

ANNUAL
REPORT

BHARTIYA

2012 2013

INDIA -- Emerging As Preferred Business Destination for the World

Be it power loom, handloom and knitted fabrics, or raw, finished and value added leather; be it software, engineering and science & technology, or processed foods, agriculture and education; be it alternate medicines, advanced healthcare and industry, or tourism, power and infrastructure.. India is beginning to show its class in almost every industry and sector of the global economy. As effects of the global economic recession quickly recedes, India Inc., which had not been too badly affected by it, looks positively poised today to take its rightful place amongst the more advanced nations of the world and grow at a higher and steadier pace.

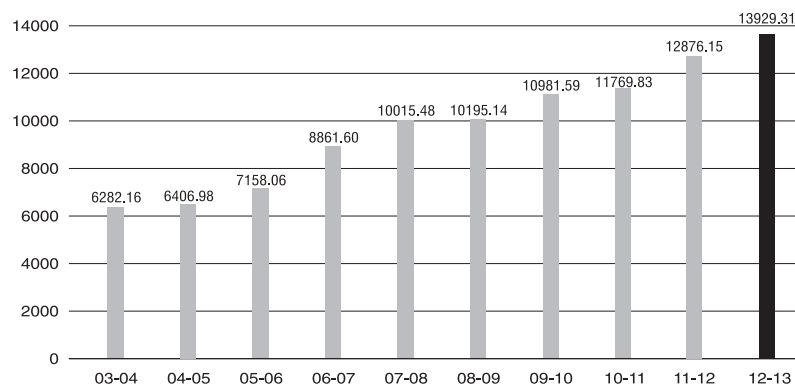
During all the global upheavals, your company has continued to strive for faster growth. Investing vast sums to consolidate, integrate, improve and diversify its operations in tune with its founding vision, your company's entrepreneurial energy has remained keenly focused on strengthening its business model during the year under review.

C O N T E N T S

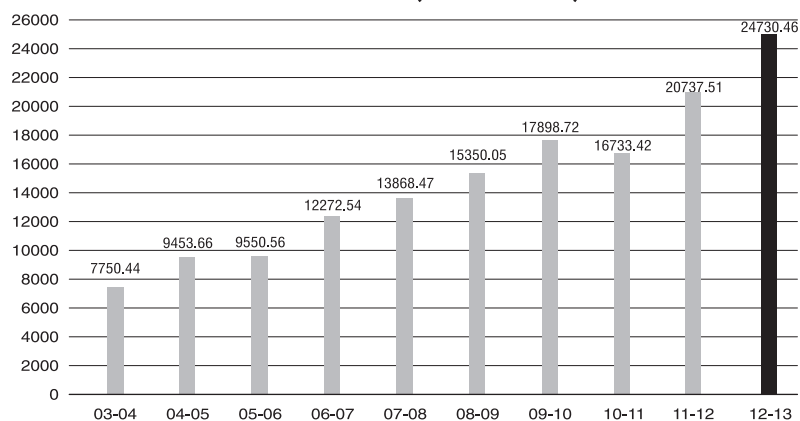
Performance Highlights	1
From the Chairman	3
Management Discussion & Analysis	5
Director's Report	13
Corporate Governance Report	18
Auditor's Report	30
Balance Sheet	33
Statement of Profit and Loss	34
Cash Flow Statement	35
Notes to Financial Statements	36
Accounts of Subsidiary Companies	
Bhartiya Global Marketing Ltd.	57
J&J Leather Enterprises Ltd.	77
Bhartiya International SEZ Ltd.	98
Bhartiya Fashion Retail Ltd.	113
World Fashion Trade Ltd.	124
BIL Group LLC	134
Ultima S.A	139
Ultima Italia S.r.l	143
Consolidated Accounts	154

PERFORMANCE HIGHLIGHTS

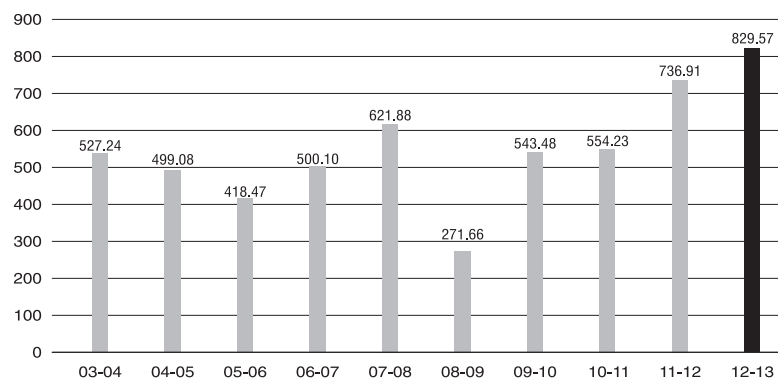
NET WORTH (Rs. in Lacs)



TURNOVER (Rs. in Lacs)



PROFIT AFTER TAX (Rs. in Lacs)



BOARD OF DIRECTORS**DIRECTORS**

Snehdeep Aggarwal	Managing Director
Jaspal Sethi	Whole-Time Director
A.K. Gadhok	Whole-Time Director
V.K. Chopra	Director
Shashank	Director
Ramesh Bhatia	Director
Nikhil Aggarwal	Director
A. Sahasranaman	Director
C.L. Handa	Director
Sandeep Seth	Director
Deepti Gambhir	Company Secretary

AUDITORS

Sushil Poddar & Co., New Delhi

BANKERS

Corporation Bank
Citi Bank N.A.
Royal Bank of Scotland
IDBI Bank Ltd.
ING Vysya Bank Ltd.
Chinatrust Commercial Bank
State Bank of India

DELHI

Registered Office
E-52, New Manglapuri, Mandi Road, (Mehrauli),
New Delhi - 110 030, India
Email: bhartiya@bhartiya.com

HONG KONG

World Fashion Trade Ltd.
Suite 605, 6th Floor, China Insurance Group
Building, 141 Des Voeux Road,
Central, Hong Kong

U.S.A

BIL Group LLC
146, West 29th Street, Suite # 11E,
New York, N.Y. 10001 USA

SWITZERLAND

Ultima S.A., Rochettes 42, 2012 Auvener,
Switzerland

ITALY

Ultima Italia Srl, Branch: Via Dei Tigli, 4,
26010 Casaleto Vaprio (CR), Italy

CHINA

World Fashion Trade Ltd.
Room 510, Tower 8, United Plaza,
No. 58, Qianjiang Road, Hangzhou,
China - 310 008

CHENNAI

342, Nallambakkam Village,
Via-Vandalur, Chennai-600048.

BANGALORE

No. 27/2, Gottigere, Bannerghata Road,
Bangalore-560 083 India

FROM THE CHAIRMAN



“A True Leader Doesn’t Just Take the Road Less travelled, He Builds the Road that Others Will Follow over Time”

It is with immense pride and joy that I inform you about your company’s impressive progress on all fronts over the past one year. Your company is set to launch itself into a faster growth trajectory owing to the path breaking initiatives undertaken in the recent past. This has also helped the company maintain impressive growth during the last financial year despite the mixed impact of international macro-economic developments on the leather sector in India and the continuance of a recessionary hangover in several of our well developed world consumer markets, particularly in Europe.

As you are well aware, a major portion of your company’s revenue has been generated from Europe for years. The company has taken a strategic initiative to expand its presence in the US market, which will open up growth opportunities in the backdrop of slow moving markets in Europe. With a view to implement this strategy of territorial

expansion, your company has hired Mr Robert Moore, an international veteran in the Leather and Footwear industry, as Chief Executive Officer. He has immense experience in the global leather sector and in-depth knowledge of and networking in the US market.

Some of the positive developments are that the economies of Europe and the USA are improving supported by a strong USD and Chinese RMB; In Europe, data provider Markit’s index of economic output rose to an 18 month high in July 13. And evidence also appeared that a credit squeeze in the Euro zone was easing, based on a survey of European Central Bank that shows credit for consumers was becoming more available for the first time since the financial crisis in 2008. US retail is also benefitting from more job hiring which give more people money to spend; this coupled with a stronger real estate market and house values, and a stock market at record high level, adds to

improving US conditions. The US data is encouraging as Bhartiya looks to expand into the large and improving American retail space. This is good news and I am extremely encouraged as I look at Bhartiya over the next 3 years. I see sustainable and profitable growth ahead for us.

Another significant development during the year has been commencement of operations at our first accessories production unit at the 250 acre Bhartiya International SEZ near Chennai. Government of India has in-principle approved our Leather Park to set up a Mega Leather Cluster under the financial assistance scheme announced by DIPP, Ministry of Commerce and Industry. This is a very positive development and would provide much impetus to the ambitious growth path charted for the company for the next three years.

Your company holds 30% equity in the 125 acre Bhartiya City Project in Bengaluru. Bhartiya City is envisioned to be developed as a modern urban centre, largest and first of its kind in any metro corporation limits in India. It is a matter of pride that the launch and commencement of construction of the city have marked tremendous success, and its residential brand 'nikoo homes', having sold about 1600 apartments in record time, has already become the fastest selling housing product in Bengaluru. Construction of the 3.7 mio sft IT SEZ within Bhartiya City is also progressing as per schedule. Bhartiya City will ultimately expect to build around 17 mio sft of saleable and leasable area, which will comprise of residences in various formats, 5 hotels, largest conference centre of Bengaluru, a large shopping

and entertainment district, a hospital and a school. An agreement has already been signed with Leela Hotels to operate the first hotel in the City, which will also have the conference centre and Leela branded residences, the sale of which is expected to start by the end of the year.

Your company is thus at the verge of a historical transition from a designer and exporter of leather apparels to a design led conglomerate with effective presence in Leather and Non Leather fashion, City and Home Development and Industrial Infrastructure Development, with a global reach. Your company has also effectively worked on augmenting highly competent human resources to implement all growth initiatives with global standards.

I am delighted that these growth initiatives will significantly enhance shareholders value in the near term. I, along with my motivated team, take this opportunity to thank all our shareholders, bankers, customers and associates in extending support and encouragement in our exciting journey in to a bright future.

S N E H D E E P A G G A R W A L

MANAGEMENT DISCUSSION & ANALYSIS

LEATHER APPAREL

The lingering economic slowdown in your company's key European markets has resulted in retailers putting their regular collections through more stringent reviews, reducing width and depth in some cases as compared to previous years. As a result, some of our European buyers, for whom we are the preferred high volume supplier, have been feeling the pressure to curtail order sizes and margins. Under this challenge, your company's well established sourcing capabilities was successful in keeping raw material supplies under control. The inherent ups and downs of the supply chain, which were less severe than previous years, could be easily controlled with the addition of suppliers from as far away as South America. Your company's inherent sourcing strength, well established facilities for product development, flair for creative designing and effective marketing, enabled us to post significant margins as well as witness increase in volumes over the previous year.

The overall cost dynamics will be imperative for your company's growth, as uncertain economic prospects in Europe will compel buyers to continue their quest for ever lower sourcing rates, which will enhance the pressure on our margins markedly.

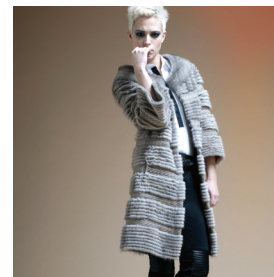
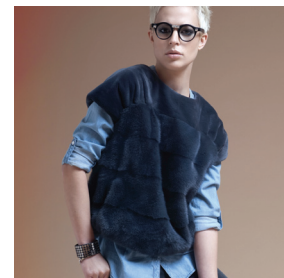
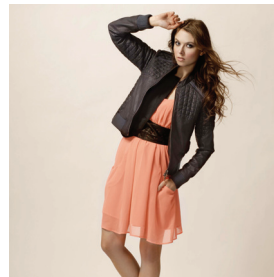


LEATHER ACCESSORIES

Due to the elaborate product development initiatives taken in leather as well as non-leather wears and accessories segments, your company's clientele has grown with several new customers reposing their faith in our capabilities. Under a phased expansion plan for capacity building in small leather goods, our Chennai factory is on track as planned and already showing promising results. In your company's Special Economic Zone, India's first dedicated-to-leather SEZ, the first factory is established and functioning smoothly. This elaborate infrastructure that is rapidly coming to life will be adequate to enhance the forward momentum of the company for the next five years. Plans are in the offing for providing dedicated factories to large accessory brands, while establishing few more sourcing points in order to achieve non-linear growth.

TEXTILE APPAREL

In the last couple of years extensive reorganization of our textile business has been carried out, while continuing to be based on a virtual factory model with strong linkage to our design studio in Milan to enable design driven growth. Your company had opened a new office in Dhaka, Bangladesh over a year ago, which has further scaled up our capacities and is beginning to contribute to the total business appreciably. After the reorganization process, your company's textile business is now perfectly positioned and surging ahead on the growth track. As a step to innovate and add value to our virtual factory model, our business now also offers design-based sourcing solutions utilizing the inimitable creativity of our design studio in Milan, besides providing contract production facilities in Asia. Today, our marketing network covers France, Netherlands, Italy and Spain, which has resulted in increase in business from large retailer customers of these countries. Our marketing strategy involves targeting textiles and leather customers through cross selling, which is being run in close coordination with our Italian operations. With all these strategic initiatives already taken, your company is poised perfectly for further sustainable growth.



FUR & OUTERWEAR

Your company's fur and outerwear business out-sources its manufacturing in China and is directly linked to our operations in Italy through our subsidiaries in Europe. Over the past few years, we have experimented with expanding our product portfolio to also include outerwear other than those made of leather or fur. This is simply because of our strategy to leverage our existing relationships with prestigious customers in Europe to cross sell these products. As one of the few companies in the world with such elaborate vertically integrated production operations across the value chain for leather, Bhartiya continues to seek opportunities for direct retailing, both by green field as well as inorganic routes, thereby, adding more value across each of the four verticals.



Some pictures from our fashion shoots, design desk and backstage that reflect the focus on design and perseverance that goes in building a brand.

OUR COMPANY**INTERNAL CONTROL SYSTEM**

Adequate and suitable for its size and nature of business, the internal control procedures of your company have been designed to ensure competent and advantageous utilisation and protection of the vital resources, accuracy in financial reporting and due compliance with statutes, procedures and protocol. The system involves well structured work instructions and comprehensive procedures to ensure proper authorisation, maintenance of records and reporting of all transactions. Continuous efforts are being made to upgrade the systems and procedures, as well as to improve compliances at all levels. Periodic meetings with the Audit Committee are held to re-evaluate the systems and processes.

RISK MANAGEMENT

Unless proper risk management systems are in place, no enterprise is worthy of neither praise nor even a mention. However, your company's risk management policy continues to play a crucial role in ensuring that vulnerabilities are kept in check. Strategic planning and proactive efforts minimise the risks emanating from shifting industrial scenario due to competition, changing customer needs, old techniques and changing technology. Bhartiya International's exposure to foreign currency risk is restricted to its imports and exports. These risks are minimised through well-thought-out financial operations, astute treasury management and effective use of hedge options.

HUMAN RESOURCES

Being an intellectually propelled and knowledge-driven organisation, your company treats human resource development as a prime growth driver of business. Employees are considered to be the greatest asset of the company. In order to grow as a company and exceed the expectations of customers, a lot depends upon the company's employees. Therefore, your company policy entails looking for talented and enthusiastic individuals, and building up of a rich human resource base. Every conceivable step is taken to ensure that employees upgrade their skills regularly and get better in their work. You company's incentives and rewards programmes have helped create a work culture that is most lively, which encourages the workers to perform at their best levels. This has a positive effect upon the performance of your company in attaining its corporate and financial goals.

CAUTIONARY STATEMENT

All the statements and assertions in this report regarding the projections, estimates and outlook are subject to current market situations and expected effects of future events on current and developing circumstances. Results may vary due to a number of factors, which could effect the company's business operations, such as demand and supply conditions, price inputs, change in government levies and regulations, industrial relations and other economic variables in the country. BIL cannot be held responsible in any way for such statements and it undertakes no obligations to publicly update these to reflect subsequent events or circumstances.

BHARTIYA CITY

Bhartiya City, promoted by Bhartiya Group, is an integrated city spanning 125-acres, under development near Hebbal in Bangalore. With residential, commercial, IT SEZ, hotels/convention and retail districts, it is envisioned as the largest development of its kind within any metro limits in India. The result of collaboration between master-planners, architects, engineers and interior designers from around the world, the City brings a characteristic architectural flavour that makes the best of global urban design uniquely Indian.

With a large hospital, 6-acre Central Park, schools and easy access to the airport and other parts of Bangalore City, Bhartiya City is intended to become a residential, entertainment, cultural and commercial hub. Residences in a wide variety of formats and price points to suit many types of Indian families are available under the Nikoo Homes brand. Bhartiya City is being developed by Bhartiya City Developers Pvt Ltd, a Bhartiya Group Company.





EVENTFUL YEAR



Bhartiya City is also evolving as a cultural hub over a period of time. Great bands like Santana, Guns-n-Roses, slayer and Swedish House Mafia have already performed at Bhartiya City. The City is also hosting Edinburgh International Science Festival, one of the most exciting science shows in the world, between 30 August and 8 September 2013, following the principle that any successful city also has a vibrant cultural life.

BHARTIYA CITY LAUNCH
SANTANA CONCERT
GUNS N ROSES CONCERT
SWEDISH MAFIA CONCERT
SLAYER CONCERT
CYCLING CHAMPIONSHIP
EDINBURGH SCIENCE FESTIVAL

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 26th Annual Report and the Audited Financial Statements of the Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

The financial results of the Company for the financial year ended March 31, 2013 are as follows:

(Rs. in Lacs)			
Sl. No.	Particulars	2012-2013	2011-2012
1.	Net Sales/Income from Operations	24730.46	20737.51
2.	Other Income	225.27	232.35
3.	Total Expenditure	22841.47	19109.03
4.	Interest	690.07	556.03
5.	Gross Profit after Interest but before Depreciation & Tax Items	1424.19	1304.80
6.	Depreciation	200.01	162.95
7.	Profit before Tax	1224.18	1141.85
8.	Tax Expense	394.61	404.94
9.	Net Profit after Tax	829.57	736.91
10.	Paid up Equity Share Capital	1106.38	1046.38
11.	Reserves (Excluding Revaluation Reserves)	12822.93	11829.77
12.	Earning Per Share (Basic) Rs.	7.65	7.33
13.	Earning Per Share (Diluted) Rs.	7.62	7.33
14.	Dividend	10%	10%

PERFORMANCE REVIEW

During the year under review Company achieved a turnover of Rs. 24730.46 Lacs as against Rs. 20737.51 Lacs in the previous year showing an increase of 19.25%. The Net Profit after tax also increased to Rs. 829.57 Lacs as compared to Rs. 736.91 Lacs in the previous year.

DIVIDEND

Your Directors have recommended a Dividend of Rs.1.00/- per paid-up equity share of Rs. 10/- each (i.e. @ 10%) for the Financial Year ended 31st March, 2013.

SHARE CAPITAL

During the year under review the Company allotted 6,00,000 Equity Shares to warrant holders on exercising the right attached to the warrants as a result paid-up Equity Share Capital of the Company has increased to Rs.110638480/-

EMPLOYEES STOCK OPTION PLAN

With the objective of motivating and retaining key talent in the organization and fostering ownership, your Company has framed the Employees Stock Option Plan 2012(ESOP-2012). No options were approved for grant during the Financial Year 2012-2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied consistently, and have 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 as at 31st March, 2013 and of the profit of the Company for the financial year ended 31st March, 2013.

BHARTIYA INTERNATIONAL LTD.

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a "going concern" basis.

DIRECTORS

Ms. Jaspal Sethi , Whole- Time Director is re-appointed w.e.f. 1st August, 2013 . Approval of Shareholders is being sought to the re-appointment and remuneration payable to her.

Mr. V.K. Chopra, Additional Director holds office till the conclusion of the ensuing Annual General Meeting. The Company has received notice from the shareholder together with requisite deposit as required under the provisions of section 257 of the Companies Act,1956 proposing his candidature for the office of Director, liable to retire by rotation.

Mr. C. L. Handa, Mr. A. K. Gadhok and Mr. Nikhil Aggarwal retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Details of all the Directors seeking re-appointment as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges are provided in the Corporate Governance Report forming part of this Report

CORPORATE GOVERNANCE

As required by Clause-49 of Listing Agreement a Report on Corporate Governance along with a Certificate of Corporate Governance from the Auditors is annexed to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis Report forms part of this Annual Report.

SUBSIDIARY COMPANIES

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts together with Directors' Report and Auditors' Report of the Subsidiary Companies are appended and form part of the Annual Report. The statement pursuant to Section 212 of the Companies Act, 1956 is annexed to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements of the Clause-32 of the Listing agreement with the Stock Exchanges and AS-21 presented by ICAI, the Consolidated Financial Statements of the Company and its subsidiaries are annexed and forms part of this Annual Report.

LISTING AGREEMENT

The Company's securities are listed at the following Stock Exchanges in India: -

1. The Bombay Stock Exchange Ltd.
2. The National Stock Exchange of India Limited

The Annual Listing fee for the Financial Year 2013- 2014 has already been paid to both the above Stock Exchanges.

PUBLIC DEPOSIT

The Company has neither invited/nor accepted any deposits during the year within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

CASH FLOW STATEMENT

As required by Clause-32 of the Listing Agreement a Cash Flow Statement is annexed and forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of this Annual General Meeting, and being eligible offer themselves for reappointment. They have furnished a certificate that their reappointment if made shall be within the statutory limits specified in Section 224(1B) of the Companies Act, 1956.

The Auditors observations in the Audit Report have been explained by the Company in detail in Notes to the Financial Statements which forms part of the Annual Report.

BHARTIYA INTERNATIONAL LTD.

COST AUDITORS

For the financial year ended 31st March, 2012 the Compliance Report had been filed by the due date with the Cost Audit Branch of the Ministry of Corporate Affairs.

For the financial year 2013-2014 the Board of Directors have appointed M/s Ajay Kumar Singh & Co. as Cost Auditors of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo is given in the annexure (A) forming part of this report.

PARTICULARS OF EMPLOYEES:

During the year no employee whether employed for the whole year or part of the year, was drawing remuneration exceeding the limits as laid down under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

ACKNOWLEDGEMENTS:

The Board of Directors are highly grateful for all the help, guidance and support received from the valued customers, suppliers, vendors, other business associates, various government and local authorities as well as the various Banks.

The Board places on record its appreciation for the devoted and dedicated services rendered by all the employees in taking the Company forward.

For and on behalf of the Board

New Delhi, 29th May, 2013

Snehdeep Aggarwal
(Managing Director)

Ramesh Bhatia
(Director)

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

a. Conservation of Energy

The operations of your Company are not energy intensive however the Company has undertaken several steps for energy conservation like monitoring of DG sets, using energy efficient computers, Air-conditioners are used only when required and thereby enhancing energy efficiency.

b. Technology Absorption

The Company is in fashion oriented industry. The Company relies heavily on its Italian office for design and product development. Access to Italian facilities is available for Indian operations thereby facilitating transfer of know-how.

c. Foreign Exchange Earnings & Outgo

The information on foreign exchange earnings and outgo are contained in notes to the accounts.

For and on behalf of the Board

New Delhi, 29th May, 2013

Snehdeep Aggarwal
(Managing Director)

Ramesh Bhatia
(Director)

BHARTIYA INTERNATIONAL LTD.

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

	Bhartiya Global Marketing Ltd., Delhi	Ultima S.A., Switzerland	BIL Group LLC, USA	World Fashion Trade Ltd., Mauritius	Bhartiya Fashion Retail Ltd., Delhi
(A) Financial year of the subsidiary Company ended on	: 31.03.2013	31.03.2013	31.12.2012	31.12.2012	31.03.2013
(B) Holding Company's Interest Number of Shares	: 2,499,020 Equity Shares Rs. 10 each	1000 Shares of CHF 1,000	Members Contribution Rs. 69,704,950 US \$	1,000 Shares of US \$ 1.00	50,000 Equity Shares of Rs.10 each
Extent of holding	: 100%	100%	100%	100%	100%
(C) The net aggregate amount of profits/(Losses) so far as it concerns members of the Holding Company					
(i) Not dealt within the Holding Company's accounts					
1. For the Financial year of the subsidiary	: Rs. 1,186,789	CHF 192,706	USD (3,002)	HK\$ 112,453	Rs. (31,316)
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. (8,320,853)	CHF 2,439,548	USD 2,535	HK\$ (8,821,476)	Rs. (75,883)
(ii) Dealt within the Holding Company's accounts					
1. For the financial year of the subsidiary	: -	-	-	-	-
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: -	-	-	-	-

	Bhartiya International SEZ Ltd., Delhi	(a) J&J Leather Enterprises Ltd., Chennai	(b) Ultima Italia SRL, Italy
(A) Financial year of the subsidiary Company ended on	: 31.03.2013	31.03.2013	31.03.2013
(B) Holding Company's Interest Number of Shares	: 12,069,230 Equity Shares of Rs. 10 each	125,000 Equity Shares of Rs. 100 each	2,000,000 Shares of € 1.00 each
Extent of holding	: 88.95%	100%	100%
(C) The net aggregate amount of profits/(Losses) so far as it concerns members of the Holding Company			
(i) Not dealt within the Holding Company's accounts			
1. For the Financial year of the subsidiary	: Rs. (3,000,482)	Rs. 812,847	€ 16,953

BHARTIYA INTERNATIONAL LTD.

	Bhartiya International SEZ Ltd.	(a) J&J Leather Enterprises Ltd. Chennai	(b) Ultima Italia SRL, Italy
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. 6,357,907	Rs. 7,691,876	€ 92,063
(ii) Dealt within the Holding Company's accounts			
1. For the financial year of the subsidiary	: -	-	-
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: -	-	-

(a) This is wholly owned subsidiary of Bhartiya Global Marketing Ltd. Delhi.
(b) This is wholly owned subsidiary of Ultima S. A. Switzerland.

