Deposits with Scheduled Banks	**(816,589)**		(130,027)	
	Proceeds from Sale of Investments	**103,434**		41,437	
	Purchase of Investments	**(57,375)**		(80,359)	
	Advance for Restructuring of Agreements	**450,000**		—	
	Interest Received	**48,990**		22,154	
	Net Cash used in investing activities		**(851,991)**		(583,391)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010 *(Contd.)*

	31.12.2010		31.12.2009	
	Rs.'000s	**Rs.'000s**	Rs.'000s	Rs.'000s
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	**(191,706)**		(160,068)	
Receipt of Unsecured Loan from Body Corporate	**18,000**		50,000	
Repayment of Unsecured Loan taken from Body Corporate	**(34,000)**		—	
Term Loan from a Body Corporate	**590,000**		—	
Increase/(Decrease) in Working Capital Demand Loan & Cash Credit	**(146,532)**		(212,557)	
Payment of interest	**(7,115)**		(44,404)	
Receipts of deposits from Agents and Franchisees	**33,786**		16,741	
Net Cash realised/(used) from Financing activities		**262,433**		(350,288)
Net increase in Cash and Cash equivalent		**(1,065)**		69,048
Add: Cash and Cash equivalent as at beginning of the year		**177,045**		107,997
Cash and Cash equivalent as at end of the year		**175,980**		177,045
Cash and Cash equivalent as at end of the year includes				
Cash on hand		**18,017**		15,158
Balances with Scheduled Banks				
– On Current Accounts*		**157,053**		160,940
– On Term Deposit		**1,212,941**		396,352
Balances with Other Bank				
– On current Account		**910**		947
		1,388,921		573,397
Less: Deposits pledged with Banks		**(14,575)**		(14,575)
Less: Deposits having maturity period more than 3 months		**(1,198,366)**		(381,777)
		175,980		177,045

* Includes Rs. 4,461 thousands (Previous Year Rs. 3,885 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.
Firm Registration No. 301003E
Chartered Accountants
Per RAJIV GOYAL
Partner
Membership No. 94549
Gurgaon
February 23, 2011

For and on behalf of the Board of Directors

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Director Finance

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P M SINHA
Chairman

NOTES

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