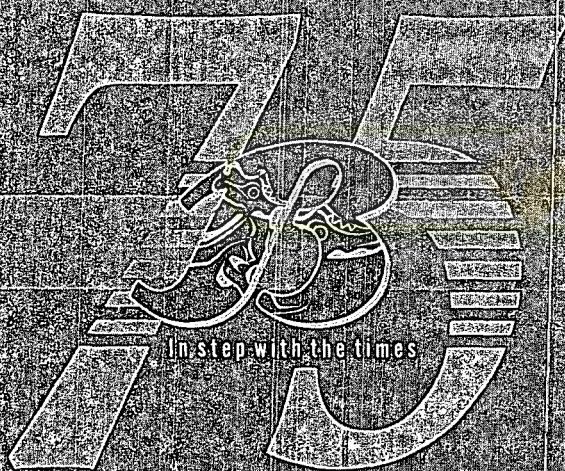


Berta®



ANNUAL REPORT 2007



BATA INDIA LIMITED

Board of Directors

P M Sinha	<i>Chairman</i>
M Villagran	<i>Managing Director</i>
S Sinha	<i>Director – Finance</i>
V Narayanan	
N Sankar	
R Rizzo	
U Khanna	
J Carbajal	
M K Sharma	<i>Appointed as Additional Director w.e.f. January 24, 2008</i>

Audit Committee

V Narayanan	<i>Chairman</i>
P M Sinha	<i>Member</i>
N Sankar	<i>Member</i>
U Khanna	<i>Member</i>
J Carbajal	<i>Member</i>

Nomination, Governance and Compensation Committee

P M Sinha	<i>Chairman</i>
V Narayanan	<i>Member</i>
N Sankar	<i>Member</i>
U Khanna	<i>Member</i>

Shareholders' Grievance Committee

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

Vice-President & Company Secretary

A B Anand

Executive Committee

M Villagran
S Sinha
E Tonoli
R S Goutam
D Deshpande
C C Ponnappa
M Chandra

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**Auditors**

S R Batliboi & Co.
Chartered Accountants
22, Camac Street, Block 'C'
3rd Floor, Kolkata 700 016.

Cost Auditors

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

Bankers

State Bank of India
HDFC Bank Ltd.
Centurion Bank of Punjab Ltd.

Solicitors

Hemant Sahai & Associates

Registrar (In house)

A Banerjee

Share Department

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

Registrar & Share Transfer Agent

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

Corporate Office

Bata House
418/02, Sector 17
Gurgaon-Mehrauli Road
Sector 17, Gurgaon 122 002
Telephone : (0124) 4120 100-10
Fax : (0124) 4120 116

Registered Office

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



BATA INDIA LIMITED

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

NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy fifth Annual General Meeting of the Members of Bata India Limited will be held on **Thursday, June 19, 2008 at 10:30 a.m.** at KALAMANDIR, 48, Shakespeare Sarani, Kolkata 700 017, to transact the following business :

1. To receive, consider and adopt the Profit & Loss Account of the Company, for the year ended December 31, 2007, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To declare dividend
3. To elect Directors in place of those who retire by rotation. Mr. P M Sinha and Mr. R Rizzo retire by rotation and being eligible, offer themselves for re-election.
4. To appoint Auditors and to fix their remuneration and to pass, with or without modification, the following resolution, which will be proposed as an Ordinary Resolution.

"RESOLVED that Messrs. S.R. Batliboi & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorised to determine the remuneration payable to the Company's Auditors."

SPECIAL BUSINESS

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

5. (As Ordinary Resolution)

"RESOLVED that **Mr. M K Sharma** be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."

6. (As 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 Sections 198, 309, 310 & 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act'), read with Schedule XIII of the Act, the Company hereby accords its approval to the payment of enhanced Fixed Salary to **Mr Marcelo Villagran as Managing Director** as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from January 01, 2008."