For and on behalf of the Board

New Delhi, 29th May, 2013

Snehdeep Aggarwal
(Managing Director)**Ramesh Bhatia**
(Director)

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance revolves around the principles of ethical governance which guides and directs the management to conduct the business in an efficient and transparent manner to meet its obligations towards shareholders' and other stakeholders' expectations. Corporate Governance, which aims to promote fairness, transparency and integrity of the management is not a mere legal compulsion but rather a way of life, which helps in inspiring & strengthening investor's confidence in the Company .

In rapidly changing business and technological environment, BIL maintains its industry leadership by continuously endeavors to improve upon governance aspects on an on-going basis and adopts innovative approaches for leveraging resources, converting opportunities and motivation fostering a healthy growth and development of human resources thus generated confidence among business partners, customers and investors and at the same time fulfills its social responsibilities.

During the Financial Year 2012-2013 , the Company complied with the requirements of clause 49 of the Listing Agreement executed with the stock exchanges, the detailed Corporate Governance Report of BIL is as follows:

BOARD OF DIRECTORS

Composition of the Board

The Board of the Company consists of ten Directors and seven out of them are Non-Executive Directors. The composition of Board of Directors, Attendance of the Directors at the Board Meeting and last Annual General Meeting, Directorship in other Public Companies and Membership/Chairmanship in Committees are as follows: -

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships (1)	Memberships/Chairmanships of other Committees (2)
Mr. Snehdeep Aggarwal	Managing Director	7	Present	1	-
Mr. A. K. Gadhok	Executive Director (Whole-Time Director)	6	Present	1	-
Ms. Jaspal Sethi	Executive Director (Whole-Time Director)	3	Absent	1	-
Mr. Ramesh Bhatia	Non-executive Director	4	Present	2	-
Mr. C. L. Handa	Non-executive Director and Independent	7	Present	2	-
Mr. Sandeep Seth	Non-executive Director and Independent	6	Present	-	-
Mr. Shashank	Non-executive Director and Independent	5	Absent	1	-
Mr. A. Sahasranaman	Non-executive Director and Independent	6	Absent	4	-
Mr. Nikhil Aggarwal	Non-executive Director	3	Absent	-	-
Mr. V.K.Chopra	Additional Director	1	-	14	9 (including 4 as Chairman)

Notes:-

- (1) This includes directorships/committee memberships in Public Limited Companies and subsidiaries of Public Limited Companies and excludes directorships/committee memberships in Foreign Companies and Private Limited Companies.
- (2) The Board Committees have been considered for these purposes are: - Audit Committee, and Shareholders'/Investors' Grievance Committee of Indian Public Limited Companies (listed and un-listed) excluding Bhartiya International Limited have been considered.

BHARTIYA INTERNATIONAL LTD.

As mandated by the revised Clause 49, the independent Directors on BIL's Board are not less than 21 years in age and.

A part from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates which may affect independence of the Director.

Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.

Have not been an executive of the Company in the immediately preceding three financial years.

Are not partners or executives or were not partners or executives during the preceding three financial years of the:

- Statutory audit firm or the internal audit firm that is associated with the Company.
- Legal firm(s) and consulting firm(s) that have a material association with the Company.

Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.

Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Number of Board Meetings:

Seven (7) Board Meetings were held during the financial year and the gap between two meetings did not exceed four months. The dates on which the meetings were held are:

30th May, 2012, 10th August, 2012, 27th October, 2012, 5th November, 2012, 7th December, 2012, 31st December, 2012 and 6th February, 2013 .

Information Supplied to the Board:

The Board has complete access to all the information with the Company. Adequate information is circulated as part of the Agenda papers and also placed before the Board for taking decision. The information required to be placed before the Board includes:

- Annual operating plans & budgets and any update thereof.
- Capital Budgets and any update thereof
- Quarterly results of the Company and its operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

BHARTIYA INTERNATIONAL LTD.

- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

AUDIT COMMITTEE

(A) Composition

The Audit Committee consists of three Non-Executive Directors and all are Independent Directors.

Mr. Sandeep Seth, Mr. Shashank and Mr. C. L. Handa are the members of the Audit Committee. Mr. Sandeep Seth is the Chairman of the Audit Committee

Ms. Deepti Gambhir, Company Secretary act as Secretary of the Audit Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on September 27, 2012.

Four Audit Committee Meetings were held during the Financial Year.

(c) Meetings and attendance during the Financial Year 2012-2013

Director	29.05.2012	09.08.2012	03.11.2012	05.02.2013
Mr. Sandeep Seth	P	P	P	P
Mr. C.L. Handa	P	P	P	P
Mr. Shashank	-	P	P	P

Terms of Reference: The terms of reference/powers of the Audit Committee are as under:

A. Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. The role of Audit Committee includes

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors including Cost Auditors and fixation of audit fees.
3. Approval of payment to Statutory Auditors including Cost Auditors for any other services rendered by them.
4. 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 Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (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 the 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 related party transactions.
 - Qualifications in draft audit report.

BHARTIYA INTERNATIONAL LTD.

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing with the management, the performance of Statutory Auditors including Cost Auditors and Internal Auditors, adequacy of internal control systems.
8. 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.
9. Discussion with Internal Auditors, any significant findings and follow up thereon.
10. 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.
11. Discussion with Statutory Auditors including Cost Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower Mechanism, if any
14. Approval of appointment of CFO (i.e. the whole- time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
15. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.
16. To review the following information:
 - The 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 Internal Auditors.
17. Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of the Company.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Shareholders'/Investors' Grievance Committee consist of three Non-Executive Directors and all are independent Mr. Sandeep Seth is the Chairman of the Shareholders'/Investors' Grievance Committee. Other members of the Shareholders'/Investors' Grievance Committee are Mr. Shashank and Mr. C. L. Handa.

Ms. Deepti Gambhir, Company Secretary is the Compliance Officer of the Company.

The Terms of Reference to this committee is to look into and redress the complaints received from investors related to transfer of shares, non receipt of Annual Reports, dividend, etc. The Committee oversees the performance of Registrar & Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services. The committee also monitors implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

BHARTIYA INTERNATIONAL LTD.

Shareholders'/Investors' Grievance Committee met to attend shareholders queries together with the status report on the nature of queries received & the disposal thereof. Four Shareholders'/Investors' Grievance Committee Meetings were held during the financial year.

Meetings and Attendance during the financial year 2012-2013

Director	26.04.2012	07.07.2012	06.10.2012	07.01.2013
Mr. Sandeep Seth	P	P	P	P
Mr. C. L. Handa	P	P	P	P
Mr. Shashank	-	P	P	P

Total number of complaints/communications received during the financial year were 27 (Twenty Seven) only and all of them have been redressed/answered to the satisfaction of shareholders. There was no investor grievance remained unattended or pending as on 31st March, 2013.

INVESTMENT COMMITTEE

This Committee was formed by the Board in its meeting held on May 29, 2013 and comprises of Mr. Snehdeep Aggarwal and Mr. A. K. Gadhok, as its members. The Committee was vested with the powers of making investments in securities quoted on the stock exchanges.

REMUNERATION & COMPENSATION COMMITTEE

The name of the Remuneration Committee has been changed to Remuneration & Compensation Committee. It consist of three Non-Executive, independent Directors. Mr. Sandeep Seth is the Chairman of the Committee. Other members of the Remuneration Committee are Mr. Shashank and Mr. C. L. Handa. Ms. Deepti Gambhir, Company Secretary act as Secretary of the Remuneration Committee.

The broad terms of reference of the Remuneration & Compensation Committee are as under:-

- To approve the remuneration payable to the persons of the Board level and one level below the Board ;
- To consider the grant of stock options to employees under the Employees Stock Option Plan of the Company;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/ approve.

The Company has not granted any option during the financial year 2012-13

Remuneration Policy

The remuneration paid to Executive Directors is recommended by the Remuneration & Compensation Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the General Meeting and such authorities, as the case may be.

The remuneration is fixed considering various factors such as qualifications, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The remuneration structure comprises of Basic Salary, Perquisites and allowances, Contribution to provident fund and other funds.

Remuneration to Executive Directors for the financial year 2012-2013 are as under:

Name of the Director	Salary (Rs.)*
Mr. Snehdeep Aggarwal	18,39,600
Ms. Jaspal Sethi	11,68,800
Mr. A. K. Gadhok	4,09,224

* Salary includes Basic Salary, Perquisites & Allowances as per Income Tax Rules and contribution to Provident Fund.

BHARTIYA INTERNATIONAL LTD.

The details of sitting fees paid for attending the Board/Committee Meetings to the Non-Executive Directors for the financial year 2012-2013 is as under: -

Name of the Director	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)
Mr. C. L. Handa	17500	8000	25500
Mr. Ramesh Bhatia	10000	-	10000
Mr. A. Sahasranaman	15000	-	15000
Mr. Shashank	12500	6000	18500
Mr. Sandeep Seth	15000	8000	23000
Mr. Nikhil Aggarwal	7500	-	7500
Mr. V.K. Chopra	2500	-	2500

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS AS ON 31st MARCH, 2013

Name of the Director	Category	Number of shares held	No. of Convertible instruments held
Mr. Ramesh Bhatia	Non- Executive	340250	Nil
Mr. Nikhil Aggarwal	Non-Executive	20000	Nil
Mr. C.L. Handa	Independent Non-Executive	Nil	Nil
Mr. Shashank	Independent Non-Executive	Nil	Nil
Mr. A. Sahasranaman	Independent Non-Executive	Nil	Nil
Mr. Sandeep Seth	Independent Non-Executive	Nil	Nil
Mr. V.K. Chopra	Independent Non-Executive	Nil	Nil

SUBSIDIARY COMPANY

None of the subsidiary of the Company falls within the meaning of "Material Non-listed Indian subsidiary" as designed by Clause 49 (III) of the Listing Agreement.

GENERAL BODY MEETINGS

The location and time of the Extra-Ordinary General Meeting held during the last 3 years are as follows:-

Extra-Ordinary General Meeting (EGM)	Date	Time of EGM	Location	No. of Special Resolutions passed
Year-2011-12	8 th February, 2012	12.00 Noon	Air Force Auditorium, Subroto Park, New Delhi-110010	2
Year-2012-13	26 th November, 2012	11.00 A.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	3

The location and time of the Annual General Meeting held during the last 3 years were as follows:-

Annual General Meeting (AGM)	Date	Time of AGM	Location	No. of Special Resolutions passed
23 rd AGM	24 th September, 2010	11.00 A.M.	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi-110 001	-
24 th AGM	26 th September, 2011	11.30 A.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	1
25 th AGM	27 th September, 2012	11.00 A.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110003	-

BHARTIYA INTERNATIONAL LTD.

(i) All resolutions moved at the last Annual General Meeting and Extra-Ordinary General Meeting were passed by show of hands.

(ii) **Postal Ballot**

At the ensuing Annual General Meeting there is no resolution to be passed by Postal Ballot.

DIRECTOR'S APPOINTMENT/RE-APPOINTMENT DETAILS

Ms. Jaspal Sethi, Whole-Time Director is re-appointed w.e.f. 1st August, 2013. Approval of Shareholders is being sought to the re-appointment and remuneration payable to her.

Mr. V.K. Chopra, Additional Director holds office till the conclusion of the ensuing Annual General Meeting. The Company has received notice from the shareholder together with requisite deposit as required under the provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, liable to retire by rotation.

Mr. C. L. Handa, Mr. A. K. Gadhok and Mr. Nikhil Aggarwal retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Brief resume of the Directors seeking re-appointment is given below:-

Name	Ms. Jaspal Sethi	Mr. V.K. Chopra	Mr. C. L. Handa	Mr. A. K. Gadhok	Mr. Nikhil Aggarwal
Date of Birth	21.03.1964	06.03.1946	03.03.1937	10.03.1947	23.10.1975
Date of Appointment	29.06.1997	31.12.2012	26.05.2004	01.04.1999	04.10.2007
Expertise in Special function areas	Expertise in Leather Industry	Fellow Member of the Institute of Chartered Accountants of India (FCA) by profession, had a career in banking, having served in that sector for over 36 years in different capacities.	Professional with over 35 years' experience in various fields of banking. His specializations are in Credit Management, Foreign Exchange and Merchant Banking.	A 35 years experience in the field of Administration including more than 20 years in Indian Army	Experience in International Marketing and Management
Qualification	B.A.	Fellow Chartered Accountant (F.C.A.)	B.SC, CAIIB	B. Com	BE-Mechanical Engg., MBA
List of outside Directorships as on 31-03-2013 (in Public Companies and Subsidiary of Public Companies)	Bhartiya Global Marketing Ltd.	1. Rolta India Ltd. 2. Dewan Housing Finance Corporation Ltd. 3. Future Retail Ltd. 4. PNB Metlife India insurance Company Ltd. 5. SIDBI Venture Capital Ltd. 6. Havells India Ltd. 7. Reliance Capital Pension Fund Ltd. 8. Milestone Capital Advisors Ltd.	1. J & J Leather Enterprises Ltd. 2. Bhartiya Fashion Retail Ltd.	Bhartiya Fashion Retail Ltd.	-

BHARTIYA INTERNATIONAL LTD.

Name	Ms. Jaspal Sethi	Mr. V.K. Chopra	Mr. C. L. Handa	Mr. A. K. Gadhok	Mr. Nikhil Aggarwal
		9. Jaiprakash Associates Ltd. 10. Future Capital Financial Services Ltd. 11. Responsive Industries Ltd. 12. First Blue Home Finance Ltd. 13. India Infoline Finance Ltd. 14. Future Value Retail Ltd.			
Chairman (C)/Member (M) of the Board committees of the Companies as on 31-03-2013	-	1. Dewan Housing Finance Corporation Ltd.- Audit Committee (M) 2. Religare Assets Management Co. Ltd.- Audit Committee (C) 3. PNB Metlife India Insurance Co. Ltd.- Audit Committee (C) 4. Reliance Capital Pension Fund Ltd.- Audit Committee(M) 5. Future Retail Ltd.- Shareholders'/Investors Grievance & Redressal Committee (C) 6. Rolta India Ltd.- Audit Committee (M) 7. Milestone Capital Advisors Ltd.- Audit Committee (C) 8. Havells India Ltd.- Audit Committee (M) 9. Jaiprakesh Associates Ltd.- Audit Committee (M)	Bhartiya International Ltd. Committee a) Audit Committee b) Shareholders'/ Investors Grievance Committee	-	-
No. of Shares held	98800	-	-	-	20,000

DISCLOSURES

- (i) There were no materially significant related party transactions that may have a potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Note to the Accounts in the Annual Report.
- (ii) While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed.
- (iii) Company has laid down adequate procedure to inform the Board about the risk assessment and risk minimization procedures.
- (iv) There have been no instances of non-compliance by the Company on any matter related to capital markets and no penalties or strictures have been imposed by SEBI or the Stock Exchange during the last three years
- (v) In compliance with the SEBI regulations on prevention of Insider Trading, the Company has constituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violation.
- (vi) The Company has complied with all mandatory requirements of Corporate Governance as specified under clause 49 of the Listing Agreement and non - mandatory requirements have been adopted by the Company to the extent it is in line with the nature of business activities of the Company. However, steps have been taken to implement the other requirements in a phased manner.

CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company in compliance with Clause 49 of the Listing Agreement with the Stock Exchanges. The Code of Conduct have been posted on the Company's website i.e. [www. bhartiyaafashion.com](http://www.bhartiyafashion.com)

Declaration

I, Snehdeep Aggarwal, Managing Director of Bhartiya International Ltd. do hereby declare that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2013.

New Delhi, 29th May, 2013

Sd/-
Snehdeep Aggarwal
Managing Director

CEO/CFO CERTIFICATION

The requisite Certificate under clause 49 (V) of the Listing Agreement, duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2013 has been placed before the Board in their meeting held on 29th May, 2013 and forms part of this Annual Report.

MEANS OF COMMUNICATION

The Company publishes its quarterly, half yearly and yearly financial results in leading National newspapers like Business Standard (Hindi and English). Half yearly results are sent by post to all shareholders.

The Company sends the financial results to the Stock Exchanges immediately after its approval by the Board and periodically display and update the same on the Company's website www.bhartiyafashion.com.

Official news releases and official Media releases are sent to the Stock Exchanges.

Detailed Presentations are made to Institutional Investors and Financial Analysts, on the unaudited quarterly Financial results as well as the annual audited Financial results of the Company. The presentations are also uploaded on the Company's website www.bhartiyafashion.com

CORPORATE FILING AND DISSEMINATION SYSTEM (CFDS)

As required under Clause 51 of the Listing Agreement all disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and the hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

NSE ELECTRONIC APPLICATIONS PROCESSING SYSTEM (NEAPS)

All periodical compliance filing like shareholding pattern, corporate governance report, media releases etc. are also filed electronically on the listing centre.

SEBI COMPLAINT REDRESS SYSTEM (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaints and its current status.

BHARTIYA INTERNATIONAL LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FORMS PART OF THIS ANNUAL REPORT.

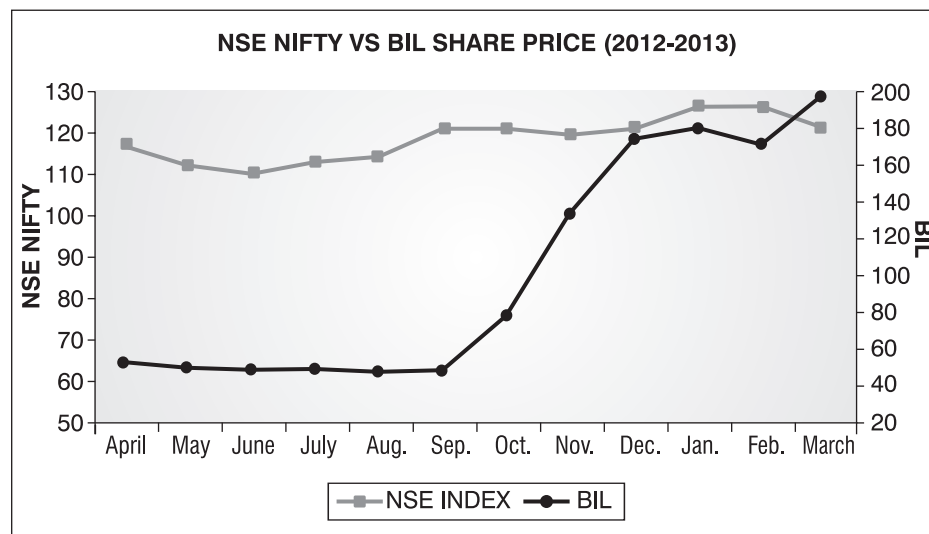
GENERAL INFORMATION FOR SHAREHOLDERS

1. **AGM: Date, Time and Venue** : Monday, 23rd September, 2013, 10.00 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, Institutional Area, New Delhi-110 003.
2. **Financial Calendar for 2013-2014**
Financial year - April to March
 Results for Quarter ending 30th June, 2013 : by 14th of August, 2013
 Results for Quarter ending 30th Sep., 2013 : by 14th of November, 2013
 Results for Quarter ending 31st Dec., 2013 : by 14th of February, 2014
 Year ending 31st March, 2014, : by the end of May, 2014
3. **Book Closure** : Monday the 16th September, 2013 to Monday the 23rd September, 2013 (both days inclusive)
4. **Dividend Payment Date** : On or before 22nd October, 2013 if declared at Annual General Meeting on 23rd September, 2013
5. **Listing on Stock Exchanges & Stock Code**
 The Company is listed at following Stock Exchanges:-
 1. Bombay Stock Exchange Ltd (Stock Code: 526666) and
 2. National Stock Exchange of India Ltd. (Stock Code: Symbol-BIL, Series - BE)
 The Annual listing fee for the year 2013-2014 has been duly paid to both the Stock Exchanges.
 Demat ISIN Number for NSDL & CDSL - **INE 828A01016**
 Annual Custody Issuer fee for the financial year 2013-14 has been paid by the Company to NSDL and CDSL.

6. Market Price Data: High, Low during each month in last financial year

Months	NSE		Months	NSE	
	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)
April 2012	55.55	51.75	October 2012	105.50	52.10
May 2012	53.00	49.20	November 2012	168.70	101.35
June 2012	50.95	48.20	December 2012	183.25	168.85
July 2012	52.70	47.75	January 2013	191.30	172.75
August 2012	51.90	46.45	February 2013	179.25	167.35
September 2012	52.45	47.25	March 2013	219.90	181.45

7. Stock Performance in comparison to broad-based indices such as NSE Sensex, CRISIL index etc.



BHARTIYA INTERNATIONAL LTD.

8. Share Transfer System

To expedite the share transfer process in physical segment, authority has been delegated to Share Transfer Committee which consist of two members i.e. Mr. Snehdeep Aggarwal & Maj. A. K. Gadhok, Directors of the Company. Share transfer/transmissions approved by the Committee are placed at the Board Meeting from time to time. Company Secretary of the Company acts as Secretary of the Committee. Committee meetings are held monthly to approve the share transfers. As at 31st March, 2013 there was no Equity Share pending for Transfer, also there was no Demat Request pending as on 31st March, 2013.

9. Distribution of Shareholding as on 31st March, 2013

No. of Shares	SHAREHOLDERS		SHAREHOLDING	
	Number	% to total	Number	% to total
Upto - 250	5673	88.035	3500380	3.164
251 - 500	319	4.950	1271040	1.149
501 - 1000	164	2.545	1316690	1.190
1001 - 2000	96	1.490	1482990	1.340
2001 - 3000	39	0.605	963300	0.871
3001 - 4000	27	0.419	954300	0.863
4001 - 5000	14	0.217	656860	0.594
5001 - 10000	40	0.621	2902170	2.623
10001 & above	72	1.117	97590750	88.207
	6444	100.000	110638480	100.000

10. Shareholding Pattern as on 31st March, 2013

Category	No. of Shares held	% of Paid up Capital
Promoters Holding	1483612	13.41
Persons acting in concert	3549024	32.08
Mutual Funds	3200	0.02
Banks	300	0.01
NRIs/OCBs	189691	1.71
Indian Corporate Bodies	3737194	33.78
Indian Public	2100827	18.99
Total	11063848	100.00

11. **Registrar & Share Transfer Agent** : **MAS Services Ltd.**
(For both Physical & Electronic Transfer etc.) T-34, 2ND Floor,
Okhla Industrial Area,
Phase-II, New Delhi - 110 020
Tel. No. 26387281-83,
Fax No. 26387384
E-mail: info@masserv.com
12. **Dematerialization of shares and liquidity** : As on 31st March, 2013, 81.62% of
the Paid-up share capital has been dematerialized.
13. **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity** : on 31.03.2013, 100,000 warrants are outstanding which
will be converted into Equity Shares and would result in the
increased paid-up Equity capital to Rs. 111,638,480/-
14. **Plant Locations** : Bangalore and Chennai.
15. **Address for Correspondence** : Bhartiya International Ltd.
E-52, New Manglapuri, Mandi Road
(Mehrauli) New Delhi - 110 030.
Tel No.: 26808177, 26803201, 26803202, 46002100
Fax No.: 26803485
E-mail: shares@bhartiya.com

For and on behalf of the Board

New Delhi, 29th May, 2013

Snehdeep Aggarwal
(Managing Director)

Ramesh Bhatia
(Director)

BHARTIYA INTERNATIONAL LTD.

To
The Board of Directors
Bhartiya International Ltd.

CEO/CFO CERTIFICATION

We, Snehdeep Aggarwal, Managing Director & Manoj Khattar, Vice President of the Company to the best of our knowledge and belief, certify that:-

- a) We have reviewed the Balance sheet as at 31st March, 2013, Profit and Loss Account, Cash Flow Statement and the Directors' Report for the Financial Year 2012-13 and based on our knowledge and information confirm that:
 - (i) These statements do not contain any materially untrue statements 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 Regulation
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2012-2013 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken to rectify these deficiencies.
- d) We further Certify that:-

We have indicated to the Auditors and the Audit committee that there have been

 - (i) No significant changes in internal control over financial reporting during the year;
 - (ii) No significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) No instance of significant fraud of which we 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.

For and on behalf of the Board

New Delhi, 29th May, 2013

Snehdeep Aggarwal
(Managing Director)

Manoj Khattar
(Vice President)

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The members
Bhartiya International Limited.

We have examined the compliance of Conditions of Corporate Governance by Bhartiya International Ltd. ("the Company") for the financial year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 statement 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 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 Sushil Poddar & Co.
Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar
Partner
M. No. 94479
New Delhi, 29th May, 2013

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Bhartiya International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya International Limited ('the company') which comprise the balance sheet as at 31st March, 2013, the statement of Profit and Loss and the cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements subject to :

Note No. 14.01 regarding non provision for diminution in value of Long Term Investments in subsidiary companies, since in the opinion of the Board , these investments are long term in nature and such diminution is only temporary (amount unascertainable),

give the information required by the Act 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 31st March, 2013; and
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date.
- (c) In case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) 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;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956; and
 - e) On the basis of written representation received from the directors as on 31st March 2013, and taken on record by the board of directors, none of the director is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for SUSHIL PODDAR & CO.

Chartered Accountants
Firm's Registration No. 014969N

S.K. PODDAR

Partner
M.NO. 094479
New Delhi, 29th May, 2013

ANNEXURE TO AUDITORS' REPORT

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- ii. (a) As explained to us, physical verification of inventory, except material lying with third parties and in transit, has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act. Hence the provision of clause (f) and (g) of paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) There are two wholly owned subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted unsecured loans. The maximum amount involved during the year was Rs. 92,009,840/-and the year end balance of loan granted to them was Rs. 92,009,840/-.
- (c) The company has granted an interest free unsecured loan of Rs. 92,009,840/- to its wholly owned subsidiaries . In our opinion, having regard to the long term involvement with the wholly owned subsidiaries and according to the explanations given to us in this regard , the terms and conditions of the loans granted are prima facie not prejudicial to the interest of the company.
- (d) There is no stipulation as to the repayment of the principal amount.
- (e) In view thereof the clause pertaining to the overdue amount being more than Rs. 1 Lakh is not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained . We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

BHARTIYA INTERNATIONAL LTD.

