

# ANNUAL REPORT 2009



*Bata*®



**BATA INDIA LIMITED****Board of Directors**

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

**Audit Committee**

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

**Nomination, Governance and Compensation Committee**

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

**Shareholders' Grievance Committee**

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

**Vice-President & Company Secretary & Compliance Officer**

A B Anand

**Executive Committee**

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

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**Auditors**

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

**Cost Auditors**

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

**Bankers**

State Bank of India  
HDFC Bank Ltd.

**Investors' Grievance Manager**

A Banerjee

**Share Department**

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

**Registrar & Share Transfer Agent**

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

**Corporate Office**

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

**Registered Office**

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



## BATA INDIA LIMITED

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

### NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

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

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

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

#### SPECIAL BUSINESS

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

##### 5. (As Special Resolution)

"RESOLVED that the Directors of the Company (other than directors in the wholetime employment of the Company or the Managing Director) be paid for a period of five years commencing from January 1, 2011, a commission (to be divided among them in such proportion as the Board may determine from time to time) not exceeding 1% (one percent) of the net profits of the Company computed in such manner referred to in Section 309 (5) of the Companies Act, 1956 in any financial year, provided that no commission shall be payable to any director for any of the five financial years where the Company has no profits as computed under section 198(1) of the Companies Act, 1956."

By Order of the Board

**A B ANAND**

*Vice-President & Company Secretary*

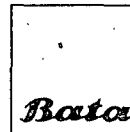
Gurgaon,  
February 24, 2010

#### NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Share Transfer Books and Register of Members of the Company will remain closed from May 8, 2010 to May 27, 2010 (both days inclusive).
4. Members are requested to produce the enclosed Attendance Slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members, who hold shares in de-materialized form, are requested to bring their Client I.D and DP I.D Nos. for easier identification of attendance at the meeting.
6. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.



8. In all correspondence with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialized form, they must quote their DP I.D. and Client I.D. Number.
9. Members holding shares in physical form can avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form duly filled in, to the Company or its Registrar & Share Transfer Agent by quoting their respective Folio Numbers.
10. Investors/Shareholders are requested to kindly note that if physical documents viz Demat Request Forms (DRF) and Share Certificates etc. are not received from their DP's by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialization, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL) so that no demat request remains pending beyond a period of 21 days. Upon rejection/cancellation of the DRN, a fresh DRF with new DRN has to be forwarded along with the Share Certificates by the DP's to the Registrar. This note is only to caution investors/shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the Registrar after generating the DRN.
11. Information u/s. 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below:
  - (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31.12.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C Bose Road, Kolkata 700 020, by submitting an application in the prescribed Form.
  - (ii) Consequent upon amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining un-paid or unclaimed for a period of seven years from the date they first become due for payment, shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.  
 No dividend has been declared for the year ended 31.12.2002 to 31.12.2006.  
 Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.12.2007 onwards, are requested to claim the amount forthwith from the Company.
12. Dividend on Equity Shares as recommended by the Directors for the year ended December 31, 2009, when declared at the meeting, will be paid:
  - i) To those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company and its Registrars on or before May 7, 2010.
  - ii) In respect of shares held in electronic form to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on May 7, 2010.
  - iii) SEBI has made it mandatory for all the companies to use bank details furnished by the investors for distributing dividends or other cash benefits to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore members holding shares in physical mode are requested to provide their bank details to the Company/Registrar. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.
  - iv) The Securities and Exchange Board of India (SEBI) vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transaction. Thereafter, vide circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.  
 SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases
    - a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
    - b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
    - c) Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.



## ANNEXURE TO THE NOTICE

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

### ITEM NO. 3

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

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

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

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

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

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

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

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

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

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

### ITEM NO. 4

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

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

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

By Order of the Board

Gurgaon,  
February 24, 2010

**A B ANAND**  
Vice-President & Company Secretary



## FINANCIAL HIGHLIGHTS 2000-2009

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

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

**ASSETS EMPLOYED**

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

**FINANCED BY**

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

**Bata**

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





## SIGNIFICANT RATIOS 2000-2009

			2000	2001	2002
<b>MEASURES OF INVESTMENTS</b>					
Return on Equity	$\frac{\text{Profit after tax}}{\text{Shareholders' Funds}}$	(%)	4.55	1.23	(2.41)
Earnings per Share	$\frac{\text{Net Profit}}{\text{No. of Shares}}$	(Rs.)	3.03	0.77	(1.44)
Dividend Cover		(times)	2.02	1.03	—
Dividend		(%)	15.00	7.50	—
Book Value of an Equity Share	$\frac{\text{Shareholders' Funds}}{\text{No. of Shares}}$	(Rs.)	66.61	63.08	59.79
<b>MEASURES OF PERFORMANCE</b>					
Profitability	a) $\frac{\text{Profit before Tax}}{\text{Sales}}$	(%)	3.33	0.32	(1.61)
	b) $\frac{\text{Profit after Tax}}{\text{Sales}}$	(%)	2.05	0.52	(1.07)
Capital Turnover	$\frac{\text{Sales}}{\text{Total Funds}}$	(times)	1.89	2.02	1.88
Stock Turnover	$\frac{\text{Sales}}{\text{Stocks}}$	(times)	3.46	3.91	3.00
Working Capital Turnover	$\frac{\text{Sales}}{\text{Net Current Assets}}$	(times)	4.02	4.13	3.71
<b>MEASURES OF FINANCIAL STATUS</b>					
Debt Equity Ratio	$\frac{\text{Loan Funds}}{\text{Shareholders' Funds}}$	(times)	0.17:1	0.16:1	0.20:1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	(times)	2.19:1	2.18:1	2.01:1
Fixed Assets to Shareholders' Funds	$\frac{\text{Net Fixed Assets}}{\text{Shareholders' Funds}}$	(times)	0.61:1	0.57:1	0.56:1

\* Without Considering Prior Period Items

**Bata**

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