"FURTHER RESOLVED that in the event where in any financial year during the tenure of Mr Villagran, the Company has no profits or its profits are inadequate, the Company may pay the existing remuneration to Mr Villagran the total of which may exceed the ceiling limit as specified in Part II Section II(C) of Schedule XIII of the Act as Minimum Remuneration subject to the approval of the shareholders by a Special Resolution and the approval of the Central Government."

"FURTHER RESOLVED that all other terms and conditions of Mr Villagran's initial appointment as contained in his Agreement with the Company and in the Notice and Explanatory Statement which has been approved by the shareholders at the 72nd Annual General Meeting of the Company held on June 27, 2005 shall remain in full force."

7. (As 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 Sections 198, 309, 310 and 311



and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the Act, the Company hereby accords its approval to the payment of enhanced Fixed Salary and Commission to **Mr Shaibal Sinha, Director-Finance**, as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from January 01, 2008."

"FURTHER RESOLVED that in the event where in any financial year during the currency of tenure of Mr Sinha the Company has no profits or its profits are inadequate, the Company may pay the existing remuneration to Mr Sinha the total of which may exceed the ceiling limit as specified in Part II Section II (C) of Schedule XIII of the Act as Minimum Remuneration subject to the approval of the shareholders by a Special Resolution and the approval of the Central Government."

"FURTHER RESOLVED that all other terms and conditions of Mr Sinha's initial appointment as contained in his Agreement with the Company and in the Notice and Explanatory Statement which has been approved by the shareholders at the 72nd Annual General Meeting of the Company held on June 27, 2005 shall remain in full force."

By Order of the Board

Gurgaon,
March 28, 2008.

A B ANAND
Vice-President & Company Secretary

NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Share Transfer Books and Register of Members of the Company will remain closed from Saturday, May 31, 2008 to Thursday, June 19, 2008 (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-materialised form are requested to bring their client I.D and DP I.D Nos. for easier identification of attendance at the meeting.
6. A member desirous of getting any information on the accounts or operations of the Company, is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Share Transfer Agents and in case their shares are held in dematerialised form, this information should be passed on directly to their respective Depository Participants and not to the Company / STA, 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 dematerialised form, they must quote their DP I.D and Client I.D. Number.
9. Members holding shares in physical form can now 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 Share Transfer Agents by quoting their respective Folio Numbers.
10. Investors/Shareholders are requested to kindly note that if physical documents viz Demat Request Forms (DRF) and Share Certificates etc. are not received from their DP's by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL) so that no demat request remains pending



beyond a period of 21 days. Upon rejection/cancellation of the DRN, a fresh DRF has to be forwarded along with the Share Certificates by the DP's to the Registrar. This note is only to caution investors/shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the Registrar after generating the DRN.

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

- (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31.12.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C Bose Road, Kolkata 700 020, by submitting an application in the prescribed Form.
- (ii) Consequent upon amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining un-paid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company 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.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.12. 2000 and 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, 2007, when declared at the meeting, will be paid:

- I. **To those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company and its Registrars on or before May 30, 2008.**
- II. **In respect of shares held in electronic form to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), at the end of business hours on May 30, 2008.**
- III. SEBI has made it mandatory for all the companies to use bank details furnished by the investors for distributing dividends or other cash benefits to them through Electronic Clearing Services (ECS), wherever ECS and bank details are available. In the absence of ECS 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 fill the ECS mandate form enclosed in the Annual Report. Members holding shares in d-mat mode are requested to record the ECS mandate with their Depository Participant.

SEBI vide its circular dated April 27, 2007 and June 25, 2007 has made it mandatory effective July 2, 2007 for every participant in the securities/ capital market to furnish Income Tax Permanent Account Number (PAN No). Therefore members holding shares in physical mode are requested to furnish their PAN Number along with photocopy of PAN Card. Members holding shares in d-mat mode are requested to record the details of PAN Card with their Depository Participant.