- ix. (a) According to the records of the company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the statutory dues referred to above were in arrears, as at 31st March 2013 for a period of more than six months from the date they became payable.
- (c) Following are the amounts which are disputed and not paid by the Company :

Nature of Demand	Amount in Rs.	Period to which the Amount Relates.	Forum where appeal has been filed
Income Tax(Tax& Interest)	11,639,722/- & 586,060/-	A.Y 2003-04 & A.Y 2004-05	High Court
DVAT	Rs. 284,507/-	FY 2009-2010	Asst. Commissioner DVAT

- x. The company does not have accumulated losses and has not incurred cash losses in the current financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions or banks.
- xii. During the year, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv. In our opinion and according to the information and explanations given by the management, the company is not a dealer or trader in shares, securities, debentures and other investments. However in respect of transactions relating to investment in shares/mutual funds. The company has maintained proper records and timely entries have been made and the investments are held in the name of the company.
- xv. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by its wholly owned subsidiaries from banks or financial institutions are not prima-facie prejudicial to the interest of the company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- 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 investments.
- xviii. In our opinion and based on the information and explanations given to us, during the year the Company has made preferential allotment of shares on conversion of Preferential Share Warrants on private placement basis to a company covered in the register maintained under section 301 of the Companies Act 1956, and shares have been issued at a price which is not prejudicial to the interest of the Company.
- xix. The company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are applicable to the company.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for SUSHIL PODDAR & CO.
Chartered Accountants
Firm's Registration No. 014969N

S.K. PODDAR
Partner
M.NO. 094479
New Delhi, 29th May, 2013

BHARTIYA INTERNATIONAL LTD.

BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	Amount in Rs.	
		As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	110,638,480	104,638,480
(b) Reserves and Surplus	3	1,282,292,661	1,182,977,388
(c) Money Received against Share Warrant	4	2,175,000	9,000,000
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	271,865,675	87,755,558
(b) Deferred Tax Liabilities	6	26,378,416	21,334,948
(c) Other Long-Term Liabilities	7	14,526,000	14,526,000
(d) Long-Term Provisions	8	6,998,136	9,958,082
3 Current Liabilities			
(a) Short-Term Borrowings	9	671,246,842	574,365,468
(b) Trade Payable	10	363,154,085	279,918,907
(c) Other Current Liabilities	11	62,626,089	38,316,632
(d) Short-Term Provisions	12	47,195,621	46,637,145
TOTAL		2,859,097,005	2,369,428,608
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		556,593,733	402,795,979
(ii) Intangible Assets		3,558,027	855,429
(iii) Capital Work In Progress		1,982,844	75,344,713
(b) Non Current Investments	14	679,515,854	685,160,886
(c) Long Term Loans And Advances	15	102,715,311	100,071,707
(d) Other Non-Current Assets	16	281,400	321,600
2 Current assets			
(a) Current Investments	17	12,108,472	13,731,462
(b) Inventories	18	903,105,963	744,307,153
(c) Trade Receivables	19	273,582,816	70,231,126
(d) Cash & Cash Equivalents	20	96,453,888	70,900,276
(e) Short Term Loans and advances	21	229,158,497	205,668,077
(f) Other Current assets	22	40,200	40,200
TOTAL		2,859,097,005	2,369,428,608

Significant Accounting Policies 1 to 32

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Partner
M.No. 94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

BHARTIYA INTERNATIONAL LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2013	Year Ended 31st March, 2012
Income:			
Revenue From Operations	23	2,473,046,363	2,073,751,205
Other income	24	22,526,805	23,234,948
Total Revenue		<u>2,495,573,168</u>	<u>2,096,986,153</u>
Expenses:			
Cost of Raw Material Consumed	25	1,173,217,294	1,002,594,201
Purchases of Stock In Trade		380,921,944	162,543,545
Changes in Inventories of Finished Goods	26	(20,907,407)	53,917,689
Employee Benefits Expenses	27	120,092,898	90,224,633
Finance Cost	28	84,649,767	71,047,657
Depreciation and Amortization Expense	29	20,001,392	16,294,537
Other Expenses	30	615,179,671	586,178,509
Total Expenses		<u>2,373,155,559</u>	<u>1,982,800,771</u>
Profit Before Tax		122,417,609	114,185,382
Tax Expense:			
	31		
Current Tax		34,417,384	36,079,875
Deferred Tax		5,043,468	4,414,506
Profit for the year		<u>82,956,757</u>	<u>73,691,001</u>
Earnings Per Equity Share:			
(1) Basic		7.65	7.33
(2) Diluted		7.62	7.33

Significant Accounting Policies 1 to 32

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Partner
M.No. 94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	122,417,609	114,185,382
Adjusted for :		
Depreciation/Amortisation Expenses	20,001,392	16,294,537
Financial Costs	69,007,420	55,602,845
Effect of Exchange rate change	15,642,347	15,444,812
Loss/(Profit) on sale of fixed assets (net)	1,399,112	476,898
Loss/(Profit) on sale of Investments (net)	(717,457)	(2,262,654)
Dividend Income	(678,498)	(908,294)
Rental Income	(20,172,000)	(20,064,000)
	84,482,316	64,584,144
Operating profit before working capital change	206,899,925	178,769,526
Adjustment for :		
Inventories	(158,798,810)	(191,077,644)
Trade and Other Receivables	(203,351,690)	12,471,239
Loans and Advances	(22,686,319)	7,946,931
Trade and Other Paybles	91,349,185	68,811,826
	(293,487,634)	(101,847,648)
Cash generated from operations	(86,587,709)	76,921,878
Income Tax Paid (net of refund)	(38,524,047)	(22,667,089)
Effect of Exchange rate change	(15,642,347)	(15,444,812)
Cash flow before extra-ordinary items	(140,754,103)	38,809,977
Extra Ordinary Items		
NET CASH FROM OPERATING ACTIVITIES	(140,754,103)	38,809,977
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/(Purchases) of Investment (Net)	7,985,478	15,871,967
Dividend received	678,498	908,294
Rent Received	20,172,000	20,064,000
Sale of Fixed Assets	403,560	1579559
Purchase of fixed assets/Capital W.I.P.	(104,902,347)	(99,244,503)
Preliminary Expenses Incurred		(402,000)
NET CASH USED IN INVESTMENT ACTIVITIES	(75,662,811)	(61,222,683)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	110,683,786	26,855,197
Proceeds from Long Term Borrowings	184,110,117	26,311,644
Finance Cost Paid	(69,007,420)	(55,602,845)
Share Capital Issue Procees (Including Share Premium)	36,000,000	49,800,000
Advance Subscription Adjusted (Net)	(6,825,000)	(16,800,000)
Dividend paid (including dividend tax)	(12,990,957)	(11,721,400)
NET CASH USED IN FINANCING ACTIVITIES	241,970,526	18,842,596
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	25,553,612	(3,570,110)
Cash and Cash Equivalents-Opening Balance	70,900,276	74,470,385
Cash and Cash Equivalents-Closing Balance	96,453,888	70,900,276

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Partner
M.No. 94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013**

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Method of Accounting

The Financial statements are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3C) and in accordance with the requirements of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/materialised.

c) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties, non refundable taxes, incidental expenses related to acquisition and reduced by accumulated depreciation, impairment loss & Subsidy/Grant received if any. In respect of project involving construction, related pre-operational expenses form part of the value of assets capitalised. Interest on borrowings and other costs directly attributable to the asset during the period of construction/acquisition upto the date the asset is put to use is also added to the cost of Fixed Assets.

d) Depreciation

Depreciation on fixed assets is calculated on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Leasehold land is amortised over the period of the lease. Depreciation on assets at the overseas branches are as per the rates applicable/levied thereon.

e) Inventories

Raw materials and consumables have been valued at cost after providing for obsolescence. Cost Comprise of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.

Finished goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.

f) Foreign Exchange Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

b) Current Assets and Current Liabilities, outstanding in foreign currency at the year end, are converted at the closing exchange rates.

c) Investments in Overseas Subsidiary is carried at the original rupee cost.

d) In respect of transactions at the overseas offices,

i) revenue expenditure and income during the year are converted into Indian Rupees at the average rate prevailing during the year.

ii) Fixed assets acquired are accounted for at the actual exchange rate prevailing at the time of acquisition.

iii) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year.

iv) Balances of the Head Office account appearing in foreign currency in branch books are translated at corresponding rupee balance appearing in the Head Office books.

e) All gains/losses on such conversion are charged to profit and loss account.

g) Retirement Benefits

The employer's contribution to the employees provident fund is accounted for on accrual basis and is charged to the profit and loss account during the year. The gratuity liability is provided for all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

i) Revenue Recognition

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed on to the buyer which is generally on dispatch of goods to customers.

Export Incentive

Export Incentive under the "Duty Entitlement Pass Book Scheme" and "Duty Draw back scheme" are accounted for in the Year of Export.

Other export incentives are accounted for on actual receipt basis.

Dividend

Dividend income is recognised when the right to receive the dividend is established.

j) Investment

All long term investments are stated at cost. Provision in the carrying amount of long term investments is made for any diminution in value considered permanent. Current Investments are carried at lower of cost or market value.

k) Taxation

Provision for tax for the year comprises current Income Tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

l) Government Grants

Grants received against specific fixed assets are adjusted to the cost of assets. Revenue Grants are recognised in the Profit and Loss Account in accordance with the related scheme.

m) Impairment of Assets

Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

n) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
2. SHARE CAPITAL		
Authorised Share Capital		
a) 20,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
b) 500,000 (Previous Year 500,000) Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid up :		
a) 11,063,848 (Previous Year 10,463,848) equity shares of Rs.10/- each fully paid Up.	110,638,480	104,638,480
	110,638,480	104,638,480

2.1 The details of Shareholders holding more than 5% shares

Name of the share holders	As at		As at	
	31 st March, 2013 No. of Shares	31 st March, 2013 % of Holding	31 st March, 2012 No. of Shares	31 st March, 2012 % of Holding
(a) Snehdeep Aggarwal	1,143,362	10.33	1,136,162	10.86
(b) Bharitya Infotec Pvt Ltd	1,000,000	9.04	1,000,000	9.56
(c) Bhartiya Global Holdings Pvt Ltd	1,350,000	12.20	850,000	8.12
(d) Bhartiya Finstock Pvt Ltd	550,000	4.97	550,000	5.26
(e) Spirit Impex Pvt Ltd.	1,200,000	10.85	1,200,000	11.47

2.2 Reconciliation of the number of shares outstanding is set out below:

Particulars	As at	
	31st March, 2013 No. of Shares	31st March, 2012 No. of Shares
Shares outstanding at the beginning of the year	10,463,848	9,463,848
Shares Issued during the year	600,000	1,000,000
Shares outstanding at the end of the year	11,063,848	10,463,848

2.3 500,000 equity shares of Rs. 10/- each at a premium of Rs. 50/- each issued to promoters associate companies on conversion of preferential Share Warrants.

2.4 100,000 equity shares of Rs. 10/- each at a premium of Rs. 50/- each issued to non- promoters associate companies on conversion of preferential Share Warrants.

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
3. RESERVES & SURPLUS		
i) Share Premium A/c		
As Per last Balance Sheet	346,165,000	306,365,000
Add: Additions during the year on fresh issue of shares	<u>30,000,000</u>	<u>39,800,000</u>
	376,165,000	346,165,000
ii) Prferential Share Warrant Forfeited	8,500,000	8,500,000
iii) General Reserves		
As Per last Balance Sheet	179,851,233	169,851,233
Add: Transferred from Profit and Loss A/c	<u>20,000,000</u>	<u>10,000,000</u>
	199,851,233	179,851,233
iv) Surplus in Statement of Profit & loss		
As Per last Balance Sheet	648,461,155	597,628,835
Add: Profit for the Year	<u>82,956,757</u>	<u>73,691,001</u>
	731,417,912	671,319,836
Less : Appropriations		
- General Reserve	20,000,000	10,000,000
- Proposed Dividend	11,063,848	10,463,848
- Tax on Dividend	<u>1,880,301</u>	<u>1,697,498</u>
	698,473,763	649,158,490
Less : Dividend Paid on Fresh issue of Shares	600,000	600,000
Less : Dividend Tax on Fresh issue of Shares	<u>97,335</u>	<u>97,335</u>
	697,776,428	648,461,155
TOTAL	<u>1,282,292,661</u>	<u>1,182,977,388</u>

4. MONEY RECEIVED AGAINST SHARE WARRANTS

a) Preferential Share Warrant :		
600,000 Preferential Share warrant paid up Rs. 15/- each (Previous Year 600,000 warrants of Paid up Rs. 10.75/- each)	9,000,000	6,450,000
Add : 100,000 Preferential Shares Warrant issued paid up Rs. 21.75/- each (Previous Year 1,000,000 warrants issued paid up Rs. 15/-each)	<u>2,175,000</u>	<u>15,000,000</u>
	11,175,000	21,450,000
Less : 600,000 Preferential Warrant Converted into Equity Shares paid up Rs. 15 each (Previous Year 600,000 warrant paid up Rs. 15.75/- each and 400,000 warrants paid up of Rs.15/- each converted into equity)	<u>9,000,000</u>	<u>12,450,000</u>
	2,175,000	9,000,000

4.1 The Company has allotted 100,000 warrants to non-promoter on 7th December, 2012 on preferential basis, convertible into equity shares of Rs. 10/- each fully paid up. The holders of warrants have a right to apply one equity share of Rs. 10/- each at a premium of Rs. 77/- with in a period of 18 months from the date of allotment. Against this the company has received Rs. 21.75/- per warrant.

BHARTIYA INTERNATIONAL LTD.**NOTES (CONTD.)**

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
5. LONG TERM BORROWINGS		
Secured		
- Term Loans from Banks	269,519,899	85,016,546
- Vehicle Loans from Banks	2,345,776	2,739,012
TOTAL	<u>271,865,675</u>	<u>87,755,558</u>
5.1 Term Loan from Allahabad Bank is secured by exclusive charge on specific land , building and machinery of the project created out of the Term loan and personal guarantee of one of the Director. The loan is repayable in fifteen equal quarterly instalments starting from April, 2013 quarter.		
5.2 Term Loans from IDBI Bank is secured by First Charge on the commercial property situated at Institutional Plot No 38, Sector 44, Gurgaon and personal guarantee of one of the Director. The Loan is repayable in 180 monthly Installment starting from February, 2013.		
5.3 Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.		
6. DEFERRED TAX LIABILITY (NET)		
a) Deferred Tax Assets Related to Capital Losses	6,476,032	6,758,114
b) Deferred Tax Liabilities Related to Fixed Assets	32,854,448	28093062
TOTAL	<u>26,378,416</u>	<u>21,334,948</u>
7. OTHER LONG TERM LIABILITIES		
(a) Security Deposit from related parties (refer note no 32.12)	14,526,000	14,526,000
TOTAL	<u>14,526,000</u>	<u>14,526,000</u>
8. LONG TERM PROVISIONS		
(a) Provision for employees benefit Provision for Gratuity	6,998,136	9,958,082
TOTAL	<u>6,998,136</u>	<u>9,958,082</u>

BHARTIYA INTERNATIONAL LTD.**NOTES (CONTD.)**

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
9. SHORT TERM BORROWINGS		
Secured		
- Working Capital Loans From Banks	671,246,842	574,365,468
TOTAL	671,246,842	574,365,468
9.1 Working Capital facilities are secured against hypothecation of stocks of raw - materials, stock in process, finished goods, Other Current assets specified immovable property, movable fixed assets, lien on fixed deposits, exports bills and personal guarantees of Directors.		
9.2 Foreign documentary bills discounted with Banks have been shown as a contingent liability. The same are secured against the export bills and the personal guarantees of Directors.		
10. TRADE PAYABLE		
(a) Payable	184,056,046	122,200,330
(b) Payable to related parties (refer note no 32.12)	148,953,378	133,761,806
(c) Acceptance	30,144,661	23,956,771
TOTAL	363,154,085	279,918,907
10.1 The Company has not received information from vendors regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.		
11. OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Borrowings	35,207,090	21,404,678
(b) Unclaimed Dividend	1,237,072	1,369,348
(c) Due to Employees	12,788,443	9,597,721
(d) Expenses Payable	5,253,391	1,463,237
(e) Statutory Dues Payable	4,612,430	3,115,368
(f) Other Payables	919,948	821,543
(g) Interest Accrued but not due	2,607,715	544,737
TOTAL	62,626,089	38,316,632
12. SHORT TERM PROVISIONS		
(a) Provision for Employees benefits	2,910,430	2,475,799
(b) Provision for Income Tax	31,341,042	32,000,000
(c) Proposed Dividend	11,063,848	10,463,848
(d) Tax on Proposed Dividend	1,880,301	1,697,498
TOTAL	47,195,621	46,637,145

NOTES (CONTD.)

13. FIXED ASSETS

Amount in Rs.

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1st April, 2012	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2013	For the year	Deduction/ adjustments during the year	As at 31st March, 2012	As at 31st March, 2013
Tangible Assets :								
Own Assets :								
land	22,391,870	-	-	22,391,870	-	-	22,391,870	22,391,870
Lease hold land	-	30,000,000	-	30,000,000	470,383	470,383	-	29,529,617
Building	261,065,660	100,603,370	-	361,669,030	6,624,963	37,313,116	230,377,507	324,355,914
Machinery	117,225,920	32,791,050	4,000	150,012,970	5,789,588	29,666,977	93,344,531	120,345,993
Vehicles	28,515,801	3,300,799	2,297,555	29,519,045	2,072,183	15,940,516	12,730,909	13,578,529
Furniture	31,523,859	3,623,866	102,366	35,045,359	1,969,934	15,288,691	18,102,736	19,756,668
Office Equipments	28,654,752	2,205,991	3,439,884	27,420,859	1,367,929	6,235,114	21,166,262	21,185,745
Computers	16,261,626	2,600,245	9,053,138	9,808,733	1,405,719	8,625,845	4,682,164	5,449,397
Total (A)	505,639,488	175,125,321	14,896,943	665,867,866	19,700,699	13,270,075	402,795,979	556,593,733
Previous Year	466,093,576	43,676,147	4,130,235	505,639,488	17,250,307	3,196,279	377,304,095	402,795,979
Intangible Assets :								
Computer Software	4,425,879	3,138,895	3,536,664	4,028,110	260,493	470,083	855,429	3,558,027
Total (B)	4,425,879	3,138,895	3,536,664	4,028,110	260,493	470,083	855,429	3,558,027
Previous Year	4,110,879	315,000	-	4,425,879	126,530	-	666,960	855,430
Capital work in Progress								
Capital work in Progress	75,344,713	71,254,787	144,616,656	1,982,844	-	-	75,344,713	1,982,844
Total (C)	75,344,713	71,254,787	144,616,656	1,982,844	-	-	75,344,713	1,982,844
Previous Year	20,091,357	75,344,713	20,091,357	75,344,713	-	-	20,091,357	75,344,713
Total (A+B+C)	585,410,080	249,519,003	163,050,263	671,878,820	19,961,192	16,630,935	478,996,121	562,134,604
Previous Year	490,295,812	119,335,860	24,221,592	585,410,080	17,376,837	3,196,279	398,062,412	478,996,122

13.1 Registration formalities in respect of properties purchased for Rs. 1,850,000/- (Previous Year 1,850,000/-) are pending.

13.2 During the year ended March 31, 2013, certain assets which were not in use having net book value of Rs. 1,420,972/-were retired.

BHARTIYA INTERNATIONAL LTD.
NOTES (CONTD.)

PARTICULARS	No. of		As at	
	Shares/Units	31 st March, 2013	Shares/Units	31 st March, 2012
14. NON CURRENT INVESTMENTS				
(at cost unless otherwise specified)				
A) Trade Investments :				
i) In Equity Shares of Subsidiary Companies – Unquoted				
1 Equity share of Rs.10 each, fully paid in Bhartiya Global Marketing Ltd.	2,499,020	24,990,200	2,499,020	24,990,200
2 Equity Shares of Rs.10 each, fully paid in Bhartiya International Sez Ltd.	12,069,230	120,692,300	12,069,230	120,692,300
3 Equity Shares of Rs.10 each, fully paid in Bhartiya Retail Fashion Ltd.	50,000	500,000	50,000	500,000
4 Equity Shares in Ultima S.A. Switzerland (having par value of SFR 1,000)	1,000	33,785,508	1,000	33,785,508
5 Equity Shares in World Fashion Trade Ltd (having par value of \$ 1)	1,000	44,780	1,000	44,780
6 Member's Contribution in B I L Group LLC	–	69,982,200	–	69,704,950
Total Investments in Subsidiary Companies		249,994,988		249,717,738
ii) In Equity Shares of Associates Companies – Unquoted				
1 Equity Shares of Rs. 10 each, fully paid in Bhartiya Urban infrastructure & Land Development Co. Pvt. Ltd.	11,200,000	280,000,000	11,200,000	280,000,000
2 TADA Mega Leather Cluster Pvt Ltd	5,000	50,000	–	–
iii) In Preference Shares of Associates Companies–Unquoted				
1 Compulsory Convertible Preference Shares of Rs 10 each, fully paid in Bhartiya Urban infrastructure & Land Development Co. Pvt. Ltd.	4,796,865	119,960,000	4,796,865	119,960,000
Total investments in Associate Companies		400,010,000		399,960,000
TOTAL TRADE INVESTMENTS (A)		650,004,988		649,677,738
B) Other Investments				
i) Government Securities & Others Unquoted				
1 Indra Vikas Patra	–	6,500	–	6,500
Total		6,500		6,500
ii) Investments in Mutual Funds (Quoted)				
1 DSPML INDIA T.I.G.E.R FUND–GROWTH	118,509	5,000,000	118,509	5,000,000
2 DSPBR SMALL & MIDCAP FUND	244,499	2,500,000	244,499	2,500,000
3 DSPBR TOP 100 EQUITY FUND–G	43,518	4,000,000	43,518	4,000,000
4 DSPBR WORLD ENERGY FUND–D	250,000	2,500,000	250,000	2,500,000
5 HDFC TOP 200 FUND–GROWTH	19,395	3,500,000	19,395	3,500,000
6 KOTAK 50 EQUITY SCHEME–GROWTH	21,795	2,004,366	21,795	2,004,366
7 RELIANCE RSF–EQUITY PLAN–GROWTH	176,805	5,000,000	176,805	5,000,000
8 RELIGARE PSU EQUITY FUND–GROWTH	250,000	2,500,000	250,000	2,500,000
9 TATA PURE EQUITY FUND–GROWTH	–	–	66,488	5,972,282
Total		27,004,366		32,976,648

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	No. of	As at	No. of	As at
	Shares/Units	31 st March, 2013	Shares/Units	31 st March, 2012
iii) Investments in Debenture (Unquoted)				
Redeemable NCD of Citicorp Finance India	–	2,500,000	–	2,500,000
Total		2,500,000		2,500,000
Total Other Investments (B)		29,510,866		35,483,148
Total Non Current Investments (A+B)		679,515,854		685,160,886
Aggregate amount of quoted Investments		27,004,366		32,976,648
Market value of quoted Investments		29,119,080		34,953,934
Aggregate amount of unquoted Investments		652,511,488		652,184,238

- 14.1 The Company has not provided for the diminution in the value of long term investments in its subsidiary companies since in the opinion of the Board such diminution in their value is only temporary in nature considering the inherent value, nature of investments, the investee's assets and expected future cash flow from such investments.
- 14.2 As per the incorporation documents of BIL Group LLC, Bhartiya international Ltd is the sole member having 100% membership interest and the entire investment has been represented as member capital contribution. Bhartiya international Ltd is the sole member having 100% membership interest and the entire investment has been represented as members capital contribution. An LLC for income tax purposes in USA under the IRS can elect to be taxed as either a partnership or as a separate corporate entity. In the selection of being taxed as a partnership, the LLC is a pass through entity and the members get taxed on their share of the profit/loss. BIL Group LLC has, adopted to be taxed as a partnership and hence Bhartiya International Ltd being the sole member, shall be taxed for the full profit or loss in USA. The financial year closure of this LLC is 31st December, 2012 and it has reported a loss of USD 3002 (Rs.162,979/-) in its financial year ended 31st December, 2012. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 3002 (Rs.162,979/-) in BIL Group LLC and shall claim deduction of this loss against its Income Tax liability in India.
- 14.3 Investment in the subsidiary Bhartiya International SEZ Ltd. include 6 equity shares of (Rs.60/-) held in the name of a Director/nominees in fiduciary capacity for the company.
- 14.4 Investment in the wholly owned subsidiaries Ultima S.A, Switzerland, Bhartiya Global Marketing Ltd. and Bhartiya Fashion Retail Ltd, include 1 equity share of the nominal value of SFR 1,000 (Rs.33,785/-) and 6 equity shares (Rs. 60/-) respectively held in the name of Directors/nominees in fiduciary capacity for the company.