ANNEXURE TO THE NOTICE

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

ITEM NO. 3

(A) Re-election of Mr. P. M. Sinha (67) (Resume)

Mr Sinha is the former CEO of Pepsi Cola International South Asia and was the Chairman of Pepsico India Holdings and President of Pepsi Foods Limited. He was also on the Management Committee & Director of Hindustan Lever Limited for eleven Years; before he joined Pepsico in 1992. He is currently on the Boards of ICICI Bank, Wipro Limited, Indian Oil Corporation Limited, Lafarge India Pvt. Limited and Azim Premji Foundation Pvt. Ltd.

The Board recommends the re-election of Mr. P. M. Sinha as a Director of the Company.

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

Mr. Sinha 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.

(B) Re-election of Mr. R. Rizzo (61) (Resume)

Mr Rizzo graduated from the Business & Economics College in Padova in 1965. He joined the Bata Shoe Organization in January 1969 in Bata Italy Retail Department. In 1978 he joined the European Regional Office as its Marketing Advisor. In 1982 he was appointed as Managing Director of Bata Switzerland. Since January 2002, as part of a major BSO Management restructuring, Mr Rizzo assumed the role in Singapore as the President of Bata International Group Limited and his responsibilities cover regions, such as Africa, Asia-Pacific and India. With his vast experience in retail, manufacturing and marketing he has also added China to his portfolio.

Mr Rizzo possesses an extensive knowledge of the footwear industry and considerable international experience.

None of the Directors are concerned or interested in the re-election of Mr. R. Rizzo.

Mr. Rizzo 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 January 24, 2008, Mr. M. K. Sharma (60) was appointed as an Additional Director in terms of the provisions of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr. Mahendra Kumar Sharma is a B.A. and a Law Graduate. He is a business executive and possesses rich experience in areas of Corporate Laws, HR, Risk Management and Communications. Mr Sharma is a Former Director of Hindustan Unilever Limited, Unilever India Exports Limited and Unilever Nepal Limited. He is currently on the Board of ICICI Bank Limited and ICICI Lombard General Insurance Company Limited.

Mr Sharma's candidature for Directorship of the Company 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 Sharma, 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.

None of the Directors are concerned or interested in the resolution.

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

ITEM NOS. 6 & 7

At a meeting of the Nomination, Governance & Compensation Committee held on January 24, 2008, the Committee recommended the following increase in the Fixed Salary of Mr Marcelo Villagran as Managing Director of the Company with effect from January 1, 2008 for a period of 3 years. The Committee also recommended an increase in the Fixed Salary of Mr Shaibal Sinha as Director Finance of the Company with effect from the same date for a period of 3 years. Both these recommendations were accepted by the Board of Directors at their meeting held on the same day.

The level of perquisites being the same for both the Wholetime Directors.



Mr Marcelo Villagran

a) Fixed Salary

Rs. 12.5 M per annum (Existing Rs. 9.5 M per annum).

Subject to the overall limits as prescribed in Schedule XIII of the Companies Act, 1956 (5% of net profits in case of one Wholetime Director and 10% of net profits in case of more than one Wholetime Director).

b) Commission

Nil

c) Perquisites

No change

Mr Shaibal Sinha

a) Fixed Salary

Rs. 57,96,000 per annum.(Existing Rs.50,88,000 per annum)

Subject to the overall limits as prescribed in Schedule XIII of the Companies Act, 1956 (5% of net profits in case of one Wholetime Director and 10% of net profits in case of more than one Wholetime Director).

b) Commission :

As may be approved by the Board for each financial year subject to a maximum of Rs.13,80,000 per annum (existing Rs.12.00 lacs p.a.) based on the PBT (Profit Before Tax) performance of the Company.

c) Perquisites

No change

The Committee made the recommendations to the Board after taking into consideration the market conditions and the compensation which will be payable to persons having the same level of qualifications, experience and competence.

MINIMUM REMUNERATION

The Committee agreed that in the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of the services of Mr Marcelo Villagran and Mr Shaibal Sinha, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II(c) of Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being be in force, Mr Villagran and Mr Sinha will continue to get the existing remuneration as their Minimum Remuneration.