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
15. LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Security and Other Deposits	4,730,528	5,406,001
(b) Other Advances	5,974,943	4,865,616
(c) Loans to related parties (refer note no 32.12)	92,009,840	89,800,090
TOTAL	102,715,311	100,071,707
16. OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses	281,400	321,600
(to the extent not written off)		
TOTAL	281,400	321,600

BHARTIYA INTERNATIONAL LTD.**NOTES (CONTD.)**

PARTICULARS	NO OF SHARES/UNITS	As at 31st March, 2013	NO OF SHARES/UNITS	As at 31st March, 2012
17. CURRENT INVESTMENTS				
i) In Equity Shares Quoted, fully paid up				
1 Adani Port & Sez Ltd	5,000	671,576	–	–
2 Axis Bank Ltd	400	493,968	400	493,968
3 Bayer Cropscience Ltd	–	–	1,000	546,878
4 Bharat Heavy Electricals Ltd	–	–	500	1,195,933
5 Bharati Shipyard Ltd	–	–	2,500	711,886
6 Cairn India Limited	2,000	651,080	–	–
7 Century Textiles Ltd	–	–	1,500	532,345
8 Cesc Limited	2,500	700,734	–	–
9 City Union Bank Ltd	15,164	255,001	11,778	221,141
10 DLF Ltd	1,730	761,576	1,730	761,576
11 Dr. Reddy Laboratories Ltd	–	–	315	499,322
12 Exide Industries Ltd	5,000	687,216	–	–
13 GSFC Limited	5,000	397,979	–	–
14 Gujarat Gas Co Ltd	1,000	307,512	–	–
15 HDFC Limited	500	382,505	–	–
16 Hindalco Industries	5,000	617,993	–	–
17 Hindustan Copper Limited	5,000	719,821	–	–
18 Hindustan Zinc Ltd	4,000	503,299	4,000	503,299
19 ICICI Bank Ltd	375	406,421	1,000	787,000
20 IDFC Ltd	–	–	5,000	723,986
21 Indiabulls Power Ltd	–	–	20,000	618,127
22 Indian Overseas Bank	5,000	417,952	–	–
23 Infosys Technologies Ltd	500	1,471,355	500	1,471,355
24 Ing Vysya Bank Ltd	500	258,524	–	–
25 Jindal Steel & Power Ltd	2,000	1,039,409	1,000	611,801
26 KCP Sugar & Industries Corporation Ltd	–	–	16,000	498,073
27 Karur Vysya Bank Ltd	–	–	2,092	742,708
28 Larsan & Toubro Ltd	200	331,768	1,000	715,570
29 Lupin Limited	1,000	603,378	–	–
30 Max India Ltd	2,500	597,680	–	–

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2013	NO OF SHARES/UNITS	As at 31 st March, 2012
31 NMDC Limited	5,000	799,829	–	–
32 Neyveli Lignite Corporation Ltd	–	–	3,250	502,040
33 NHPC Ltd	–	–	20,000	669,801
34 NTPC Ltd	–	–	5,000	1,032,922
35 ONGC	2,500	712,548	–	–
36 Punjab National Bank	1,000	821,947	–	–
37 Raymond Ltd	–	–	2,500	573,747
38 Reliance Capital Ltd	1,000	811,186	1,000	811,186
39 Reliance Industries Ltd	475	499,159	475	499,159
40 Reliance Infrastructure Ltd	350	350,903	350	350,903
41 State Bank Of India	500	1,378,233	500	1,378,233
42 Sterlite Industries (India) Ltd	–	–	4,000	769,386
43 Tata Consultancy Services Ltd	300	396,649	–	–
44 Tata Communications Ltd	–	–	2,500	934,944
45 Tata Motors Ltd	–	–	2,500	512,902
46 Tata Steel Ltd.	3,100	1,799,754	3,100	1,799,754
Total		<u>19,846,955</u>		<u>21,469,945</u>
ii) In Equity Shares Unquoted, fully paid up				
1 Sai Rayalaseem Paper Mills Ltd	31,792	386,273	31,792	386,273
Total		<u>386,273</u>		<u>386,273</u>
Grand Total		<u>20,233,228</u>		<u>21,856,218</u>
Less:– Provision for diminution in the value of Investments		8,124,756		8,124,756
TOTAL CURRENT INVESTMENTS		<u>12,108,472</u>		<u>13,731,462</u>
Aggregate amount of quoted Investments		11,722,199		13,345,189
Market value of quoted Investments		16,633,194		18,566,012
Aggregate amount of unquoted Investments		386,273		386,273

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
18. INVENTORIES		
As Valued and Certified by the management		
(a) Raw Materials	807,692,017	682,852,897
(b) Finished Goods	57,690,103	36,782,696
(c) Consumable Store	37,723,843	24,671,560
TOTAL	903,105,963	744,307,153
19. TRADE RECEIVABLES		
(Unsecured, considered good)		
(a) Outstanding over six months	6,631,605	7,409,677
(b) Others	266,951,211	62,821,449
TOTAL	273,582,816	70,231,126
19.1 The Company has filed legal Suit for recovery of Rs. 6,162,337/- against one of its overseas customer. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.		
20. CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
- In Current Accounts	58,957,124	36,531,766
- In Fixed Deposits	33,819,853	31,214,017
(b) Cash on Hand	3,676,911	3,154,493
TOTAL	96,453,888	70,900,276
20.1 Balances with banks Includes Unclaimed Dividend of Rs. 1,237,072/- (Previous year Rs. 1,369,348/-)		
20.2 Fixed deposits of Rs. 31,838,071/- (previous year Rs 29,070,242/-) are pledged with the banks for various limits and facilities granted.		
21. SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Loans/Advances to Related Parties (refer note no 32.12)	38,061,571	31,783,256
(b) Advances with Suppliers	75,732,308	58,291,436
(c) Advance Tax/TDS	22,724,165	19,276,460
(d) Vat Receivable	30,154,417	27,226,973
(e) Prepaid Expenses	5,474,011	1,400,387
(f) Security & Other Deposits	1,019,117	313,414
(g) Advance to Staff	4,195,094	4,652,840
(h) Advances For Capital Goods	11,238,633	13,326,344
(i) Export Incentive Receivable	34,020,571	43,744,241
(j) Other Advances	6,538,610	5,652,726
TOTAL	229,158,497	205,668,077

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
22. OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	40,200	40,200
TOTAL	40,200	40,200

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
23. REVENUE FROM OPERATION		
(a) Sales	2,267,227,613	1,891,461,756
(b) Export Incentive	205,818,750	182,289,449
TOTAL	2,473,046,363	2,073,751,205

24. OTHER INCOME		
(a) Dividend Income	678,498	908,294
(b) Profit on sale of Investments	717,457	2,262,654
(c) Rental Income	20,172,000	20,064,000
(d) Other Income	958,850	-
TOTAL	22,526,805	23,234,948

25. RAW MATERIAL CONSUMPTION		
Opening Stock	707,524,457	462,529,124
Add : Purchases	1,311,108,697	1,247,589,534
	2,018,633,154	1,710,118,658
Less : Closing Stock	845,415,860	707,524,457
RAW MATERIAL CONSUMPTION	1,173,217,294	1,002,594,201

26. CHANGE IN INVENTORIES OF FINISHED GOODS		
(a) Opening Stock	36,782,696	90,700,385
(b) Closing Stock	57,690,103	36,782,696
Decrease/(Increase)	(20,907,407)	53,917,689

27. EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	111,231,597	79,093,132
(b) Contribution to Provident & Other fund	2,755,028	6,869,662
(c) Staff Welfare Expenses	6,106,273	4,261,839
TOTAL	120,092,898	90,224,633

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
28. FINANCE COST		
(a) Interest Expense- Net	63,424,904	52,395,823
(b) Borrowing Cost	5,582,516	3,207,022
(c) Loss on foreign currency transactions	15,642,347	15,444,812
TOTAL	84,649,767	71,047,657
29. DEPRECIATION AND AMORTISATION		
(a) Depreciation	19,961,192	17,376,837
Less: Deprectaion written back during the year	-	1,122,500
	19,961,192	16,254,337
(b) Preliminary Expenses W/off	40,200	40,200
TOTAL	20,001,392	16,294,537
30. OTHER EXPENSES		
(I) Manufacturing Expenses		
(a) Wages	1,542,179	1,317,833
(b) Fabrication Charges	379,764,780	376,549,602
(c) Other Manufacturing Expenses	7,408,559	4,183,743
(d) Freight & Cartage	11,666,205	13,046,869
(II) Selling & Administrative Expenses		
(a) Legal And Professional Charges	24,021,228	17,124,168
(b) Power & Fuel	6,555,033	6,255,600
(c) Auditors Remuneration	550,000	375,000
(d) Bank Charges	23,472,546	20,754,756
(e) Repair & Maintainence		
- Building	3,226,492	1,518,793
- Plant & Machinery	2,518,129	1,735,856
- Others	2,126,036	1,989,641
(f) Communication	6,233,720	5,250,762
(g) Rates Taxes & Duties	2,061,477	1,859,799
(h) Insurance	2,442,656	1,697,296
(i) Rent	5,153,209	6,401,599
(j) Travelling & Conveyence	35,525,418	27,722,447
(k) Freight on Exports	31,700,766	33,503,793
(l) Commission, Brokerage & Discount	31,070,949	31,804,061
(m) Loss on Sale/Assets written Off	1,399,112	476,898
(n) Misc. Expenses	21,389,374	20,915,068
(o) Directors Meeting Fees	121,043	99,500
(p) Packing Expenses	15,230,760	11,595,425
TOTAL	615,179,671	586,178,509

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
31. TAX EXPENSE		
I) Current Tax		
(a) Current Tax	31,341,042	32,000,000
(b) Tax For earlier Year	3,076,342	4,079,875
	34,417,384	36,079,875
II) Deferred Tax		
(a) Related To Capital Assets	4,761,386	4,369,296
(b) Related To Brought Forward Capital losses	282,082	45,210
	5,043,468	4,414,506

32. NOTES TO ACCOUNTS

32.01 The previous period figure has been re grouped/reclassified, wherever necessary to conform to the current period presentation.

PARTICULARS	As at 31 st March, 2013	As at 31 st March, 2012
32.02 CONTINGENT LIABILITES AND COMMITMENTS		
(a) Estimated value of contract remaining to be executed on capital Account and not provided for	24,784,958	64,362,470
(b) Contingent liabilities not provided for		
i) Letter of Credit/Import Bills outstanding –	228,251,468	23,956,771
ii) Standby Letter of credit (SBLC) issued by company bankers in favour of the bankers of its subsidiaries		
– Ultima Italia Srl	41,982,000	41,304,000
– Ultima S A	83,964,000	55,072,000
– WFT Ltd	19,096,000	17,986,500
iii) Bills discounted with banks –	37,533,923	16,605,219
iv) Other Guarantee given by bank –with corporation Bank	3,105,000	550,000
v) Corporate Guarantee given by the company to a bank against facilities granted by that bank to its wholly owned subsidiaries		
– Ultima Italia Srl	69,970,000	41,424,500
vi) Income Tax Demand under dispute	12,225,782	12,225,782
vii) DVAT Demand under dispute	284,507	–

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

32.03 VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL AND CONSUMABLE CONSUMED

	Current Year		Previous Year	
	% of Consumption	Value of Consumption	Rs.% of Consumption	Value of Consumption Rs.
Indigenous	61	720,950,608	43	435,831,683
Imported	39	452,266,686	57	566,762,518
	100	1,173,217,294	100	1,002,594,201

Amount in Rs.

	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
32.04 VALUE OF IMPORTS ON CIF BASIS		
Raw Material	614,686,504	535,034,940
Purchase under Merchandise Trade	360,612,726	136,106,082
Capital Goods	10,259,230	5,161,010
32.05 EXPENDITURE IN FOREIGN CURRENCY (on payment basis)		
Agent Commission/Claim on Sales	21,239,090	6,123,840
Foreign Travelling	4,644,744	4,974,764
Others	1,994,652	480,868
Reconditioning Charges	-	4,635,291
Interest on Import bills	4,033,323	503,767
Administration, selling and other expenses at Overseas Trading Offices(on accrual basis)	4,570,067	3,433,697
32.06 EARNING IN FOREIGN CURRENCY		
FOB Value of Sales	1,805,457,853	1,729,010,486
Export Under merchandising Trade	411,100,761	154,232,764
Sampling Charges	14,037,355	10,136,961
32.07 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
a) Year to which the dividend relates	2011-12	2010-11
b) Number of non-resident shareholders to whom remittances were made	57	62
c) No of shares on which remittances were made.	254,871	241,804
d) Amount remitted in Rs.	254,871	241,804

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

		Amount in Rs.	
PARTICULARS	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012	
32.08	PAYMENT TO AUDITOR		
	550,000	375,000	
	178,647	147,500	
	75,000	75,000	
	30,000	30,000	
32.09	Previous year expenses debited to profit & loss account Rs. 1,793,602/- (Previous Year Rs. 3,303,455/-)		
32.10	Earning Per Share (EPS)		
	The Following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for the year ended 31 st March, 2013 and the year ended 31 st March, 2012 :		
	82,956,757	73,691,001	
	10,463,848	9,463,848	
	600,000	1,000,000	
	384,657	592,896	
	10,848,505	10,056,744	
	Effect of Dilutive Securities (nos):		
	45,283	-	
	10,893,788	10,056,744	
	Rs. Per Share	Rs. Per Share	
	10.00	10.00	
	7.65	7.33	
	7.62	7.33	
32.11	Sundry Debtors, Loans & Advances, Sundry Creditors include amounts due from/to subsidiaries companies as under:		
		Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012	
i)	Sundry Debtors		
	14,590,478	1,578,610	
	41,694,834	-	
ii)	Loans		
	53,750,000	53,750,000	
	38,259,840	36,050,090	
iii)	Advances		
	14,972,453	19,958,128	
	4,550,064	5,297,292	
	1,893,774	1,616,000	
	228,225	228,225	
	12,233,271	2,733,271	
iv)	Sundry Creditors		
	131,912,802	123,697,057	
	13,972,214	9,841,537	
	1,887,300	-	

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

32.12 Related party disclosures

Related party disclosure as required under Accounting Standard on "Related Party Disclosures" issued by the Institute Of Chartered Accountants of India are given below :

a) Name of Related Parties & Nature of Relationship:

i) Subsidiary Companies

Domestic

Bhartiya Global Marketing Ltd
J&J Leather Enterprises Ltd
Bhartiya International SEZ Ltd
Bhartiya Fashion Retail Ltd

Overseas

World Fashion Trade Ltd, Mauritius
Ultima S.A., Switzerland
Ultima Italia SRL, Italy
BIL Group LLC, USA

ii) Associate Parties :

Bhartiya Prakash Leather
Bhartiya Urban Infrastructure & Land Development Co Pvt. Ltd
Itopia Management Services (India) Pvt. Ltd
Bhartiya City Developers Pvt. Ltd
Tada Mega Leather Cluster Pvt. Ltd

iii) Key Management Personnel:

Board of Directors

Snehdeep Aggarwal
C.L. Handa
Shashank
A. Sahasranaman
Jaspal Sethi
Ramesh Bhatia
A.K. Gadhok
Sandeep Seth
Nikhil Agarwal
V.K. Chopra

iv) Relatives Of Key Management Personnel :

Kanwal Aggarwal
Arjun Aggarwal

v)	(i) Summary of transactions during the year :	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
a)	Sales	278,234,405 (270,069,192)	-	-	-
b)	Purchases/Job Work	93,846,673 (75,407,747)	-	-	-
c)	Ticketing	-	9,789,760 (7,108,458)	-	-
d)	Salaries	-	-	3,417,624 (3,396,132)	360,000 (360,000)
e)	Sitting fees	-	-	121,043 (99,500)	-
f)	Lease Rent/Rent Paid	208,000 (208,000)	-	-	480,000 (480,000)
g)	Commission expense	22,830,091 (24,829,522)	-	-	-
h)	Lease Rent Received	-	19,368,000 (19,368,000)	-	-
i)	Professional Charges	2,097,000 (-)	-	-	-
j)	Purchase of Land under long term lease	-	-	-	-
		(30,000,000)	-	-	-

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

(ii) Balances Outstanding at the Year End:	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
Loans Given	92,009,840	-	-	-
	(89,800,090)	-	-	-
Trade Payables	147,772,316	1,181,062	43,258	36,000
	(133,538,594)	(223,212)	(43,258)	(36,000)
Advances Paid	33,877,787	4,183,785	-	-
	(29,832,917)	(1,950,340)	-	-
Trade Receivable	56,285,312	-	-	-
	(1,578,610)	-	-	-
Security Deposit (Paid)	500,000	-	-	-
	(500,000)	-	-	-
Security Deposit (Received)	-	14,526,000	-	-
	-	(14,526,000)	-	-

32.13 SEGMENT INFORMATION

a) Business Segments:

Based on similarity of activities/products , risk and reward structure, organisation structure and internal reporting systems , the Company has structured its operations into more than one segment during the year.

b) Geographic segments

Operation of the Company do not qualify , for reporting as geographic segments, as per the criteria set out under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India.

		Rs. In Lacs				
		Leather Products	Textile Apparels	Others	Unallocable	Total
a.	Segment Revenue	21,729.48	3,000.98	-	-	24,730.46
		(19,386.78)	(1,350.73)	-	-	(20,737.51)
b.	Segment Results	2,589.00	220.72	-	225.27	3,034.99
		(2,355.38)	(181.05)	(68.88)	(232.35)	(2,699.90)
c.	Less: Unallocable expenses net of Income	-	-	-	1,120.74	1,120.74
		-	-	-	(1,002.02)	(1,002.02)
d.	Operating Profit	-	-	-	-	1,914.25
		-	-	-	-	(1,697.88)
e.	Less:- Interest	-	-	-	690.07	690.07
		-	-	-	(556.03)	(556.03)
f.	Profit before Tax	-	-	-	-	1,224.18
		-	-	-	-	(1,141.85)
g.	Provision for taxation	-	-	-	394.61	394.61
		-	-	-	(404.94)	(404.94)
h.	Profit after Tax	-	-	-	-	829.57
		-	-	-	-	(736.91)
i.	Capital Employed	4,495.89	192.73	-	9,262.44	13,951.06
		4,412.37	111.86	14.87	8,427.05	12,966.15

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

32.14 Details of Managerial Remuneration to Managing Director & Whole Time Directors

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
i) Salary	3,187,596	3,173,484
ii) Contribution to Provident Fund	9,360	9,360
iii) Allowances & Perquisites	230,028	222,648
	3,426,984	3,405,492

Computation of net profit for calculation of managerial remuneration u/s 349 of the Companies Act 1956 has not been enumerated since no commission is paid/payable to the managing and Whole Time Director.

32.15 In the opinion of the Directors, the Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Partner
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

BHARTIYA INTERNATIONAL LTD.**FINANCIAL SUMMARY****(Rs. in lacs)**

PARTICULARS	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Equity Share Capital	583.88	583.88	627.88	727.88	786.38	786.38	866.38	946.38	1046.38	1106.38
Reserves & Surplus	5698.28	5823.10	6530.18	8133.72	9229.10	9408.75	10115.21	10823.45	11829.77	12822.93
Net Worth	6282.16	6406.98	7158.06	8861.60	10015.48	10195.14	10981.59	11769.83	12876.15	13929.31
Capital Employed	8451.85	7410.92	12128.48	17040.80	14807.19	15796.06	14831.21	13014.95	14301.90	17148.74
Gross Fixed Assets	1438.65	1640.12	1732.49	1792.46	1858.32	2964.94	3145.01	4902.96	5854.10	6718.79
Net Fixed Assets	1150.80	1290.55	1311.05	1296.92	1285.33	2296.65	2352.37	3980.62	4789.96	5621.34
Export Sales including Export Incentives	7750.44	9453.66	9550.56	12272.54	13868.47	15350.05	17898.72	16733.42	20737.51	24730.46
Other Income	29.93	44.62	43.58	214.64	268.84	-171.40	92.83	199.62	232.35	225.27
Total Income	7971.25	9498.28	9594.14	12487.19	14137.31	15178.65	17991.55	16933.04	20969.86	24955.73
EBDIT	692.33	835.29	921.09	1032.38	1245.27	1638.41	1400.33	1397.51	2015.28	2270.69
Depreciation	64.73	68.25	74.68	79.23	82.92	97.83	128.13	143.32	162.95	200.01
EBIT	627.60	767.04	846.41	953.15	1162.35	1540.58	1272.20	1254.19	1852.33	2070.67
Profit before Tax	583.08	609.79	616.45	694.43	811.74	541.42	843.23	849.06	1141.85	1224.18
Provision for Tax	55.84	110.71	197.98	194.33	189.86	269.76	299.75	294.83	404.94	394.61
Profit after Tax	527.24	499.08	418.47	500.10	621.88	271.66	543.48	554.23	736.91	829.57
Equity Dividend (%)	15.00	15.00	15.00	15.00	15.00	10.00	10.00	10.00	10.00	10.00
EPS (Basic) Rs.	9.03	8.54	7.08	7.33	7.91	3.45	6.89	6.39	7.33	7.65
EPS(Diluted) Rs.	9.03	8.54	6.90	7.17	7.91	3.45	6.53	6.21	7.33	7.62

BHARTIYA GLOBAL MARKETING LTD.

DIRECTORS' REPORT

The Directors present their 17th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2013

FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	2012-13	2011-12
Revenue from Operations	344.04	178.73
Other Income	14.97	15.60
Total Revenue	359.01	194.33
Total Expenditure	337.87	189.93
Profit/ (Loss) before Tax	21.14	4.40
Provision for Tax	9.27	(1.89)
Profit/ (Loss) after Tax	11.87	6.29

REVIEW OF OPERATION

The Revenue from operations for the financial year 2012-2013 is Rs. 344.04Lacs as against Rs. 178.73 Lacs in the previous year. The Profit after tax has increased to Rs. 11.87 Lacs as compared to Rs. 6.29 Lacs in the previous year. The Company is in a process to expand its global operations by strengthening its marketing base in Europe and American markets.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2013.

SUBSIDIARY COMPANY

The audited accounts of the Company's wholly-owned subsidiary, M/s J&J Leather Enterprises Ltd. for the year ended 31st March, 2013 as well as the statement under Section 212 of the Companies Act, 1956, is annexed herewith.

DIRECTORS

Mr. Manoj Khattar, Additional Director holds office till the conclusion of the ensuing Annual General Meeting. The Company has received notice together with requisite deposit as required under the provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of Director .

Mr. Ramesh Bhatia, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

FIXED DEPOSITS

The Company did not accept any fixed deposit during the year under review. No deposits were outstanding as on 31st March, 2013.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of this Annual General Meeting, and being eligible offer themselves for reappointment. They have furnished a certificate that their reappointment if made shall be within the statutory limits specified in Section 224(1B) of the Companies Act, 1956.

The Auditors observations in the Audit Report have been explained by the Company in details in Notes to the Financial Statements which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;

BHARTIYA GLOBAL MARKETING LTD.

2. They 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 as on 31st March, 2013 and of the profit/losses of the Company for the year ended on that date;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the Annual Accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, a certificate from M/s. R.S.M. & Co., Company Secretaries certifying that the Company has complied with all the provisions of the Companies Act, 1956, is given in the annexure and forms part of this Annual Report.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:-

The information required as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 annexed hereto & forms part of this report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the significant contribution made by employees to the Company during the year under review and appreciate the support extended by the Bankers, Vendors and Clients, without whom the excellent results and development of the Company would not have been possible.

For and on behalf of the Board

New Delhi, 28th May, 2013

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy and Technology Absorption

The particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are not applicable to the Company as the Company does not undertake any manufacturing activity.

Foreign Exchange Earnings & Outgo

The information on foreign exchange earnings and outgo are contained in the Notes to the Account.

For and on behalf of the Board

New Delhi, 28th May, 2013

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

BHARTIYA GLOBAL MARKETING LTD.

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

		J & J Leather Enterprises Ltd.
(A)	Financial year of the subsidiary Company ended on	: 31.03.2013
(B)	Holding Company's Interest"Number of Shares	: 125,000 Equity Shares of Rs. 100 each
	Extent of holding	: 100%
(C)	The net aggregate amount of "profits/ (Losses) so far as it "concerns members of the Holding Company	
(i)	Not dealt within the Holding Company's accounts	
	1. For the Financial year of the subsidiary	: Rs. 812,848
	2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. 7,691,876
(ii)	Dealt within the Holding Company's accounts	
	1. For the financial year of the subsidiary	: -
	2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: -

For and on behalf of the Board

New Delhi, 28th May, 2013

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

COMPLIANCE CERTIFICATE

Company No. : U74899DL1996PLC075128

Nominal Capital : Rs. 300 lacs

To,
The Members,
Bhartiya Global Marketing Ltd.
New Delhi

We have examined the registers, records, books and papers of Bhartiya Global Marketing Ltd. As required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our 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 all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and rules made thereunder.
3. The Company, being a public limited company, comments is not required.
4. The Board of Directors duly met 04 times on 29.05.2012, 10.08.2012, 09.11.2012 and 28.01.2013 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended 31st March, 2012 was held on 26th September, 2012 after giving due notice to the members of the company and resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year of the company.
8. The Company has not advanced any loans to its directors or persons of firms of companies referred to under Section 295 of the Act.
9. As per information and explanation given to us, the Company has duly complied with the provisions of the section 297 of the Act in respect of contract specified in that section.
10. The Company has made necessary entries regarding disclosure of interest by the directors, in the register maintained under Section 301 of the Act.
11. As informed by the Company, there was no instance falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the year.
13. The Company
 - (i) has not made any allotment/transfer/transmission of securities during the financial year.
 - (ii) has not deposited any amount in the separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) There was no unpaid/ unclaimed dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon for a period of seven years required to be transferred to Investor Education and Protection Fund.

BHARTIYA GLOBAL MARKETING LTD.

- (v) duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the year.
 16. The Company has not appointed sole selling agent during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, CLB, and RD, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
 19. The Company has not issue equity shares during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The Company has not made any borrowings during the financial year ended 31st March, 2013.
 25. The Company has given Corporate Guarantee to Holding Company in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
 26. The Company has not altered provisions of memorandum with respect to situation of Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
 28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
 29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the company during the year under scrutiny.
 30. The Company has not altered its Articles of Association of the company.
 31. There was no prosecution initiated against or Show Cause Notice received by the Company, during the financial year for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

for **R.S.M. & Co.**
Company Secretaries

(RAVI SHARMA)
Partner (C. P. No. – 3666)
New Delhi, 28th May, 2013

BHARTIYA GLOBAL MARKETING LTD.

ANNEXURE - A

Registers as maintained by the Company

1. Register of Investment not held in its own name u/s 49(7).
2. Register of Members u/s 150.
3. Register of Particulars of contract in which directors are interest u/s 301.
4. Register of Directors u/s 303.
5. Register of Directors' Share Holding u/s 307.
6. Minutes of all meetings of Board of Directors and Members.
7. Register of Charges u/s 125.

ANNEXURE - B

Forms and Returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2013.

Forms/ Returns	Under Section	For
Form 20 B (Annual Return)	159	the AGM held on 26.09.2012 filed on Dt. 22.11.2012
Form 23AC XBRL & Form-23ACA XBRL (Annual Report)	220	the financial year 2011-12 filed on Dt. 12.12.2012
Form 66 (Compliance Certificate)	383A	the financial year 2011-12 filed on Dt. 25.10.2012
Form-8 (Registration & Modification of Charges)	125	Filed on 30.03.2013

for **R.S.M. & Co.**
Company Secretaries

(RAVI SHARMA)
Partner (C. P. No. – 3666)
New Delhi, 28th May, 2013

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Bhartiya Global Marketing Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya Global Marketing Ltd.. ("the company") which comprise the balance sheet as at 31st March, 2013, the statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 31st March, 2013; and
- (b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, We give in the annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

BHARTIYA GLOBAL MARKETING LTD.

- c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956; and
- e. On the basis of written representation received from the directors as on 31st March 2013, and taken on record by the board of directors, none of the director is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for **Sushil Poddar & Co.**

Firm Registration No. 014969N

Chartered Accountants

S.K. Poddar

Partner

M. No: 94479

New Delhi, 28th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
(c) In our opinion and according to explanations given to us, no fixed assets has been disposed off during the year.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The Company has taken an interest free unsecured loans from its holding Company M/s Bhartiya International Limited for Rs. 53,750,000/- It has also given an interest free unsecured loan to its wholly owned subsidiary for Rs. 53,750,000/-.
(b) As per the information & explanation given to us by the management and in view of the long term involvement with the above companies, we are of the opinion that the terms & conditions of the above loans are prima facie not prejudicial to the interest of the company.
(c) There are no stipulations as to the repayment of the principal amount of the above interest free loans.
(d) in view of our observation in sub clause (c) above there are no overdue amounts more than Rs. 1 Lakh .
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

BHARTIYA GLOBAL MARKETING LTD.

- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. Maintenance of cost accounts under section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Central Government for the Company.
- ix. (a) According to the records of the company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
(b) According to the information and explanations given to us , no undisputed amounts payable in respect of the statutory dues referred to above were in arrears, as at 31st March 2013 for a period of more than six months from the date they became payable and also that there is no dispute pending before any forum in respect of the above taxes.
- x. According to the records of the company , the accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- Xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. The company has given guarantees for loans taken by its holding company from bank. According to information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
- xvi. As per the records of the company, it has not taken any term loans and hence the reporting provisions of this clause are not applicable.
- 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 investments.
- xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 Companies Act, 1956.
- xix. During the year the company has not issued any debentures and as such creation of security is not applicable.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S.K. Poddar
Partner
M. No: 94479
New Delhi, 28th May, 2013

BHARTIYA GLOBAL MARKETING LTD.**BALANCE SHEET AS AT 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	24,990,200	24,990,200
(b) Reserves And Surplus	3	(7,134,064)	(8,320,853)
2 Non-Current Liabilities			
(a) Long-Term Borrowings	4	53,750,000	53,750,000
(b) Other Long-Term Liabilities	5	500,000	500,000
(c) Long-Term Provisions	6	240,711	156,151
3 Current Liabilities			
(a) Short-Term Borrowings	7	14,972,453	19,958,129
(b) Trade Payable	8	3,956,789	10,779,388
(c) Other Current Liabilities	9	448,298	348,646
(d) Short-Term Provisions	10	32,317	19,179
TOTAL		91,756,704	102,180,840
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	1,055,490	1,192,635
(b) Non Current Investments	12	15,075,000	15,075,000
(c) Deferred Tax Assets (Net)	13	2,119,812	3,011,434
(d) Long Term Loans And Advances	14	54,750,000	54,750,000
(e) Other Non-Current Assets	15	99,000	112,000
2 Current assets			
(a) Inventories	16	519,898	115,129
(b) Trade Receivables	17	15,923,731	24,792,565
(c) Cash & Cash Equivalents	18	1,151,804	963,532
(d) Short Term Loans and advances	19	1,048,969	1,119,382
(e) Other Current assets	20	13,000	13,000
TOTAL		91,756,704	102,180,840

Significant Accounting Policies 1-28

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Chartered Accountants
Firm Registration No. 014969N

For and on behalf of the Board

S.K.Poddar
Partner
M.No. 94479
New Delhi, 28th May, 2013

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

BHARTIYA GLOBAL MARKETING LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2013	Year Ended 31st March, 2012
Income:			
Revenue From Operations	21	34,404,298	17,872,920
Other income	22	1,496,808	1,560,307
Total Revenue		35,901,106	19,433,227
Expenses:			
Purchase of Stock In Trade		29,972,566	15,754,085
Change in Inventory of Stock In Trade	23	631,394	449,250
Employee Benefits Expenses	24	2,321,251	1,752,316
Depreciation And Amortization Expense	25	189,135	210,135
Other Expenses	26	672,698	827,610
Total Expenses		33,787,044	18,993,396
Profit Before tax		2,114,062	439,831
Tax Expense:			
Current Tax	27	35,651	-
Deferred Tax	27	891,622	(189,134)
Profit After Tax		1,186,789	628,965
Earnings Per Equity Share:			
(1) Basic		0.47	0.25
(2) Diluted		0.47	0.25
Significant Accounting Policies	1-28		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Chartered Accountants
Firm Registration No. 014969N

S.K.Poddar
Partner
M.No. 94479
New Delhi, 28th May, 2013

For and on behalf of the Board

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

BHARTIYA GLOBAL MARKETING LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	2,114,062	439,831
Adjusted for :		
Depreciation / Amortisation	189,135	210,135
Fixed Assets Written off		
Loss / (Profit) on Sale of Fixed Assets	-	(24,785)
Financial Expenses	203,938	4,068
Operating profit before working capital changes	<u>393,073</u>	<u>189,418</u>
	2,507,135	629,249
Adjustment for :		
Decrease /(Increase) in Inventories	631,394	449,250
Decrease /(Increase) in Trade Receivables	8,868,834	(10,316,988)
Decrease /(Increase) in Other non Current Assets	-	17,000
Decrease /(Increase) in Short Term Loan & Advances	(81,988)	568,802
Increase / (Decrease) in Trade Paybles	(6,822,599)	8,198,312
Increase / (Decrease) in Other Long Term Payables	84,560	(6,250)
Increase / (Decrease) in Other Short Term Payables	111,104	(100,088)
	<u>2,791,305</u>	<u>(1,189,962)</u>
Cash generated from operations	5,298,440	(560,713)
Taxes (Paid) / Refunded (net)	118,436	(51,422)
Financial expenses (net)	(203,938)	(4,068)
Cash flow before extra-ordinary items	<u>5,212,938</u>	<u>(616,203)</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>5,212,938</u>	<u>(616,203)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of Fixed Assets	-	78,072
Purchase of Fixed Assets / Capital WIP	(38,990)	
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(38,990)</u>	<u>78,072</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	(4,985,676)	676,014
Issue of the Share Capital	-	-
Share Capital issue Expenses	-	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(4,985,676)</u>	<u>676,014</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	188,272	137,883
Cash and Cash Equivalents - Opening Balance	963,532	825,649
Cash and Cash Equivalents - Closing Balance	1,151,804	963,532

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Chartered Accountants

Firm Registration No. 014969N

For and on behalf of the Board

S.K. Poddar

Partner

M.No. 94479

New Delhi, 28th May, 2013

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013**

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting :

The Financial Statements are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3C) and in accordance with the requirement of the Companies Act, 1956.

b) Fixed Assets :

Fixed Assets are stated at cost of acquisition inclusive of duties, taxes and incidental expenses related to acquisition. Interest on borrowings and other financing cost during the period of construction / acquisition are added to the cost of the Fixed Assets.

c) Depreciation :

Depreciation is calculated on fixed assets on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956

d) Inventories :

- Raw materials have been valued at cost . Cost is determined on FIFO basis.
- Finished Goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.

e) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. Gratuity liability is provided for on all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of year on accrual basis .

f) Investment :

- (i) Investment in subsidiary is valued at cost. Provision is made for any diminution in value considered permanent.
- (ii) Investment representing the capital invested in a partnership firm is valued at cost.

g) Foreign Currency Transactions

Earning and expenditure in foreign currency are accounted for at the actual exchange rate prevailing on the date of transaction and monetary items denominated in foreign currency outstanding at the year end are translated at the year end rates. Gain/loss in conversion is charged to Profit & Loss Account.

h) Taxation

Provision for Tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

i) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

j) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
2 SHARE CAPITAL		
Authorised Share Capital		
a) 3,000,000 (Previous year 3,000,000) Equity Shares of Rs 10/- Each	<u>30,000,000</u>	<u>30,000,000</u>
	<u>30,000,000</u>	<u>30,000,000</u>
Issued, Subscribed & Paid up :		
a) 2,499,020 (Previous year 2,499,020) Equity Shares of 10/- Each Fully Paid up	<u>24,990,200</u>	<u>24,990,200</u>
	<u>24,990,200</u>	<u>24,990,200</u>
2.1 The Company is a wholly owned subsidiary of M/s Bharitya International Limited by virtue of Section 4(1)(6) of Companies Act 1956		
3 RESERVES & SURPLUS		
(a) Surplus		
As Per last Balance Sheet	<u>(8,320,853)</u>	<u>(8,949,818)</u>
Add: Profit/(Loss) for the year	<u>1,186,789</u>	<u>628,965</u>
TOTAL	<u>(7,134,064)</u>	<u>(8,320,853)</u>
4 LONG TERM BORROWINGS		
Unsecured		
Loan /Advances from related party (refer note no 28.7)	<u>53,750,000</u>	<u>53,750,000</u>
TOTAL	<u>53,750,000</u>	<u>53,750,000</u>
5 OTHER LONG TERM LIABILITIES		
(a) Security Deposit	<u>500,000</u>	<u>500,000</u>
TOTAL	<u>500,000</u>	<u>500,000</u>
6 LONG TERM PROVISIONS		
(a) Provision for employees benefit		
Provision for Gratuity	<u>240,711</u>	<u>156,151</u>
TOTAL	<u>240,711</u>	<u>156,151</u>
7 SHORT TERM BORROWINGS		
(a) Loans/Advances from Related Parties (refer note no 28.7)	<u>14,972,453</u>	<u>19,958,129</u>
TOTAL	<u>14,972,453</u>	<u>19,958,129</u>

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

Amount in Rs.

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
8 TRADE PAYABLE		
(a) Trade Payable	3,956,789	10,779,388
TOTAL	3,956,789	10,779,388
8.1 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.		
9 OTHER CURRENT LIABILITIES		
(a) Salary & Reimbursements Paybles	375,067	298,309
(b) TDS Payble	4,186	2,500
(c) CST / VAT	24,399	2,670
(d) Expenses Payble	44,646	45,167
TOTAL	448,298	348,646
10 SHORT TERM PROVISIONS		
(a) Provision for Employees benefits Leave Encashment	32,317	19,179
TOTAL	32,317	19,179

11 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2012	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at March 31, 2013	As at April 1, 2012	For the Year	Deduction/ Adjustments during the year	As at March 31, 2013	As at April 1, 2012	As at March 31, 2013
Tangible Assets										
(a) Own Assets										
Land	492,800	-	-	492,800	-	-	-	-	492,800	492,800
Computers	412,986	-	-	412,986	391,842	-	-	391,842	21,144	21,144
Vehicles	620,718	-	-	620,718	389,890	58,968	-	448,858	230,828	171,860
Furniture	1,612,525	-	-	1,612,525	1,320,962	102,073	-	1,423,035	291,563	189,490
Office Equipments	285,274	38,990	-	324,264	128,974	15,094	-	144,068	156,300	180,196
Total	3,424,303	38,990	-	3,463,293	2,231,668	176,135	-	2,407,803	1,192,635	1,055,490
Previous Year	4,490,040	-	1,065,737	3,424,303	3,046,983	197,135	1,012,450	2,231,668	1,443,057	1,192,635

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
12 NON CURRENT INVESTMENTS		
Trade Investments:		
In Equity Shares of Subsidiary Companies Unquoted at Cost		
Investment in J & J Leather Enterprises Ltd,		
(a) 125,000 Equity Shares (Previous Year 125,000 shares) of Rs. 100 each, fully paid	15,025,000	15,025,000
(b) Investment in Partnership Firms- Capital in Firm - Bhartiya Prakash leathers (refer note no 28.6)	50,000	50,000
TOTAL	15,075,000	15,075,000
13 DEFERRED TAX ASSETS (NET)		
a) Deferred tax Assets		
Related to Carried Forward Losses	2,110,208	3,029,895
b) Deferred tax Liabilities		
Related to Fixed Assets	9,604	(18461)
TOTAL	2,119,812	3,011,434
14 LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Loans to related parties (refer note no 28.7)	53,750,000	53,750,000
(b) Loans & Advances to Others	1,000,000	1,000,000
TOTAL	54,750,000	54,750,000
15 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	78,000	91,000
(b) Security Deposit	21,000	21,000
TOTAL	99,000	112,000
16 INVENTORIES		
(a) Finished Goods	519,898	1,151,292
TOTAL	519,898	1,151,292
17 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivables		
(a) Over six months	14,390,446	8,455,871
(b) other (refer note no 28.7)	1,533,285	16,336,694
TOTAL	15,923,731	24,792,565

17.1 The Company has filed legal Suit for recovery of Rs.550,000/- against one of its customer. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
18 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
- In Current Accounts	1,106,328	881,816
(b) Cash on Hand	45,476	81,716
TOTAL	1,151,804	963,532
19 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Loans & Advances to Related Parties (refer note no 28.7)	621,529	624,105
(b) Advance Tax / TDS	275,588	427,989
(c) Advance to Staff	115,740	55,500
(d) Prepaid Expenses	30,362	6,038
(e) Others	5,750	5,750
TOTAL	1,048,969	1,119,382
20 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	13,000	13,000
TOTAL	13,000	13,000

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
21 REVENUE FROM OPERATION		
(a) Export Sales	33,398,480	17,443,420
(b) Local Sales	1,005,818	429,500
TOTAL	34,404,298	17,872,920
22 OTHER INCOME		
(a) Share of Profit from Firm	(2,576)	(2,576)
(b) Service Charges	89,645	621,324
(c) Lease Rent Received	100,000	100,000
(d) Commission Income	48,137	-
(e) Other Income	604,147	175,596
(f) Net gain / (loss) on foreign currency transaction	657,455	665,963
TOTAL	1,496,808	1,560,307

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
23 CHANGE IN INVENTORY OF STOCK IN TRADE		
Finished Goods		
(a) Opening Stock	1,151,292	1,600,542
(b) Closing Stock	519,898	1,151,292
(INCREASE) / DECREASE IN STOCK	631,394	449,250
24 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	1,943,417	1,419,689
(b) Contribution to Provident & Other funds	236,518	247,201
(c) Staff Welfare Expenses	141,316	85,426
TOTAL	2,321,251	1,752,316
25 DEPRECIATION AND AMORTISATION		
(a) Depreciation	176,135	197,135
(b) Preliminary Expenses W/off	13,000	13,000
TOTAL	189,135	210,135
26 OTHER EXPENSES		
(a) Legal & Professional Charges	52,489	71,552
(b) Electricity Expenses	59,761	146,662
(c) Auditors Remuneration	25,000	25,000
(d) Bank Charges	203,938	4,068
(e) Telephone & Communication	-	873
(f) Rates Taxes & Duties	1,299	2,815
(g) Insurance	9,871	7,757
(h) Printing & Stationery	-	4,425
(i) Sundry Balances Written off	27,903	26,850
(j) Sampling Expenses	283,325	549,217
(k) Profit / Loss on Sale of Assets	-	(24,785)
(l) Misc. Expenses	3,494	491
(m) Fees & Subscription	5,618	12,685
TOTAL	672,698	827,610
27 TAX EXPENSES		
I) Current Tax		
(a) Current Tax	-	-
(b) Tax for earlier Years	35,651	-
II) Deferred Tax		
(a) Related To Capital Assets	(28,065)	(24,821)
(b) Related To Brought Forward Capital Losses	919,687	(164,313)
TOTAL	927,273	(189,134)

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

28 NOTES TO ACCOUNTS

28.1 Previous year figures have been regrouped / reclassified wherever necessary to conform to the present year presentation

28.2 Contingent Liabilities not provided for

- a. Corporate Guarantee given by Company to a bank against facilities granted by that bank to its holding Company M/s Bhartiya International Ltd Rs.34.50 Crores (Previous Year Rs. 33 Crores).
- b. Land and Building at Chennai of Rs. 492,800 (Previous Year Rs. 492,800) is pledged with the bank for various limits and facilities granted to its holding company.

28.3 The Company is a partner in Bhartiya Prakash Leather and has 60% share in Profit / loss and accordingly the share of Loss as per the audited balance sheet of M/s Bhartiya Prakash Leathers as at 31.3.2013 has been taken in the books of accounts of the company. The details of the partners and their profit / loss sharing ratio is as under.

Pawan Kumar	40%
M/s Bhartiya Global Marketing Ltd	60%

28.4 Investment include 600 equity shares of the value of Rs.72,120/- in M/s J & J Leather Enterprises Ltd. held in the name of six nominees of the company.

28.5 (a) No provision for income Tax / MAT as per the provisions of the Income Tax Act, 1961 is required to be made in view of Carried Forward Losses of the earlier years.

(b) The Company has considered the brought forward accumulated losses as deferred tax asset as there is a reasonable certainty of realisation of profits in future.

28.6 Sundry Debtors, Loans & Advances include amounts due from / to Subsidiary Companies and Companies under the same management as under:

PARTICULARS	As at 31 st March, 2013 Rs.	As at 31 st March, 2012 Rs.
Sundry Debtors-World Fashion Trade Ltd.	6,880,073	7,350,397
J & J Leather Enterprises Ltd	-	1,080,000
Loans- J & J Leather Enterprises Ltd.	53,750,000	53,750,000
Advances - Bhartiya Prakash Leather	621,529	624,105
Sundry Creditor - Ultima Italia SRL	2,798,800	2,753,600

28.7 Related party disclosures

Related party disclosure as required under Accounting Standard 18, "Related Party Disclosures", issued by the Institute Of Chartered Accountants of India are given below :

a) Relationship:

i) Subsidiary Companies

Domestic

J&J Leather Enterprises Ltd,

ii) Associate Parties

Bhartiya Prakash Leather

World Fashion Trade Ltd

Ultima Italia S.r.l.

iii) Key Management Personnel:

Board of Directors

Snehdeep Aggarwal

Jaspal Sethi

Ramesh Bhatia

BHARTIYA GLOBAL MARKETING LTD.

Particulars	Holding Company	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
b) Summary of transactions during the year :					
a) Service Charges/Management Fees	-	-	-	-	-
	-	(600,000)	-	-	-
b) Purchase	-	-	934,732	-	-
			(-)		
c) Balances Outstanding at the year end:					
Long Term Loan taken	53,750,000	-	-	-	-
	(53,750,000)	-	-	-	-
Long Term Loan given	-	53,750,000	-	-	-
	-	(53,750,000)	-	-	-
Advances Recoverable	-	-	621,529	-	-
	-	-	(624,105)	-	-
Sundry Debtors	-	-	6,880,073	-	-
	-	(1,080,000)	(7,350,397)	-	-
Sundry Creditors	-	-	2,798,800	-	-
	-	-	(2,753,600)	-	-
Short term loans taken	-	-	14,972,453	-	-
	-	-	(19,958,129)	-	-

28.8 Earnings Per Share (E.P.S)

The basic/diluted earnings per share calculated as per the Accounting Standard-20 issued by the Institute of Chartered Accountants of India is as below.

Particulars	Current Year Rs.	Previous Year Rs.
a) Net Profit/(Net Loss) after tax available for Equity Shareholders	1,186,789	628,965
b) Weighted Average no of equity shares outstanding during the year	2,499,020	2,499,020
c) Basic/Diluted earnings per share (of Rs. 10/- each) Rs.(a/b)	0.47	0.25

28.9 Auditor's Remuneration

Particulars	Current Year Rs.	Previous Year Rs.
Audit Fees	25,000	25,000
Tax & Consultancy	15,000	15,000

28.10 In the Opinion of the Directors, the Current Assets, Loans and Advances have the value at which they are stated in the balance sheet, if realised in the Ordinary course of business and provision for all known liabilities has been adequately made in the accounts

28.11 Earning In Foreign Currency

Exports under Merchandising Trade Rs. 33,398,480/- (Previous Year Rs.-17,443,420/-)

28.12 Expenditure In Foreign Currency

Purchase Under Merchandising Trade Rs. 29,247,489/- (Previous Year Rs.15,754,085/-)
Value of Import On CIF Basis Rs. 934,732/- (Previous Year Rs. Nil)

As per our report of even date attached

for **SUSHIL PODDAR & CO.**
Chartered Accountants
Firm Registration No. 014969N

For and on behalf of the Board

S.K.Poddar
Partner
M.No. 94479
New Delhi, 28th May, 2013

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

DIRECTORS' REPORT**Dear Members,**

The Board of Directors of your Company hereby presents the Annual Report of the Company together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
PARTICULARS	2012-2013	2011-2012
TOTAL REVENUE	796.70	669.34
EXPENDITURE	786.68	661.58
PROFIT AFTER TAX	8.13	9.23

PERFORMANCE REVIEW

The total revenue for the financial year 2012-2013 is Rs.796.70Lacs as compared to Rs. 669.34 Lacs in the previous year. The Profit after Tax of the Company is Rs. 8.13 Lacs during the financial year 2012-13.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2013.

DIRECTORS

Mr. Manoj Khattar, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

PUBLIC DEPOSITS

Your Company has neither invited/nor accepted any deposits during the year within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s. Padmanabhan, Ramani & Ramanujam, Chartered Accountants hold office until the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate that their re-appointment if made shall be within the statutory limits specified in Section 224(1B) of the Companies Act, 1956.

The Auditors observation in the Auditors' Report has been explained by the Company in details in Notes to the Financial Statements which forms part of this Annual Report.

SECRETARIAL COMPLIANCE CERTIFICATE

A copy of the Secretarial Compliance Certificate received from the Practicing Company Secretary for the financial year ended 31st March, 2013 is annexed herewith for circulation to the Members.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance to the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed.
2. 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 the financial year ended 31st March, 2013.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

J & J LEATHER ENTERPRISES LTD.

PARTICULARS OF EMPLOYEES

The Company has not employed any person, falling under Section 217(2A) of the Companies Act, 1956, during the period.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub section (1) (e) of section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure (A) forming part of this Report.

ACKNOWLEDGEMENTS

Your Directors thanks and look forward to receive continued support from the employees of the Company for their dedicated performance and also place on record their commitments to the Company and combined efforts to turn around the Company.

For and on behalf of the Board

Chennai, 27th May, 2013

A.P.S. Narag
Managing Director

Manoj Khattar
Director

ANNEXURE (A) TO THE DIRECTORS' REPORT

Statement containing particulars pursuant to Section 217(1)(e) read with 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 March, 2013.

Conversion of Energy

Not applicable to the Company due to the nature of Business

Technology Absorption

Not applicable

Foreign Exchange Earnings and Outgo

The information on Foreign Exchange earnings and outgo are contained in the Notes to the Accounts.

For and on behalf of the Board

Chennai, 27th May, 2013

A.P.S. Narag
Managing Director

Manoj Khattar
Director

COMPLIANCE CERTIFICATE

To

The Members
J & J Leather Enterprises Ltd
Chennai

I have examined the registers, records, books and papers of **M/s. J & J Leather Enterprises Ltd** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I 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 and the rules made thereunder and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies under the Act and the rules made there under.
3. The Company being Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors met Seven (07) times on 02.04.12, 28.05.12, 10.08.12, 15.10.12, 31.12.12, 28.01.13 and 29.03.2013 the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not opted to close its Register of Members during the financial year under review.
6. The Annual General Meeting for the financial year ended on 31.03.2012 was held on 25.09.2012 and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year ended 31.03.2013.
8. As per the information provided by the Management, the Company had not advanced any loan to its directors and/or persons or firms or Companies referred in Section 295 of the Act during the financial year under review.
9. As per the information provided by the Management, the Company had not entered into any arrangements/contracts falling within the purview of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As per the information provided by the Management, there were no instances falling within the purview of Section 314 of the Companies Act, 1956 and the Company was not required to obtain any approval from the Board of Directors, Members, and Central Government during the financial year under review.
12. The Board of Directors has not issued any duplicate Share Certificates during the financial year under review.
13. (i) There were no transfer, transmission and allotment of Shares/securities during the financial year.
(ii) Not declared any dividend or interim dividend
(iii) There is no unpaid dividend to be transferred to Investor Education and Protection Fund.
(iv) Generally complied with the requirements of Section 217 of the Act, with regard to the above.
14. The Board of Directors of the Company is duly constituted and there were no appointment of directors, appointment of additional directors, alternate directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed Managing Director, Whole-time Director/Manager during the financial year.
16. The Company has not appointed sole-selling agents during the Financial Year.
17. As per the information provided by the Management the Company was not required to obtain any approval of the Registrar of Companies, Central Government, Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.

J & J LEATHER ENTERPRISES LTD.