While deciding the remuneration of Mr Villagran and Mr Sinha, the Committee took into consideration the financial position of the Company, trend in the retail sector, appointees qualification, experience, past performance, past remuneration and generally came to a consensus in bringing about objectivity in determining the remuneration package and tried their level best to strike a balance between the interest of the Company, its shareholders and the business environment specially in relation to the profoundly competitive retail market and business environment in the country.

The draft of the Supplementary Agreements to be executed between the Company and Mr Marcelo Villagran and Mr Shaibal Sinha are 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 the meeting.

Mr Marcelo Villagran and Mr Shaibal Sinha may be deemed to be concerned or interested in the resolution and in their appointments.

No other Director is interested in this resolution.

The Board recommends passing of the resolution.

The above should also be considered as an abstract of the change in the terms of appointment of Mr Marcelo Villagran and Mr Shaibal Sinha and a Memorandum as to the nature of concern or interest of the Directors in the said variation in the terms of their respective appointments, as required under Section 302 of the Companies Act, 1956.

By Order of the Board

A B ANAND

Vice-President & Company Secretary

Gurgaon,
March 28, 2008.



FINANCIAL HIGHLIGHTS 1998-2007

(in '000s)	1998	1999	2000
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PROFIT & APPROPRIATIONS

Sales & Other Income	7,447,720	7,746,271	7,612,910
Profit before Depreciation & Tax	393,358	616,665	393,464
Depreciation	123,625	135,799	140,471
Profit before Tax	269,733	480,866	252,993
Taxation	27,167	176,301	97,000
Profit after Tax	242,566	304,565	155,993
Dividend & Dividend Distribution Tax	48,079	94,102	85,001
Retained Earnings	194,487	210,463	70,992

ASSETS EMPLOYED

Fixed Assets — Gross	3,123,404	3,288,884	3,382,980
— Net	2,160,127	2,173,879	2,083,045
Investments	48,730	52,117	48,564
Net Current Assets	1,305,471	1,418,686	1,892,754
	3,514,328	3,644,682	4,024,363

FINANCED BY

Equity Shares	514,217	514,220	514,221
Reserves	2,745,453	2,891,013	2,910,960
Shareholders' Funds	3,259,670	3,405,233	3,425,181
Loan Funds	254,658	239,449	599,182
	3,514,328	3,644,682	4,024,363



2001	2002	2003	2004	2005	2006	2007
7,761,947	7,047,905	7,166,985	7,289,930	7,525,386	8,219,786	9,038,049
159,405	18,803	(82,079)	(510,517)	255,929	627,996	675,171
134,853	130,788	131,203	124,156	120,018	136,174	160,107
24,552	(111,985)	(213,282)	(634,673)	135,911	491,822	515,064
(15,243)	(37,782)	47,219	(7,192)	11,000	90,310	40,624
39,795	(74,103)	(260,501)	(627,481)	124,911	401,512	474,440
38,567	—	—	—	—	—	150,371
1,228	—	—	—	—	401,512	324,069
3,319,172	3,348,913	3,436,779	3,594,903	3,639,102	3,076,871	3,251,913
855,935	1,724,024	1,665,038	1,396,547	1,319,238	802,474	1,042,332
48,564	48,564	48,520	48,518	49,768	172,433	172,483
1,856,695	1,920,428	1,699,111	1,378,996	2,061,994	1,750,393	1,805,052
<u>3,761,194</u>	<u>3,693,016</u>	<u>3,412,669</u>	<u>2,824,061</u>	<u>3,431,000</u>	<u>2,725,300</u>	<u>3,019,867</u>
514,221	514,221	514,221	514,221	642,638	642,638	642,638
2,729,505	2,560,205	2,265,849	1,066,364	1,972,069	1,477,345	1,859,224
3,243,726	3,074,426	2,780,070	1,580,585	2,614,707	2,119,983	2,513,842
517,468	618,590	632,599	1,243,476	816,293	605,317	518,005
<u>3,761,194</u>	<u>3,693,016</u>	<u>3,412,669</u>	<u>2,824,061</u>	<u>3,431,000</u>	<u>2,725,300</u>	<u>3,019,867</u>