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 shares during the financial year under review.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference Shares or Debentures during the Financial Year.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. As per the information provided by the Management, the Company has not accepted unsecured loan falling within the purview of Section 58A of the Companies Act, 1956 and the rules framed thereunder.
24. The amount borrowed by the Company during the financial year is within the borrowing limits of the Company.
25. As per the information provided by the Management, the Company has not made loans and investments in other bodies corporate. The Company has provided security/Corporate Guarantee for the Loan availed by M/s.Bhartiya International Limited. Necessary approvals from the Members have been obtained under Section 372A on 09.06.2008.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under review.
31. As per the information provided by the Management, there were no prosecution initiated against or show cause notices received by the Company during the financial year.
32. As per the information provided by the Management, the Company has not received any money as security from its employees during the year under certification.
33. As per the information provided by the Management, the Company has not constituted separate Provident Fund for its employees and as such, Section 418 of the Act, is not applicable to the Company.

Rajashree S. Iyer

Prac. Company Secretary

C.P. No. 10096

Chennai, 27th May, 2013

J & J LEATHER ENTERPRISES LTD.

ANNEXURE - A

1. Minutes of Board Meetings & General Meetings
2. Register of Members
3. Register of Directors
4. Register of Directors Shareholding
5. Directors Attendance Register
6. Members Attendance Register
7. Register of particulars in which Directors are interested.
8. Register of Charges.

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended 31st March, 2013

1. Form 20B
2. Form 23AC-XBRL and 23ACA-XBRL
3. Form 66
4. Form 17
5. Form 8

Rajashree S. Iyer

Prac. Company Secretary

C.P. No. 10096

Chennai, 27th May, 2013

INDEPENDENT AUDITORS' REPORT

To the Members of J & J Leather Enterprises Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of J & J Leather Enterprises Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the statement of Profit and Loss, and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. 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.
 - c. The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - e. On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

For **Padmanabhan Ramani & Ramanujam**

Chartered Accountants

Firm Registration Number: 002510S

(N. Ramani)

Partner

Mem. No. 022438

Chennai, 27th May, 2013

J & J LEATHER ENTERPRISES LTD.

Re: J & J Leather Enterprises Ltd - Year Ended 31st March, 2013

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 under the section 'Report on other legal and Regulatory requirements' of our report of even date.

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of fixed assets so as to affect the going concern status of the company.
- (ii) (a) Physical verification of inventory has been conducted at reasonable Intervals by the management;
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is 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) The company has not granted any loan secured or unsecured loan to companies, firms or other parties in the register maintained under section 301 of the Act.
- (b) The company has taken unsecured loan from companies, firms or other parties in the register maintained under section 301 of the Act.
No of parties-1.
Balance as at 31.03.2013 - Rs. 53,750,000
- (iv) In our opinion, there is 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 audit, we have not observed any continuing failure to correct major weaknesses internal control;
 - (a) According to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into the register required to be maintained under that Section.
 - (b) In our opinion and according to information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- (v) In our opinion and according to information and explanations given to us, the company has not accepted deposits from the public.
- (vi) In our opinion and according to information and explanations given to us, the company has an internal audit system commensurate with its size and nature of its business;
- (vii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (viii) (a) The company is regular in depositing undisputed statutory dues wherever applicable including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth Tax, Service tax Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) There are no disputed sales tax/income tax/custom tax/wealth tax/service tax/excise duty/cess.
- (ix) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) During the year the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

J & J LEATHER ENTERPRISES LTD.

- (xi) In our opinion, the company is not chit fund or a nidhi/mutual benefit fund/society. As such provisions of clause 4(xiii) of the said order are not applicable to the company.
- (xii) In our opinion and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xiii) In our opinion and according to information and explanations given to us, the company has executed guarantee for loan taken by its holding company from bank, and the terms and conditions on which the guarantee has been executed are not prejudicial to the interest of the company.
- (xiv) In our opinion, term loans were applied for the purpose for which the loans were obtained;
- (xv) In our opinion and according to information and explanations given to us and overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long time investment.
- (xvi) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xvii) During the year, the company has not issued any debentures and as such provisions of clause 4(xix) of the said order are not applicable to the company.
- (xviii) During the year there has been no public issue and as such provisions of clause 4(xx) of the said order are not applicable to the company.
- (xix) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **Padmanabhan Ramani & Ramanujam**

Chartered Accountants

Firm Registration Number: 002510S

(N. Ramani)

Partner

Mem. No. 022438

Chennai, 27th May, 2013

J & J LEATHER ENTERPRISES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	12,500,000	12,500,000
(b) Reserves and Surplus	3	13,126,006	12,313,159
2 Non-Current Liabilities			
(a) Long-Term Borrowings	4	54,059,600	54,203,798
(b) Deferred Tax Liabilities (Net)	5	1,395,939	1,725,285
(c) Long-Term Provisions	6	1,114,415	755,487
3 Current Liabilities			
(a) Trade Paybles		5,197,865	4,356,208
(b) Other Current Liabilities	7	1,438,137	1,165,673
(c) Short-Term Provisions	8	50,000	50,000
TOTAL		88,881,962	87,069,610
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	59,808,065	62,753,428
(ii) Intangible Assets		447,181	308,459
(b) Long-Term Loans and Advances	10	7,601,611	7,329,428
2 Current Assets			
(a) Inventories	11	3,666,801	3,632,836
(b) Trade Receivables	12	13,972,214	9,843,365
(c) Cash and Cash Equivalents	13	1,224,165	1,220,000
(d) Short Term Loan & Advances	14	855,628	584,331
(e) Other Current Assets	15	1,306,297	1,397,763
TOTAL		88,881,962	87,069,610

Significant Accounting Policies 1-24

The accompanying notes are an integral part of the financial statements

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
M.No. 22438
Chennai, 27th May, 2013

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

				Amount in Rs.	
PARTICULARS	Note No.	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012		
I. Revenue from Operations	16	79,381,848	66,749,817		
II. Other Income	17	287,988	183,661		
III. Total Revenue (I + II)		79,669,836	66,933,478		
IV. Expenses:					
Cost of Materials Consumed	18	2,466,572	2,813,546		
Manufacturing Expenses	19	51,869,818	39,819,650		
Employee Benefits Expense	20	7,117,840	6,303,206		
Finance Costs	21	62,893	17,090		
Depreciation and Amortization Expense		7,947,499	8,325,895		
Other Expenses	22	9,203,849	8,879,022		
Total Expenses		78,668,471	66,158,409		
V. Profit before Exceptional and Extraordinary Items and Tax (III-IV)		1,001,365	775,069		
VI. Exceptional Items					
VII. Profit before Extraordinary Items and Tax (V - VI)		1,001,365	775,069		
VIII. Extraordinary Items					
IX. Profit before tax (VII- VIII)		1,001,365	775,069		
X. Tax Expense:					
(1) Current Tax	23	517,863	450,000		
(2) Deferred Tax		(329,345)	(598,119)		
XI. Profit (Loss) for the Period from Continuing Operations (IX-X)		812,847	923,188		
XII. Profit/(loss) from Discontinuing Operations		-	-		
XIII. Tax Expense of Discontinuing Operations		-	-		
XIV. Profit/(loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-		
XV. Profit (Loss) for the Period (XI + XIV)		812,847	923,188		
XVI. Earnings per Equity Share:					
(1) Basic		6.50	7.39		
(2) Diluted		6.50	7.39		

Significant Accounting Policies 1-24

The accompanying notes are an integral part of the financial statements

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
M.No. 22438
Chennai, 27th May, 2013

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Amount in Rs.

PARTICULARS	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	1,001,365	775,069
Adjusted for :		
Depreciation/Amortisation Expenses	7,947,499	8,325,895
Financial Cost	62,893	17,090
Loss/(Profit) on Sale of Fixed Assets	-	(16,313)
Operating profit before working capital changes	<u>9,011,757</u>	<u>9,101,741</u>
Movement In Working Capital :		
Decrease/(Increase) In Inventories	(33,965)	52,093
Decrease/(Increase) In Trade Receivables	(4,128,849)	(9,259,379)
Decrease/(Increase) In Long Term Loans and Advances	818,290	(2,337,575)
Decrease/(Increase) In Short Term Loans and Advances	(179,831)	2,494,514
(Decrease)/Increase In Trade Paybles	841,656	1,496,487
(Decrease)/Increase In Other Long Term Paybles	358,928	233,411
(Decrease)/Increase In Other Short Term Paybles	272,113	(225,797)
Cash generated from operations	<u>6,960,099</u>	<u>1,555,495</u>
Taxes paid	(1,624,780)	896,096
Finance Cost		
Cash Flow before Extra-Ordinary Items	<u>5,335,319</u>	<u>2,451,591</u>
NET CASH FROM OPERATING ACTIVITIES	<u>5,335,319</u>	<u>2,451,591</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES :-		
Purchase of Fixed Assets/Capital W.I.P.	(5,177,133)	(4,167,878)
Sale of Fixed Assets	36,275	961,373
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(5,140,858)</u>	<u>(3,206,505)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) for Long Term Borrowings	(127,403)	453,798
Finance Cost	(62,893)	(17,090)
NET CASH USED IN FINANCING ACTIVITIES	<u>(190,296)</u>	<u>436,708</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	4,165	(318,206)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,220,000	1,538,206
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	<u>1,224,165</u>	<u>1,220,000</u>

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
M.No. 22438
Chennai, 27th May, 2013

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013**

Note No. 1 : SIGNIFICANT ACCOUNTING POLICIES

1 Significant Accounting Policies

i) Method of Accounting

The financial statement are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in section 211(3C) and in accordance with the requirement of Companies Act, 1956

ii) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. The cost of Fixed assets is inclusive of duties, taxes, freight and other incidental expenses (other than those subsequently recoverable from tax authorities) related to acquisition. Interest on borrowings and other financing costs during the period of construction/acquisition are added to the cost of fixed assets.

iii) Depreciation

Depreciation on fixed assets has been provided on WDV method as per rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation on assets whose actual cost does not exceed five thousand rupees has been provided at the rate of hundred per cent. Depreciation has been provided on prorata on additions/deletions.

iv) Recognition of Income and Expenditure

Revenue/Incomes and Cost/Expenditure are generally accounted on accrual, as they are earned or incurred. Revenue is recognised when practically all risks and rights connected with the goods on which Job work performed have been transferred. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

v) Foreign Currency Transactions

Earning and expenditure in foreign currency are accounted for at the actual exchange rate prevailing on the date of transaction and monetary items denominated in foreign currency outstanding at the year end rates. Gain/Loss in conversion is charged to Profit & Loss Account.

vi) Inventories

Raw material, stores and spares and finished goods are valued at lower of Cost or estimated net relisable value. Cost is determined on the first in first out cost method and in the case of work in progress and finished goods, it also include an appropriate portion of production and administration related overheads.

vii) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and Loss account during the year. Gratuity liability is provided for on all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of year on accrual basis

viii) Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the Year. The deferred tax charge is recognized using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

ix) Government Grants

Grants received from the Government which are in the nature of promoters contribution and are with reference to the total investment without any liability for repayment, are treated as Capital reserve.

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

x) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

xi) Provision contingent liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligation that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company

PARTICULARS	Amount in Rs.			
	As at 31 st March, 2013		As at 31 st March, 2012	
	Number	Amount	Number	Amount
2 Disclosure as to Share Capital				
2.1 Authorised				
Equity Shares of Rs.100/- each.	125,000	12,500,000	125,000	12,500,000
TOTAL		12,500,000		12,500,000
2.2 Issued, Subscribed & Paid up				
Equity Shares of Rs.100/- each.	125,000	12,500,000	125,000	12,500,000
TOTAL		12,500,000		12,500,000
2.3 The Reconciliation of the number of share outstanding and the amount of share capital as at 31 st March, 2013 and 31 st March, 2012 is set out below:				
Equity Shares of Rs.10/- each.				
Number of Shares at the beginning of the year	125,000	12,500,000	125,000	12,500,000
Shares Issued During the year	-	-	-	-
Closing Balance	125,000	12,500,000	125,000	12,500,000
2.4 Shareholders having equity capital 5% or more as at 31 st March, 2013 and 31 st March, 2012 is set out below:				
Name Of Share Holders	As at 31st March, 2013		As at 31st March, 2012	
	No. of	% of	No. of	% of
	Shares	holding	Shares	holding
Bhartiya Global Marketing Ltd	125,000	100	125,000	100
2.5 Details of shares held by Holding, subsidiaries or associates of the holding company :				
Name Of Share Holders	As at 31st March, 2013		As at 31st March, 2012	
	No. of	% of	No. of	% of
	Shares	holding	Shares	holding
Bhartiya Global Marketing Ltd	125,000	100	125,000	100

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	As at 31 st March, 2013	Amount in Rs. As at 31 st March, 2012
3 RESERVES & SURPLUS		
a) Capital Reserves		
Opening Balance	4,621,283	4,621,283
Add: Current Year Transfer		
Less: Written Back in Current Year		
Closing Balance	4,621,283	4,621,283
b) Surplus		
As Per last Balance Sheet	7,691,876	6,768,688
Add: Profit/(Loss) for the year	812,847	923,188
	8,504,723	7,691,876
Total	13,126,006	12,313,159
4 LONG TERM BORROWINGS		
a) Secured Vehicle Loans from banks (Secured by way of hypothecation of vehicles financed by the Bank. The Loan is repayable in thirty four equal monthly installments)	309,600	453,798
b) Unsecured loan and Advances - Bhartiya Global Marketing Ltd (Holding Company)	53,750,000	53,750,000
Total	54,059,600	54,203,798
5 DEFERRED TAX LIABILITIES (Net)		
Deferred tax Liabilites		
Related to Bonus/Gratuity	(442,661)	(332,286)
Deferred tax Liabilites		
Related to Fixed Assets	1,838,600	2,057,571
Total	1,395,939	1,725,285
6 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Provision for Gratuity	540,441	360,121
Provision for Leave Encashment	573,974	395,366
Total	1,114,415	755,487

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

	Amount in Rs.	
PARTICULARS	As at 31 st March, 2013	As at 31 st March, 2012
7 OTHER CURRENT LIABILITIES		
a) Current maturities Of Long Term Debt	140,846	124,051
b) Accrued salaries and benefits		
Salary & benefits	415,805	170,787
Bonus & incentive	145,437	359,704
c) Other Current Liabilities		
Expenses Payable	487,143	304,314
TDS Payable	176,769	193,213
Service Tax	69,792	-
Professional Tax	2,345	13,604
Total	1,438,137	1,165,673
8 SHORT TERM PROVISIONS		
Provision for Leave Encashment	50,000	50,000
Total	50,000	50,000

9 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2012	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31 st March, 2013	As at 1 st April, 2012	For the Year	Deduction/ Adjustments during the year	As at 31 st March, 2013	As at 1 st April, 2012	As at 31 st March, 2013
Tangible Assets :										
Own Assets :										
Land	527,731	-	-	527,731	-	-	-	-	527,731	527,731
Building	50,403,305	2,155,250	-	52,558,555	22,036,200	2,843,206	-	24,879,406	28,367,105	27,679,149
Roads	869,552	-	-	869,552	133,456	36,805	-	170,261	736,096	699,291
Machinery	72,970,695	2,421,774	239,414	75,153,055	41,485,053	4,492,696	203,139	45,774,610	31,485,642	29,378,445
Vehicles	1,303,918	-	-	1,303,918	373,406	240,909	-	614,315	930,512	689,603
Furniture & Fixtures	333,658	8,800	-	342,458	242,573	18,335	-	260,908	91,085	81,550
Office Equipments	1,536,264	238,952	-	1,775,216	1,055,007	82,648	-	1,137,655	481,257	637,561
Computers	925,471	36,765	-	962,236	791,471	56,030	-	847,501	134,000	114,735
Total (A)	128,870,594	4,861,541	239,414	133,492,721	66,117,166	7,770,629	203,139	73,684,656	62,753,428	59,808,065
Previous Year	125,880,605	3,935,049	945,060	128,870,594	58,659,185	8,314,354	856,372	66,117,167	67,221,420	62,753,427
Intangible Assets:-										
Computers Software	320,000	315,592	-	635,592	11,541	176,870	-	188,411	308,459	447,181
Total (B)	320,000	315,592	-	635,592	11,541	176,870	-	188,411	308,459	447,181
Previous Year	-	320,000	-	320,000	-	11,541	-	11,541	-	308,459
Capital Work in Progress:-										
Previous Year	943,543	-	943,543	-	-	-	-	-	943,543	-
Total (A+B)	129,190,594	5,177,133	239,414	134,128,313	66,128,707	7,947,499	203,139	73,873,067	63,061,887	60,255,246
Previous Year (A+B)	126,824,148	4,255,049	1,888,603	129,190,594	58,659,185	8,325,895	856,372	66,128,708	68,164,963	63,061,886

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	As at 31 st March, 2013	Amount in Rs. As at 31 st March, 2012
10 LONG TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Security Deposits	4,034,388	3,792,178
Other Deposits	360,000	1,420,500
Advance Income tax (Net off Provisions)	3,207,223	2,116,750
Total	7,601,611	7,329,428
11 INVENTORIES		
a. Raw Materials (Valued at Cost or Net relisable Value, Whichever is lower)	1,289,694	1,289,694
b. Stores and spares (Valued at Cost or Net relisable Value, Whichever is lower)	2,187,107	2,187,107
c. Consumable Stores (Valued at Cost or Net relisable Value, Whichever is lower)	190,000	156,035
Total	3,666,801	3,632,836
12 TRADE RECEIVABLES		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	13,972,214	9,841,722
Unsecured, considered doubtful	-	-
	13,972,214	9,841,722
Less: Provision for doubtful debts	-	-
	13,972,214	9,841,722
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	-	1,643
Unsecured, considered doubtful	-	-
	-	1,643
Less: Provision for doubtful debts	-	-
	-	1,643
Total	13,972,214	9,843,365
13 CASH AND CASH EQUIVALENT		
a) Balances with banks In Current Accounts	638,171	835,060
b) Cash on hand	585,994	384,940
Total	1,224,165	1,220,000

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
14 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
a) Advances With Suppliers	855,628	584,331
b) Advances With Staff	-	
Total	855,628	584,331
15 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
a) Prepayments	114,049	70,437
b) Deposits-Others	1,035,000	1,035,000
c) others	157,248	292,326
Total	1,306,297	1,397,763
16 REVENUE FROM OPERATION		
Job Work Charges	79,381,848	66,749,817
Total	79,381,848	66,749,817
17 OTHER INCOME		
Interest Received	74,513	44,982
Rent Income	108,000	108,000
Other Misc Income	105,475	30,679
Total	287,988	183,661
18 COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	3,476,801	3,476,801
Add : Purchases		
Consumables	2,466,572	2,813,546
Less : Closing Stock	3,476,801	3,476,801
Total	2,466,572	2,813,546
19 MANUFACTURING EXPENSES		
Job Work Expenses	30,968,741	24,007,433
Electricity Expenses	4,092,439	3,983,521
Machinery Maintenance	4,774,213	3,225,471
Rent	2,314,218	2,075,000
Effluent Treatment Expenses	2,047,956	1,140,000
Testing Charges	21,026	-
Generator Running & Maintenance	7,651,225	5,388,225
Total	51,869,818	39,819,650

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
20 EMPLOYEE BENEFITS EXPENSES		
a) Salary & Allowances	5,440,748	4,975,162
b) Staff Welfare Expenses	1,254,613	920,912
c) Gratuity & Leave Encashment	422,479	407,132
Total	7,117,840	6,303,206
21 FINANCE COSTS		
a) Interest Paid	62,893	17,090
Total	62,893	17,090
22 OTHER EXPENSES		
Printing & Stationery	232,638	181,526
Traveling & Conveyances	1,544,152	1,312,278
Legal & Professional	1,199,304	1,298,492
Building Maintenance	380,017	263,224
Repair & Maintenance	800,060	605,242
Rent-Others	197,050	94,870
Rate & Taxes	24,102	8,800
Freight Outward	2,336,874	2,274,788
Miscellaneous Expenses	274,785	348,998
Communication Expenses	190,133	183,790
Auditors Remuneration - As Auditors	50,000	50,000
Insurance	88,657	73,976
Fees & Subscription	636,263	393,632
Security Expenses	1,224,000	1,198,605
Service Charges	-	600,000
Loss on Sale of Fixed Assets	-	(16,313)
Bank Charges	25,814	7,114
Total	9,203,849	8,879,022
23 TAX EXPENSES		
I) Current Tax		
(a) Current Tax	500,000	450,000
(b) Tax for earlier Year	17,863	-
II) Deferred Tax		
(a) Related to Capital Assets	(329,345)	(598,119)
(b) Related to Brought forward Capital Losses		
Total	188,518	(148,119)

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

24 NOTES TO ACCOUNTS

24.1 Contingent Liabilities

(Rs. in Lacs)

	As at 31 st March, 2013	As at 31 st March, 2012
Contingent Liabilities not provided for - Corporate Guranantee executed by the Company in the form of Joint equitable mortgage of Land belonging to the Company for securing the Loan facility extended by a bank to the holding Company.	3,450	2,450

24.2 The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payble to these parties during the year is Nil.

24.3 Details of Management Remuneration to Whole-Time Director.

	Current year (Rs. in Lacs)	Previous year (Rs. in Lacs)
a. Salary & Allowances	3.00	3.00

24.4 Expenditure In foreign Currency -

	Current year (Rs. in Lacs)	Previous year (Rs. in Lacs)
Consultancy	-	2.74
Travelling	0.41	-

24.5 CIF Value of Imports (Capital Goods and Maintence) 13.72 -

24.6 Consumption of Imported & Indigenous Raw Material (including Consumables)

Particulars	Current year		Previous year	
	(Rs. in Lacs)	%	(Rs. in Lacs)	%
Indigenous	24.67	100.00	28.14	100.00
Imported	-	-	-	-
	-	100.00	-	100.00

24.7 FOB Value Exports Nil Nil

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

24.8 Related party disclosure as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :

(a) Relationship:

i) Holding Companies

Bhartiya Global Marketing Ltd
Bhartiya International Ltd

ii) Key Management Personnel:

Mr. A.P. S. Narag
Mr. Manoj Khattar
Mr. C.L. Handa

iii) (a) Transaction with Related Parties -

Summery transactions during the year :	Holding Co	Key Management Personnel	Relatives Of Key Management Personnel's
a) Rent (Recd)	108,000 (108,000)	- -	- -
b) Job Work	79,381,848 (66,749,817)	- -	- -
c) Management Fees	- (600,000)	- -	- -
d) Salaries	- -	300,000 (300,000)	- -
(b) Balances Outstanding at the Year End:			
Unsecured Loans	53,750,000 (53,750,000)	- -	- -
Sundry Debtors	13,972,214 (9,841,537)	- -	- -
Sundry Creditors	- (1,080,000)	25,000 (21,000)	- -

24.9 Consumption of Raw Material

	Current Year		Previous Year	
	Qty	Value (Rs. Lacs)	Qty	Value (Rs. Lacs)
Consumable	-	24.67	-	28.14
	-	24.67	-	28.14

24.10 Segment Reporting Disclosure as per accounting standard AS -17, are at present not applicable to the Company

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

24.11 Earning per share (E.P.S)

The basic/diluted earning per share calculated as per share calculated as per Accounting Standard-20, issued by the Institute of Chartered Accountants of India is as below.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Net profit after tax available for equity shareholders	812,847	923,188
b) Weighted average no of equity shares outstanding during the year	125,000	125,000
c) Basic/Diluted earnings per share (face value of Rs. 100 each) (a/b)	6.50	7.39

24.12 Figures have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever necessary.

As per our report of even date annexed

for **Padmanabhan Ramani & Ramanujam**

Firm Reg. No. 002510S

Chartered Accountants

N. Ramani

Partner

M.No. 22438

Chennai, 27th May, 2013

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 7th Annual Report and financial statements for the year ended 31st March, 2013.

FINANCIAL RESULTS

The Financial performance of the Company for the year ended 31st March, 2013 is summarized below:

(Amount in Rs.)

PARTICULARS	2012-2013	2011-2012
Total Income	2,097,000	30,003,952
Total Expenditure	5,264,962	20,253,443
Tax Expense	205,291	1,857,959
Profit/ (Loss) for the Year after Tax	(3,373,223)	7,892,550

DIVIDEND

Your directors do not recommend any dividend for the financial year ended 31st March, 2013.

REVIEW OF OPERATION

We are pleased to inform the shareholders that after protracted delays in securing all clearances and approvals, the first unit is now operational at our Leather Park. Bhartiya International Ltd., our holding company and one of the leaders in the Leather fashion industry in India have set up their first unit in the Leather Park to manufacture Leather accessories and products. The unit currently employs over 350 persons and have commenced commercial operations. We are pleased to learn that Bhartiya International will be setting up more adjoining units and will increase the production and employment multifold in next 4 to 5 years time. This will also encourage more manufacturers to set up units at the Leather Park.

One of the difficulties currently being faced by the SEZ is reluctance on the part of potential investors into the units as they will now have to pay minimum alternate tax as introduced by the Central Government in the finance bill of 2011. The impact is more adverse in the case of leather product manufacturers as they are currently availing duty drawback benefit outside the SEZ. As a result it has become unattractive for leather goods manufacturers to set up their units within the SEZ. Your company has therefore approached APIIC and the Government of Andhra Pradesh with the request to change the SEZ status of the project to Non-SEZ. This is currently under consideration and we hope to achieve de-notification in the near future. With that we will be in a position to attract more units into the Leather Park.

Your company has also submitted an application to DIPP, Ministry of Commerce and Industry for their in-principle approval to set up a 106 Acres Mega Leather Cluster within our Leather Park. We have also sought support from the State Government of Andhra Pradesh for the project. With the financial assistance available under the Mega Leather Cluster scheme, your company will be able to attract good number of small and medium manufacturing units as well into the Leather Park.

In view of the above steps taken by your company, barring unforeseen impediments, your company should be able to witness more interest for many manufacturers to set up units within the Leather Park.

PUBLIC DEPOSITS

The Company has not accepted any public deposit during the financial year under review.

DIRECTORS

Pursuant to the provisions of section 260 of the Companies Act, 1956, the appointment of Mr. Amrishpal Singh Narag and Mr. Sasi Madathil were regularized in the Annual General Meeting of the company held on 26th September, 2012.

Mr. Amrishpal Singh Narag had expressed his desire not to continue as Managing Director and the Board of Directors had approved his designation to be changed from Managing Director to Director w.e.f. 21.05.2012 and subsequently appointed Mr. Sasi Madathil as the Managing Director of the Company w.e.f. 01.06.2012 for 3 years subject to approval of shareholders, which was duly accorded by the Shareholders in their Annual General Meeting held on 26th September, 2012.

Mr. Amrishpal Singh Narag, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

BHARTIYA INTERNATIONAL SEZ LTD.

AUDITORS

The Auditors of the Company, M/s Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting, and being eligible have offered themselves for re-appointment. They have furnished a certificate that their reappointment if made shall be within the statutory limits specified in Section 224(1B) of the Companies Act, 1956.

The Auditors' observation in the Audit Report has been explained by the Company in details in Notes to the Financial statements which form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii. They 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 as on 31st March, 2013 and of the loss of the Company for the year ended on that date;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. They have prepared the annual accounts on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- A) Conservation of Energy:- Nil
- B) Technology Absorption, Adoption and Innovation:- Nil
- C) Foreign Exchange Earnings and Outgo :-
- (i) Activities relating to export; initiatives taken to increase export; development of new export market for products and services; & export plans:- Nil
 - (ii) Total Foreign Exchange used and earned: -

(Amount In Rs.)

	Current Year	Previous year
Foreign Exchange Earning	-	-
Foreign Exchange Outgo	-	68,869

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude for the co-operation and valuable support being extended by the departments of Central Government, State Government, Shareholders, Company's Bankers and its employees.

For and on behalf of the Board

New Delhi, 24th May, 2013

Sasi Madathil
Managing Director

Manoj Khattar
Director

INDEPENDENT AUDITORS' REPORT

To,
The Members of
M/s Bhartiya International SEZ Ltd
New Delhi

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya International SEZ Ltd.. ("the company") which comprise the balance sheet as at 31st March, 2013, the statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, We give in the annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956; and
 - e. On the basis of written representation received from the directors as on 31st March 2013, and taken on record by the board of directors, none of the director is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S. K. PODDAR

Partner
M. No. 94479
New Delhi, 24th May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No discrepancies with respect to book records were noticed on such verification.
(c) In our opinion and according to explanations given to us, no fixed asset has been disposed off during the year.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No discrepancies with respect to book records were noticed on such verification.
- iii. (a) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) The company has taken interest free unsecured loans/advances from its holding company M/s Bhartiya International Ltd. The maximum amount involved during the year was Rs. 12,233,271/-and the year end balance of loan taken was Rs. 10,345,971/-.
(c) As per the information & explanation given to us by the management and in view of long term involvement with the holding company, we are of the opinion that terms and conditions of the loans taken is prima facie not prejudicial to the interest of the company.
(d) There is no stipulation as to the repayment of the principal amount.
(e) In view thereof the clause pertaining to the overdue amount being more than Rs. 1 Lakh is not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained . We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. According to the information and explanations given to us and the records of the company examined by us:

BHARTIYA INTERNATIONAL SEZ LTD.

- a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31th March, 2013 for a period of more than six months from the date they became payable. We are informed that the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1956 and The Employees State Insurance Act, 1948 are not applicable to the company and that the operations of the company during the period, did not give rise to any liability for Sales Tax, Excise Duty, Custom Duty, Service Tax, Wealth Tax and Investor Education and Protection Fund.
- b. According to the information and explanations given to us, there are no dues in respect of Sale Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty and Cess, which have not been deposited on account of any dispute.
- x. The company has not incurred any cash loss during the year and also not incurred in the immediately preceding financial year.
- xi. According to the information and explanation given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly provisions of clause 4(xi) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. Based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. As per the records of the company, it has not taken any term loans and hence the reporting provision of this clause is not applicable.
- 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 investments.
- 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 during the year.
- xix. During the year company has not issued any debenture and as such creation of security is not applicable
- xx. During the year under review, no money was raised by public issue and as such provisions of clause 4(xx) Companies (Auditor's Report) order 2003 is not applicable to the company.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S. K. PODDAR
Partner
M. No. 94479
New Delhi, 24th May, 2013

BHARTIYA INTERNATIONAL SEZ LTD.**BALANCE SHEET AS AT 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	135,692,300	135,692,300
(b) Reserves and Surplus	3	3,704,259	7,077,482
2 Non-Current Liabilities			
(a) Long-Term Provisions	4	19,548	45,310
3 Current Liabilities			
(a) Short-Term Borrowings	5	10,345,971	2,733,271
(b) Trade Payable	6	108,882	26,478
(c) Other Current Liabilities	7	935,387	1,288,111
(d) Short-Term Provisions	8	4,075	1,901,309
TOTAL		150,810,422	148,764,261
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		17,414,082	15,933,278
(b) Other Non-Current Assets	10	587,171	742,977
2 Current assets			
(a) Inventories	11	131,135,514	131,135,514
(b) Cash and Cash Equivalents	12	684,149	796,686
(c) Short Term Loans and Advances	13	833,700	–
(d) Other Current Assets	14	155,806	155,806
TOTAL		150,810,422	148,764,261
Significant Accounting Policies	1-22		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Firm Regn No. 014969N
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Partner
M.No. 94479
New Delhi, 24th May, 2013

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Income:			
I. Revenue From Operations	15	2,097,000	30,000,000
II. Other income	16	–	3,952
III. Total Revenue		2,097,000	30,003,952
IV. Expenses:			
Cost of Sales	17	–	16,977,670
Employee Benefits Expense	18	2,051,802	2,746,338
Depreciation and Amortization Expense	19	304,331	186,826
Other Expenses	20	2,908,799	342,609
Total Expenses		5,264,932	20,253,443
V. Profit/(Loss) Before tax		(3,167,932)	9,750,509
VI. Tax Expense:			
Current Tax	21	205,291	1,857,959
VII. Profit/(Loss) After Tax		(3,373,223)	7,892,550
VIII. Earnings Per Equity Share:			
(1) Basic		(0.25)	0.58
(2) Diluted		(0.25)	0.58
Significant Accounting Policies	1-22		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

for **SUSHIL PODDAR & Co**
 Firm Regn No. 014969N
 Chartered Accountants

For and on behalf of the Board

S. K. Poddar
 Partner
 M.No. 94479
 New Delhi, 24th May, 2013

Niraj Jain
 Company Secretary

Sasi Madathil
 Managing Director

Manoj Khattar
 Director

BHARTIYA INTERNATIONAL SEZ LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(3,167,932)	9,750,509
Adjusted for :		
Financial Expenses	1,077	1,918
Depreciation	148,525	31,020
Preliminary Expenses written off	155,806	155,806
	305,408	188,744
Operating profit before working capital changes	(2,862,524)	9,939,253
Adjustment for :		
Inventories	-	15,260,755
Short Term Loans & Advances	(624,000)	59,310
Trade and Other Payables	(335,357)	(23,280,437)
	(959,357)	(7,960,372)
Cash generated from operations	(3,821,881)	1,978,881
Taxes Paid	(2,272,950)	-
Financial expenses (net)	(1,077)	(1,918)
Cash flow before extra-ordinary items	(6,095,908)	1,976,963
Extra Ordinary Items	-	-
	(6,095,908)	1,976,963
NET CASH FROM OPERATING ACTIVITIES	(6,095,908)	1,976,963
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(1,629,329)	(9,800)
Addition in Capital Work In Progress	-	(4,407,740)
NET CASH USED IN INVESTMENT ACTIVITIES	(1,629,329)	(4,417,540)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	7,612,700	-
NET CASH USED IN FINANCING ACTIVITIES	7,612,700	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(112,537)	(2,440,577)
CASH AND CASH EQUIVALENTS – OPENING BALANCE	796,686	3,237,263
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	684,149	796,686

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Firm Regn No. 014969N
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Partner
M.No. 94479
New Delhi, 24th May, 2013

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013**

1 SIGNIFICANT ACCOUNTING POLICIES

a) Background :

The company was promoted by M/s Bhartiya International Limited . The company is a developer of an integrated Leather & Leather Products Sector Specific Special Economic Zone at Tada , Nellore District, Andhra Pradesh.

b) Basis of preparation of Financial Statements :

The financial statements are prepared on accrual basis under the historical cost convention in compliance with the accounting standards referred to in Section 211(3C) and in accordance with the requirement of the companies act ,1956.

c) Fixed Assets :

Fixed Assets are stated at cost of acquisition inclusive of duties, taxes and incidental expenses related to acquisition. Interest on borrowings and other related costs during the period of construction/ acquisition are added to the cost of Fixed Assets.

d) Depreciation :

Depreciation is calculated on fixed assets on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

e) Inventories :

Inventories of land is valued at cost which comprises cost of Land, Materials, Services and Overheads directly related to development of land.

f) Revenue Recognition :

Income from Long Term Lease of Land , Lease of Long Term Infrastructure Development Use Agreement:

The upfront premium received/receivable on Long Term lease of land, Lease of Long Term Infrastructure development use agreement, is recognised as income of the company for the year.

g) Foreign Currency Transactions :

Earning and Expenditure in Foreign Currency are accounted for at the actual exchange rate prevailing on the date of transaction and monetary items denominated in foreign currency outstanding at the year end are translated at the year end rates. Gain / loss in conversion is charged to Profit & Loss Account.

h) Taxation :

Provision of Tax for the year comprises current Income tax determined to be payable in respect of taxable income and deferred tax being the tax effect owing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

i) Impairment of Assets :

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

j) Miscellaneous Expenses :

Preliminary expenses are being written off in equal installment over a period of ten years.

BHARTIYA INTERNATIONAL SEZ LTD.

NOTES (CONTD.)

k) Provisions Contingent Liabilities and Contingent Assets :

In accordance with Accounting Standard-29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company .

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
2 SHARE CAPITAL		
Authorised Share Capital		
a) 20,000,000(Previous year 20,000,000)Equity Shares of Rs 10/- Each	200,000,000	200,000,000
	200,000,000	200,000,000
Issued, Subscribed & Paid up :		
a) 13,569,230(Previous year 13,569,230) Equity Shares of 10/- Each Fully Paid up	135,692,300	135,692,300
	135,692,300	135,692,300

2.1 12,069,230 equity shares (previous year 12,069,230) are held by M/s Bhratiya International Ltd, the holding company

2.2 The details of Shareholders holding more than 5% shares .

Name of the share holders	As at 31 st March, 2013 % of Holding	As at 31 st March, 2013 No. of Shares	As at 31 st March, 2012 % of Holding	As at 31 st March, 2012 No. of Shares
a) Equity Shares				
Bhartiya International Ltd.	88.95	12,069,230	88.95	12,069,230
Andhra Pradesh Industrial & Infrastructure Corporation Ltd.	11.05	1,500,000	11.05	1,500,000

2.3 The Reconciliation of the number of share outstanding is set out below:

PARTICULARS	As at 31 st March, 2013 No. of Shares	As at 31 st March, 2012 No. of Shares
Numbers of Shares at the begning of the year	13,569,230	13,569,230
Add: Numbers of shares issued during the year	-	-
Equity Shares at the end of the year	13,569,230	13,569,230

2.4 1,500,000 Equity Shares allotted to Andhra Pradesh Industrial Infrastructure Corporation Ltd.(APIICL) as fully paid up, pursuant to contracts, without payments being received in cash. The above shares were issued In pursuant of the MOU with Govt of Andhra Pradesh, APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd.) for 250.49 acres land allotted at Tada, Nellore District, Andhra Pradesh for setting up of Leather & Leather Products Sector Specific Special Economic Zone during the year ending 31st March, 2009.

BHARTIYA INTERNATIONAL SEZ LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
3 RESERVES & SURPLUS		
(a) Surplus		
As Per last Balance Sheet	7,077,482	(815,068)
Add: Profit/(Loss) for the year	(3,373,223)	7,892,550
TOTAL	3,704,259	7,077,482
4 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Provision for Gratuity	19,548	45,310
TOTAL	19,548	45,310
5 SHORT TERM BORROWINGS		
(a) Loans/Advances from Related Party (Refer note no 22.07)	10,345,971	2,733,271
TOTAL	10,345,971	2,733,271
6 TRADE PAYABLE		
(a) Trade Payable	108,882	26,478
TOTAL	108,882	26,478
7 OTHER CURRENT LIABILITIES		
(a) Accrued Salaries and Benefits		
Salary & benefits	21,025	140,385
(b) Other Liabilities		
Expenses Payable	902,777	34,466
TDS Payable	11,585	66,507
Creditors for Capital Expenditure	-	1,046,753
TOTAL	935,387	1,288,111
8 SHORT TERM PROVISIONS		
(a) Provision for Leave Encashment	4,075	43,350
(b) Income Tax	-	1,857,959
TOTAL	4,075	1,901,309

BHARTIYA INTERNATIONAL SEZ LTD.

NOTES (CONTD.)

9 FIXED ASSETS

PARTICULARS	Amount in Rs.									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2012	Additions/ Adjustment during the Year	Deduction/ Retirement during the Year	As at 31 st March, 2013	As at 1 st April, 2012	For the year	Deduction/ Adjustments during the year	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013
Tangible Assets :										
Own Assets :										
Computers	157,180	-	-	157,180	51,538	25,479	-	77,017	105,642	80,163
Furniture	69,200	-	-	69,200	12,260	4,380	-	16,640	56,940	52,560
Office Equipments	32,228	-	-	32,228	2,736	1,531	-	4,267	29,492	27,961
Roads / Fencing & other Infra	-	17,370,533	-	17,370,533	-	117,135	-	117,135	-	17,253,398
Total (A)	258,608	17,370,533	-	17,629,141	66,534	148,525	-	215,059	192,074	17,414,082
Previous Year(a)	248,808	9,800	-	258,608	35,514	31,020	-	66,534	213,924	192,074
Capital Work in Progress	15,741,204	1,629,329	17,370,533	-	-	-	-	-	15,741,204	-
Total (B)	15,741,204	1,629,329	17,370,533	-	-	-	-	-	15,741,204	-
Previous Year(b)	11,333,464	4,407,740	-	15,741,204	-	-	-	-	11,333,464	15,741,204
Total (A+B)	15,999,812	18,999,862	17,370,533	17,629,141	66,534	148,525	-	215,059	15,933,278	17,414,082
Previous Year(a+b)	11,582,272	4,417,540	-	15,999,812	35,514	31,020	-	66,534	11,546,758	15,933,278

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
10 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses	<u>587,171</u>	<u>742,977</u>
TOTAL	<u>587,171</u>	<u>742,977</u>
11 INVENTORIES		
(a) Land and Land Development Cost	<u>131,135,514</u>	<u>131,135,514</u>
TOTAL	<u>131,135,514</u>	<u>131,135,514</u>
12 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
In Current Accounts	<u>544,519</u>	<u>622,721</u>
(b) Cash on Hand	<u>139,630</u>	<u>173,965</u>
TOTAL	<u>684,149</u>	<u>796,686</u>
13 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Tax / Advance Tax	<u>209,700</u>	-
(b) Loans / advances to Related Parties	<u>624,000</u>	-
(Refer note no 22.07)		
TOTAL	<u>833,700</u>	-
14 OTHER CURRENT ASSETS		
a) Preliminary Expenditure (to be written off in next year)	<u>155,806</u>	<u>155,806</u>
TOTAL	<u>155,806</u>	<u>155,806</u>

BHARTIYA INTERNATIONAL SEZ LTD.

NOTES (CONTD.)

PARTICULARS	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Amount in Rs.		
15 REVENUE FROM OPERATION		
(a) Sale under Long Term Lease	-	30,000,000
(b) Service Charges	2,097,000	-
TOTAL	2,097,000	30,000,000
16 OTHER INCOME		
(a) Exchange Fluctuation	-	3,952
TOTAL	-	3,952
17 COST OF SALES		
(a) Cost of Land Given on Long Term Lease	-	16,977,670
TOTAL	-	16,977,670
18 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	2,024,314	2,746,338
(b) Staff Welfare	27,488	-
TOTAL	2,051,802	2,746,338
19 DEPRECIATION AND AMORTISATION EXPENSES		
(a) Depreciation	148,525	31,020
(b) Preliminary Expenses Written Off	155,806	155,806
TOTAL	304,331	186,826
20 OTHER EXPENSES		
(a) Consultancy Charges	167,922	21,298
(b) Rates Taxes & Duties	7,702	21,941
(c) Auditors Remuneration	15,000	15,000
(d) Bank Charges	1,077	1,918
(e) Business Promotion	51,578	78,653
(f) Conveyance Expenses	95,455	610
(g) Travelling	306,899	51,585
(h) Postage & Courier	1,973	3,637
(i) Security Expenses	644,851	25,894
(j) Misc. Expenses	92,788	122,073
(k) Electricity Expenses	99,142	-
(l) Repair & Maintenance Expenses	47,412	-
(m) Service Charges to Authorities	1,377,000	-
TOTAL	2,908,799	342,609
21 CURRENT TAX		
(a) Current Tax	-	1,857,959
(b) Tax for earlier Year	205,291	-
TOTAL	205,291	1,857,959

BHARTIYA INTERNATIONAL SEZ LTD.

NOTES (CONTD.)

22 NOTES TO ACCOUNTS

22.01 The Previous Period figures have been regrouped/reclassified, wherever necessary to conform to the current period presentation.

22.02 Estimated value of contract remaining to be executed on capital Account and not provided for Rs.NIL (Previous year 1,553,014/-).

22.03 Earning Per Share (EPS)

a) The Following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for they ear ended 31st March, 2013 and the year ended 31st March, 2012 :

	Year Ended 31 st March, 2013 Rs.	Year Ended 31 st March, 2012 Rs.
Income available to Equity Shareholders	(3,373,223)	7,892,550
No of Shares at the beginning of the Year (A)	13,569,230	13,569,230
Equity allotted during the year	-	-
Weighted Average Shares (B)	-	-
Weighted Average Shares Outstanding (nos)(A+B)	13,569,230	13,569,230
Effect of Dilutive Securities (nos):		
Weighted Average number of equity shares for Diluted EPS	13,569,230	13,569,230
	Rs. Per Share	Rs. Per Share
Nominal Value per share	10	10
Earnings per share (Basic)	(0.25)	0.58
Earnings per share (Diluted)	(0.25)	0.58
22.04 Auditor's Remuneration	Current Year Rs.	Previous Year Rs.
Audit Fees	15,000	15,000

22.05 The Company has not received information from vendors regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.

22.06 In the opinion of the management of the company, profits of the company earned as a developer SEZ qualifies for the deduction under section 80IAB of the Income Tax Act 1961 , however the Provisions of Section 115JB(MAT) of the Income Tax Act 1961 applies on the Book Profits of the Company. During the year no Provision of Income Tax under Section 115JB(MAT) of the Income Tax Act 1961 is required in view of the loss.

22.07 Related Party Disclosures

Related party disclosure as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :

i) Holding Company

Bhartiya International Ltd.

ii) Associate Parties

Itopia Management Services (India) Pvt. Ltd.

Tada Mega Leather Cluster Pvt. Ltd.

BHARTIYA INTERNATIONAL SEZ LTD.

(iii) Summary of transactions during the year :	Holding Company	Associate Parties
Service Charges Received	2,097,000 (Nil)	– –
Sale under Long Term Lease	– (30,000,000)	– –
Travel Service	– –	170,488 (218,394)
(iv) Balances Outstanding at the year end:		
Short Term Borrowings	10,345,971 (2,733,271)	– –
Sundry Creditors	– –	9,334 (19,466)
Loans/ Advances given	– –	624,000 (Nil)

22.08 Debit and Credit balances of parties are subject to their confirmation.

22.09 Segment Reporting Disclosure as per accounting standard AS –17 are at present not applicable to the Company.

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Firm Regn No. 014969N

Chartered Accountants

S. K. Poddar

Partner

M.No. 94479

New Delhi, 24th May, 2013

For and on behalf of the Board

Niraj Jain
Company Secretary

Sasi Madathil
Managing Director

Manoj Khattar
Director

DIRECTORS' REPORT

The Directors present their 4th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2013

FINANCIAL RESULTS**(Amount in Rs.)**

PARTICULARS	2012-2013	2011-2012
INCOME	-	-
EXPANDITURE	31,316	31,014
PROFIT/ (LOSS) FOR THE YEAR	(31,316)	(31,014)

REVIEW OF OPERATIONS

The Company has not done any business activity during the year under review.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2013.

DIRECTORS

Mr. Manoj Khattar, Director retires by rotation at the ensuing Annual General Meeting & being eligible offers himself for reappointment.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year under review.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s Sushil Poddar & Co., Chartered Accountants hold office until the conclusion of this Annual General Meeting, and being eligible offer themselves for reappointment. They have furnished a certificate that their reappointment if made shall be within the statutory limits specified in Section 224(1B) of the Companies Act, 1956.

The Auditors observation in the Auditor Report has been explained by the Company in details in Notes to the Financial Statements which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
2. They 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 as on 31st March, 2013 and of the profit/losses of the Company for the year ended on that date;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the specified limit. Therefore, there are no particulars to be furnished under Section 217(2A) of the Companies Act, 1956.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 forms part of this report.

BHARTIYA FASHION RETAIL LTD.

ACKNOWLEDGEMENTS

Your directors acknowledge with gratitude the co-operation and assistance received from employees to the Company during the year under review.

For and on behalf of the Board

New Delhi, 28th May, 2013

C.L. Handa
Director

Manoj Khattar
Director

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation of Energy and Technology Absorption

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are not applicable to the Company as the company does not undertake any manufacturing activity.

Foreign Exchange Earnings & Outgo

There is nil foreign exchange earning and outgo during the year.

For and on behalf of the Board

New Delhi, 28th May, 2013

C.L. Handa
Director

Manoj Khattar
Director

INDEPENDENT AUDITORS' REPORT

To,
The Members of
M/s. Bhartiya Fashion Retail Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Bhartiya Fashion Retail Ltd. ('the company') which comprise the balance sheet as at 31st March, 2013, the statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 31st March, 2013; and
- (b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003('the Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, We give in the annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) 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;

BHARTIYA FASHION RETAIL LTD.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet & Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet & Statement of Profit and Loss, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956; and
- e) On the basis of written representation received from the directors as on 31st March, 2013, and taken on record by the board of directors, none of the director is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar
Partner
M. No.94479
New Delhi, 28th May, 2013

ANNEXURES TO THE AUDITORS' REPORT

1. According to the information and explanations given to us, the company does not have any fixed assets. Accordingly the provisions of clause 4(i) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
2. According to the information and explanations given to us, the company does not have any Inventory. Accordingly the provisions of clause 4(ii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
3. As informed to us, the Company has not taken or granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
4. According to the information and explanations given to us, the company's operations during the period do not give rise to any purchase of inventory and fixed assets and sale of goods and services. Accordingly, the provisions of clause 4(iv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
5. Based on the examination of the books of account and related records and according to the information and explanations given to us, there were no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956 accordingly, the provision of clause 4(v) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public as defined under the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section 209 of the Companies Act, 1956 for any of the products of the company.
9. According to the information and explanations given to us and the records of the company examined by us:
 - a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable. We are informed that the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1956 and The Employees State Insurance Act, 1948 are not applicable

BHARTIYA FASHION RETAIL LTD.

to the company and that the operations of the company during the period, did not give rise to any liability for Sales Tax, Excise Duty, Custom Duty, Service Tax, Wealth Tax and Investor Education and Protection Fund.

- b. According to the information and explanations given to us, there are no dues in respect of Sale Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty and Cess, which have not been deposited on account of any dispute.
10. The company is registered for less than five years. Accordingly provisions of clause 4(x) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
11. According to the information and explanation given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly provisions of clause 4(xi) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
12. According to the information and explanations given to us and based on documents and records examined by us, the company has not granted loans and advances on the basis of security by pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi /mutual fund/society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
14. In our opinion and according to information and explanation given to us, the company is not dealing in or trading in shares, debentures, securities and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the company has not obtained any term loan. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
17. According to the information and explanations provided to us and on an overall examination of the Balance Sheet of the company, funds raised on short term basis have prima facie, not been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act. 1956.
19. According to the information and explanations given to us, and the records of the company examined by us, the company has not issued any debentures.
20. According to the information and explanations given to us, and the records of the company examined by us, the company has not raised any money by way of public issue.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar
Partner
M. No.94479

New Delhi, 28th May, 2013

BHARTIYA FASHION RETAIL LTD.**BALANCE SHEET AS AT 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves And Surplus	3	(107,199)	(75,883)
2 Current Liabilities			
(a) Other Current Liabilities	4	5,000	5,000
TOTAL		397,801	429,117
II. ASSETS			
1 Non-Current Assets			
(a) Other Non-Current Assets	5	63,650	76,380
2 Current Assets			
(a) Cash And Cash Equivalent	6	321,421	340,007
(b) Other Current Assets	7	12,730	12,730
TOTAL		397,801	429,117
Significant Accounting policies	1 to 9		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants
Firm Regn. No. 014969N

S. K. Poddar
Partner
M.No. 94479
New Delhi, 28th May, 2013

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

BHARTIYA FASHION RETAIL LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Income:			
Revenue From Operations		-	-
Other income		-	-
Total Revenue		<u>-</u>	<u>-</u>
Expenses:			
Other Expenses	8	31,316	31,014
Total Expenses		<u>31,316</u>	<u>31,014</u>
Profit Before Tax		(31,316)	(31,014)
Tax expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit (Loss) for the period		<u>(31,316)</u>	<u>(31,014)</u>
Earnings Per Equity Share:			
(1) Basic/ Diluted		(0.63)	(0.62)
Significant accounting policies	1 to 9		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Chartered Accountants
Firm Regn. No. 014969N

S. K. Poddar

Partner

M.No. 94479

New Delhi, 28th May, 2013

For and on behalf of the Board

C.L. Handa

Director

Manoj Khattar

Director

BHARTIYA FASHION RETAIL LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(31,316)	(31,014)
Adjusted for :		
Financial Expenses	212.00	125
Depreciation / Amortisation Expenses	12,730	12,730
	<u>12,942</u>	<u>12,855</u>
Operating profit before working capital changes	(18,374)	(18,159)
Adjustment for :		
Trade and Other Paybles	-	-
	<u>-</u>	<u>-</u>
Cash generated from operations	(18,374)	(18,159)
Financial expenses	(212)	(125)
Cash flow before extra-ordinary items	(18,586)	(18,284)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(18,586)</u>	<u>(18,284)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES	-	-
NET CASH USED IN INVESTMENT ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(18,586)	(18,284)
Cash and Cash Equivalents – Opening Balance	340,007	358,291
Cash and Cash Equivalents – Closing Balance	321,421	340,007

As per our report of even date attached

for **SUSHIL PODDAR & Co**Chartered Accountants
Firm Regn. No. 014969N**S. K. Poddar**

Partner

M.No. 94479

New Delhi, 28th May, 2013

For and on behalf of the Board

C.L. Handa

Director

Manoj Khattar

Director

BHARTIYA FASHION RETAIL LTD.**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013****1 SIGNIFICANT ACCOUNTING POLICIES****a) System of Accounting**

The financial statements are prepared on accrual basis under the historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3C) and in accordance with the requirements of the Companies Act, 1956.

b) Recognition of Income and Expenditure

Revenue/Incomes and Cost/expenditure are generally accounted on accrual , as they are earned or incurred.

c) Misc. Expenditure

Preliminary expenses are being written off in equal installments over a period of ten years.

d) Taxes on Income

Provision for tax for the year comprises current year income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

PARTICULARS	Amount in Rs.	
	As at 31 st March, 2013	As at 31 st March, 2012
2 SHARE CAPITAL		
Authorised Share Capital		
a) 500,000 (Previous Year 500,000) Equity Shares of Rs.10/- each	5,000,000	5,000,000
	5,000,000	5,000,000
Issued, Subscribed & Paid up :		
a) 50,000 (Previous year 50,000) Equity Shares of Rs.10/- each, Fully Paid Up	500,000	500,000
	500,000	500,000
2.1 The Company is a 100% subsidiary of M/s Bhartiya International Ltd. by virtue of Section 4 (1) (b) of the Companies Act, 1956.		
3 RESERVE AND SURPLUS		
(a) Surplus		
As Per last Balance Sheet	(75,883)	(44,869)
Add: Net Profit/(Net Loss) For the Current Year	(31,316)	(31,014)
TOTAL	(107,199)	(75,883)

BHARTIYA FASHION RETAIL LTD.**NOTES (CONTD...)**

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
4 OTHER CURRENT LIABILITIES		
(a) Expenses Payable	5,000	5,000
TOTAL	5,000	5,000
5 OTHER NON CURRENT ASSETS		
(a) Preliminary expenses (to the extent not written off)	63,650	76,380
TOTAL	63,650	76,380
6 CASH AND CASH EQUIVALENT		
(a) Balances with banks		
In Current Accounts	318,173	329,621
(b) Cash on hand	3,248	10,386
TOTAL	321,421	340,007
7 OTHER CURRENT ASSETS		
(a) Preliminary Expenses	12,730	12,730
(To be written off in next year)		
TOTAL	12,730	12,730
8 OTHER EXPENSES		
(a) Audit Fees	5,000	5,000
(b) Bank Charges	212	125
(c) Preliminary Expenses	12,730	12,730
(d) Legal & Professional	11,736	11,030
(e) Rates & Taxes	1,020	1,614
(f) Miscellaneous Expenses	618	515
TOTAL	31,316	31,014

BHARTIYA FASHION RETAIL LTD.

NOTES (CONTD...)

9 NOTES TO ACCOUNTS

- 9.1 The Previous Period Figures have been regrouped/reclassified wherever necessary to conform to the current period presentation.
- 9.2 Contingent Liabilities :- Nil
- 9.3 In the opinion of the Directors, the Current Assets, Long Term Loans and Advances have the value at which they are stated in the Balance sheet, if realised in the ordinary course of business. Provision for all known liabilities has been adequately made in the accounts.
- 9.4 Earning per share computed in accordance with the mandatory requirements of Accounting Standards No 20 issued by the Institute of Chartered Accountants of India is as under:

	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
a) Net Profit/(loss) after tax available for equity shareholders	(31,316)	(31,014)
b) Weighted average number of Equity Shares of Rs. 10/- each	50,000	50,000
c) Basic/Diluted Earning per share Rs.(a/b)	(0.63)	(0.62)

- 9.5 The deferred tax assets/liability for the current year have not been recognised keeping in view the consideration of prudence in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI. Company will reassess the unrecognised deferred tax asset in subsequent period having regard to the future developments.

9.6 Auditor's Remuneration

	Amount in Rs.	
	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Audit Fees	5,000	5,000

- 9.7 No Provision for Income Tax / MAT as per the provisions of Income Tax Act, 1961 is required to be made in view of loss during the year.
- 9.8 Debit and credit balances are subject to their confirmation.

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Chartered Accountants
Firm Regn. No. 014969N

S. K. Poddar

Partner
M.No. 94479
New Delhi, 28th May, 2013

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the year ended 31st December, 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were that of exporters and importers of toys, garment and other products.

FINANCIAL RESULTS

The result of the company's operations for the year ended 31st December, 2012 and the state of its affairs at the date are dealt with in the financial statements.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st Decemeber, 2012.

DIRECTORS

The following Directors held office during the year.

Mr. Snehdeep Aggarwal

Mr. Nikhil Aggarwal

In accordance with the company's Articles of Association, all the present directors shall remain in office for the ensuing year.

DIRECTORS' INTEREST

Except for the disclosure in Note 13, no contract of significance to which the Company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

NON-CURRENT ASSETS

Movements in non-current assets are shown in Note 7 to the financial statements.

SHARE CAPITAL

There was no change of share capital for the year ended 31st December, 2012.

AUDITORS

Messrs, Philip C. C. Hau & Co., Certified Public Accountants, are the Company's retiring auditors who, being eligible, offer themselves for re-appointment.

For and on behalf of the Board

Hong Kong, 6th May, 2013

Chairman

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

AUDITORS' REPORT

To
The Shareholders of
World Fashion Trade Ltd
(incorporated in Republic of Maritius with limited liability)

We have audited the financial statements of World Fashion Trade Ltd which comprise the balance sheet as at 31st December, 2012 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the suitability of the balance sheet together with the notes thereon being prepared on a going concern basis. In view of the net liabilities as at 31st December, 2012 continuance in business as a going concern is dependent upon the retention of financial support of the company's shareholders/directors and or attaining future profitable operations.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of the assets of their recoverable amount and to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2012 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Philip C. C. Hau & Co.
Certified Public Accountants
Hong Kong, 6th May, 2013

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

BALANCE SHEET AS AT 31ST DECEMBER, 2012

PARTICULARS	Notes	2012 HK\$	2011 HK\$
ASSETS			
Non-current Assets			
Furniture and Fixtures and Motor Vehicles	2(b),7	<u>57,213</u>	<u>130,195</u>
Current Assets			
Utility and Rental Deposits		12,870	12,870
Debtors and Prepayments		4,554,010	5,369,362
Bills Receivable		2,106,057	3,182,400
Bills on Collection		–	390,000
Cash at Banks and in Hand		<u>2,712,615</u>	<u>187,309</u>
		<u>9,385,552</u>	<u>9,141,941</u>
Current Liabilities			
Bank Overdraft (Secured)	15	2,492,882	2,355,884
Creditors and Accrued Charges		6,950,524	6,900,378
		<u>9,443,406</u>	<u>9,256,262</u>
NET CURRENT LIABILITIES		<u>(57,854)</u>	<u>(114,321)</u>
		<u>(641)</u>	<u>15,874</u>
LONG TERM LIABILITIES			
Amount due to Holding Company	9	(5,708,230)	(5,682,419)
Amount due to Related Companies	10	(2,992,422)	(3,147,201)
		<u>(8,700,651)</u>	<u>(8,829,620)</u>
		<u>(8,701,293)</u>	<u>(8,813,746)</u>
CAPITAL AND RESERVES			
Share Capital	8	7,730	7,730
Accumulated Losses		(8,709,023)	(8,821,476)
		<u>(8,701,293)</u>	<u>(8,813,746)</u>

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

PARTICULARS	Notes	2012 HK\$	2011 HK\$
Turnover	3	26,344,202	35,215,095
Other Revenue		910,624	1,190,750
Change in Inventories of Finished Goods		(22,868,980)	(31,683,837)
Staff Costs		(1,553,338)	(1,165,299)
Depreciation Expenses		(72,982)	(91,792)
Other Operating Costs		(2,278,085)	(2,765,460)
Profit from Operations	4	481,439	699,457
Finance Costs	5	(368,986)	(461,575)
Profit before Taxation		112,453	237,882
Income Tax Expenses	6	(–)	(–)
Profit after Taxation		112,453	237,882
Accumulated Losses brought forward		(8,821,476)	(9,059,358)
Accumulated Losses carried forward		<u>(8,709,023)</u>	<u>(8,821,476)</u>

There were no recognized gains or losses other than the profit after tax for the year.

Nikhil Aggarwal

Director

Snehdeep Aggarwal

Director.

The notes of accounts form part of these financial statements.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

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

PARTICULARS	2012 HK\$	2011 HK\$
OPERATING ACITIVIES		
Profit/ from operations	112,453	237,882
Adjustment for :		
Bank Charges and Interest Paid	368,986	461,576
Depreciation	72,982	91,792
Operating cash flow before movements in working capital	554,421	791,250
Decrease/(Increase) in Debtors and Prepayments	815,352	(4,092,481)
Decrease/(Increase) in Bills Receivable	1,076,344	(3,182,400)
Decrease/(Increase) in Bills on Collection	390,000	(390,000)
Increase in Creditors and Accrued Charges	50,146	5,762,436
Cash generated from Operations	2,886,263	(1,111,195)
Profits Tax Paid	-	-
Net cash (used in)/from operating Activities	2,886,263	(1,111,195)
INVESTING ACTIVITIES		
Purchase of Furniture and Fixtures	-	(24,060)
Purchase of Motor Vehicle	-	-
Net cash (used in) Investing Activities	-	(24,060)
FINANCING ACTIVITIES		
Decrease in Amount due from a Related Company	(154,779)	1,086,788
Increase in Bank Overdraft	136,998	59,939
Increase in Amount due to Holding Company	25,810	275,005
Bank Charges and Interest Paid	(368,986)	(461,576)
Net cash from Financing Activities	(360,957)	960,156
Net increase in cash and cash Equivalents	2,525,306	(175,099)
Cash and Cash Equivalents at 1 January	187,309	362,408
Cash and Cash Equivalents at 31st December	2,712,615	187,309

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

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Republic of Mauritius with limited liability. The address of its registered office is Suite 605, China Insurance Group Building, 141 Des Voeus Road Central, Hong Kong. The principal activity is the exporters and importers of toys, garment and other products. The financial statements are presented in Hong Kong Dollars (HK\$), which is the same as the functional currency of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These financial statements have been prepared under historical cost convention, accrual basis of accounting and on the basis that the company is a going concern.

(a) Revenue

Revenue is recognized when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following basis:-

Sale of Goods and samples are recognized when the entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured; and

(b) Depreciation and Amortization

Depreciation is provided to charge the cost of depreciable assets to operations over their estimated useful lives on a straight line basis at the following annual rates:-

Furniture and Fixtures	20%
Motor Vehicles	30%

(c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in HK\$, which is the Company's functional and presentation currency in Hong Kong.

(ii) Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(d) Taxation

Income tax expenses represents current tax expenses. The Income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not provided.

(e) Impairment of Assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

been determined (net of amortization or depreciation) had no impairment losses been recognized for the asset in prior years.

(f) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Company, if

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venture;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(g) Employee Benefits

The company contributes on a monthly basis to a defined contribution retirement benefit plan as required by the Mandatory Provident Fund Schemes Ordinance, the assets of which are held in separate trustee-administered funds. The plan is funded by payments from employees and by the company. Contributions to the plan are expensed as incurred.

3. TURNOVER

Turnover represents the amounts received and receivable for goods sold to customers, less returns and allowances.

PARTICULARS	2012 HK\$	2011 HK\$
Sales of goods		
- Unrelated party	21,412,695	26,516,348
- Related party	4,931,507	8,698,747
	<u>26,344,202</u>	<u>35,215,095</u>
4. PROFIT/(LOSS) FROM OPERATIONS		
Profit/(Loss) from operations has been arrived after charging (crediting):–		
Depreciation and Amortization	72,982	91,792
Auditor's Remuneration	32,000	32,000
	<u>104,982</u>	<u>123,792</u>
5. FINANCE COSTS		
Bank Charges	175,816	268,305
Bank Interest Paid	193,170	193,270
	<u>368,986</u>	<u>461,575</u>
6. INCOME TAX EXPENSES		

In the opinion of the directors, no provision for taxation has been made as the income neither arises in nor is derived from, Hong Kong or any of other jurisdictions in which it operates. Apart from this, all the contracts as regard to the purchases and sales of goods were concluded in overseas, therefore, there were no performance of services rendered in Hong Kong. No deferred tax has been provided in the financial statements as the effect of all timing differences is immaterial.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

PARTICULARS	Furniture & Fixtures HK\$	Motor Vehicles HK\$	Total HK\$
7. NON-CURRENT ASSETS			
AT COST			
At 1/1/2012	748,707	174,900	923,607
Additions	-	-	-
At 31/12/2012	<u>748,707</u>	<u>174,900</u>	<u>923,607</u>
AGGREGATE DEPRECIATION/ AMORTIZATION			
At 1/1/2012	688,471	104,940	793,411
Charge for the Year	20,512	52,470	72,982
At 31/12/2012	<u>708,983</u>	<u>157,410</u>	<u>866,393</u>
NET BOOK VALUE			
At 31/12/2012	<u>39,723</u>	<u>17,490</u>	<u>57,213</u>
At 31/12/2011	<u>60,235</u>	<u>69,960</u>	<u>130,195</u>

PARTICULARS	2012 HK\$	2011 HK\$
8. SHARE CAPITAL		
Authorized, Issued and Fully paid:- 1,000 Ordinary Share of US\$ 1.00 each	<u>7,730</u>	<u>7,730</u>
9. AMOUNT DUE TO HOLDING COMPANY		
Bhartiya International Ltd., India		
Balance at 1/1/2012	<u>5,682,419</u>	5,407,415
Advances	<u>25,811</u>	275,004
	<u>5,708,230</u>	5,682,419
Repayments	(-)	(-)
Balance at 31/12/2012	<u>5,708,230</u>	<u>5,682,419</u>
The amount is unsecured, interest-free and has no fixed term of repayment.		
10. AMOUNT DUE TO RELATED COMPANIES		
Detailed of amounts due from a related companies disclosed are as follows :-		
Ultima SA, Switzerland		
Balance at 1/1/2012	-	-
Advances	<u>72,000</u>	-
	<u>72,000</u>	-
Repayments	(-)	(-)
Balance at 31/12/2012	<u>72,000</u>	<u>(-)</u>
Bhartiya Global Marketing Ltd., India		
Balance at 1/1/2012	<u>1,029,111</u>	1,029,111
Advances	-	-
	<u>1,029,111</u>	1,029,111
Repayments	(-)	(-)
Balance at 31/12/2012	<u>1,029,111</u>	<u>1,029,111</u>

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

PARTICULARS	2012 HK\$	2011 HK\$
Ultima Italia Srl, Italy		
Balance at 1/1/2012	2,118,090	566,861
Advances	679,966	2,517,902
	<u>2,798,056</u>	<u>3,084,762</u>
Repayments	(906,745)	(966,672)
Balance at 31/12/2012	<u>1,891,311</u>	<u>2,118,090</u>
	Maximum amount	
	Balance at	outstanding
	31/12/2012	during the year
	HK\$	HK\$
Ultima SA, Switzerland	72,000	72,000
Bhartiya Global Marketing Ltd., India	1,029,111	1,029,111
Ultima Italia Srl, Italy	1,891,311	2,798,056
	<u>2,992,422</u>	<u>3,147,201</u>
		Balance at 31/12/2011 HK\$
		-
		1,029,111
		2,118,090
		<u>3,147,201</u>

The amounts are unsecured, interest-free and have no fixed terms of repayment. These companies are under common management and control.

11. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to Section 161 of the Companies Ordinance is as follows:

PARTICULARS	2012 HK\$	2011 HK\$
Fees	-	-
Other Emoluments	-	-
	<u>-</u>	<u>-</u>

12. CONTINGENT LIABILITIES

At 31st December, 2012, there were contingent liabilities in respect of :-

Unutilized Portion of Standby Letter of Credit	-	2,730,000
	<u>-</u>	<u>2,730,000</u>

13. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties :-

Related Party	Transaction	2012 HK\$	2011 HK\$
Bhartya International Ltd., India	Purchases	14,041,199	1,479,120
	Agent's Commission	35,774	-
		<u>14,076,973</u>	<u>1,479,120</u>
	Sales	2,400,294	-
	Agent's Commission	39,429	961,775
		<u>2,439,723</u>	<u>961,775</u>
	Ultima Italia Srl, Italy		
Ultima Italia Srl, Italy	Advertising and Promotion Expenses	-	558,780
	Agent's Commission	527,416	1,453,162
	Consultancy Fee	152,550	505,960
		<u>679,966</u>	<u>2,517,902</u>
Ultima SA, Switzerland	Sales	-	8,698,747
	Sales	2,531,213	-
	Service Charges Received	546,000	-
		<u>3,077,213</u>	<u>-</u>
	Purchases	-	3,627,975
	Agent's Commission	618,000	-
		<u>618,000</u>	<u>3,627,975</u>

In the opinion of the Directors, the above transactions were carried out on the following basis:-
Sales of goods and Other Income were carried out at market prices.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

14. OPERATING LEASE COMMITMENT

As the balance sheet date, the company had annual commitment payable in the following period under operating lease in respect of premises as follows:

PARTICULARS	2012 HK\$	2011 HK\$
Lease expiring		
– within one year	11,070	94,040
– in the second to fifth year inclusive	–	10,800
– over the fifth year	–	–
	11,070	104,840

15. FINANCIAL RISK MANAGEMENT

The Company is exposed to various kinds of risks in its operation. The Company's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:–

(a) Foreign Exchange Risk

The Company is exposed to foreign currency risks mainly through sales and purchases from outside customers and supplies or related parties at commercial rates that are denominated in HK Dollars (HK\$) or US Dollars (US\$). As US Dollar is pegged to Hong Kong Dollar, the Company does not expect any significant movements in USD/HKD exchange rate.

(b) Credit Risk

The Company has no significant concentrations of credit risk. Financial Assets which potentially expose the Company to concentration of credit risk comprise principally bank accounts, bills on collection and debtors and prepayments. The Company's bank accounts are placed with high quality financial institutions. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Company performs periodic credit evaluations of its customers.

(c) Liquidity Risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms. The Company's directors and shareholders have confirmed their intention to provide funds for the company to meet its liabilities as and when they fall due.

(d) Cash Flow Interest Rate Risk

As the Company has no significant interest-bearing assets, it is not exposed to any significant interest rate risk. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments, unless the effect of discounting will be immaterial. At the balance sheet date, the fair values of Company's financial assets and liabilities approximate their carrying amounts.

16. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used on these financial statements that the directors expect will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2012**

PARTICULARS	2012 HK\$	2011 HK\$
SALES	26,344,202	35,215,095
LESS : COST OF SALES		
Purchases	20,753,672	29,507,069
Add : Direct Expenses		
Agents' Commission	1,356,314	1,588,862
Bank Charges	175,816	268,305
Certificate and Declaration Charges	1,346	9,648
Frieght	178,698	-
Labels	364,269	397,432
Samples	214,682	180,826
	23,044,797	31,952,142
GROSS PROFIT	3,299,405	3,262,953
Add: Service Charged Received	755,769	220,909
Claims Received	115,425	-
Other Income	39,429	969,841
	910,623	1,190,750
	4,210,028	4,453,704
LESS : ADMINISTRATION EXPENSES		
Advertising and Promotion Expenses	-	630,294
Audit Fee	32,000	32,000
Bank Interest Paid	193,170	193,270
Consultancy Fee	776,074	722,034
Depreciation on:-		
Furniture and Fixtures	20,512	39,322
Motor Vehicles	52,470	52,470
Difference in Exchange	(22,876)	37,113
Electricity and Water	2,849	1,680
Handling Charges	5,895	16,605
Insurance	1,108	1,886
Management and Accountancy Fees	218,400	218,400
Mandatory Provident Fund-Staffs	13,750	12,000
Motor Vehicle Expenses	145,564	92,015
Postage and Courier Charges	137,730	177,308
Printing and Stationery	13,482	9,125
Rent and Rates	172,761	164,667
Repairs and Maintenance	81,167	83,018
Secretarial Fee	9,360	7,800
Staff Messing	140,716	54,277
Staff Salaries and Allowances	1,519,588	1,153,299
Sundry Expenses	287,429	164,545
Telephone and Fax	90,037	82,400
Travelling Expenses-		
Overseas	206,389	270,294
	4,097,575	4,215,822
Profit for the year	112,453	237,882

INDEPENDENT AUDITOR'S REPORT

To

Board of Directors and Stockholders
 BIL GROUP LLC
 New York, NY

We have audited the accompanying balance sheets of BIL GROUP LLC as of December 31, 2012 and 2011, and the related statements of income, retained earnings, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above have been prepared assuming that the Company will continue as a going concern. Note 1a to the financial statements presents management plans in regards to those matters. The financial statements do not include any adjustments that might result from the outcome of this certainty. Except for above, the financial statements represent fairly, in all material respects, the financial position of BIL GROUP LLC as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

S.Grover & Company, LLC
Certified Public Accountants

EDISON, New Jersey
 May 15th, 2013

BALANCE SHEET AS OF DECEMBER 31, 2012 AND 2011

(See accompanying Independent Auditors' Report)

PARTICULARS	2012 US\$	2011 US\$
ASSETS		
Current Assets:		
Cash & Cash Equivalents	4,958	4,635
Total Current Assets	4,958	4,635
Fixed Assets:		
Property and Equipment (Net of accumulated depreciation)	-	-
Total Assets	4,958	4,635
Liabilities and Stockholder's Equity		
Current Liabilities:		
Accrued Expenses	2,450	2,100
Total Current Liabilities	2,450	2,100
Owners Equity:		
Member's Equity	2,508	2,535
Total Liabilities	4,958	4,635

(The accompanying notes are an integral part of these financial statements)

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

PARTICULARS	SCHEDULE	2012 US\$	2011 US\$
SALES, NET OF DISCOUNTS		-	-
COST OF GOODS SOLD		-	-
GROSS PROFIT		-	-
OPERATING EXPENSES:			
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	A	2,652	2,411
NET INCOME BEFORE TAXES		(2,652)	(2,411)
CITY & STATE INCOME TAXES		(350)	(54)
NET INCOME		(3,002)	(2,465)

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

PARTICULARS	2012 US\$	2011 US\$
Opening Balance at January 1	2,535	3000
Capital Contribution	5,000	2,000
Net Income (Net of withdrawals)	(5,027)	(2,465)
Closing Balance at December 31	2,508	2,535

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

PARTICULARS	2012 US\$	2011 US\$
Cash Flows from Operating Activities		
Net Income	(2,652)	(2,465)
Adjustment to reconcile net Income to net cash Provided by in operating activities		
Changes in Operating Assets and Liabilities		
Increase/ (Decrease) in Accrued Expenses	-	100
Total Adjustments	(2,652)	(2,365)
Net Cash provided by operating activities	(2,652)	(2,365)
Cash Flows from Investing Activities:	-	-
Cash Flow from Financing Activities:		
Capital Contribution	5,000	2,000
Withdrawals	(2,025)	
Net Cash provided by Financing Activities	2,975	2,000
Net Increase (Decrease) in Cash and Cash Equivalents	323	(365)
Cash and cash equivalents, at beginning of the year	4635	5000
Cash and Cash equivalents, at End of the Year	4,958	4,635
Supplemental Disclosure for Cash flow Information		
Cash paid during the year for Income Taxes	350	54

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BIL GROUP LLC is organized on March 21, 2002 under the laws of the state of New York. The summary of significant accounting policies of BIL GROUP LLC is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

a) Business Activity

The Company intends to operate as a wholesale importer and distributor of leather & textile outwear. Due to economic downturn and fluctuation in currency valuation, the company was not been able to materialize its projections during the past three years. As of the report date, the company has hired a dedicated Managerial personnel for materializing business in US and North America .The Management is aggressively expecting positive outcome of the sales projections in 2013 and assures of obtaining business orders in the current year.

b) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash flows.

c) Revenue Recognition

For the purposes of financial reporting, revenue would be recognized at the time of shipment of goods. There has been no revenue earned in year 2012 and 2011.

d) Income Taxes

No provision for federal income taxes is made since the Company is treated as a limited liability company and the income or loss is passed through to the members. However the company is liable for the minimum state and city income taxes.

e) Inventory

Inventory is to be valued on the basis of lower of cost or market using the first-in, first-out method. There is no ending inventory at December 31, 2012 and 2011.

f) Use of estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Accounts Receivable **NIL**

The Company had no sales in years 2012 and 2011. The past accounts receivable had been realized.

Note 3 Property and Equipment

Prior to year 2012, the business had Property and Equipments worth \$ 9,244 that was fully depreciated in 2011. During the year 2011, the fixed Assets were abandoned/retired, since they were obsolete.

Note 4 Related Party Transactions and Economic dependency

The Company used to purchase a substantial portion of its merchandise from Bhartiya International Ltd. ("Bhartiya") and its affiliates which is the sole member of this LLC. However, there were no purchases during the years 2012 and 2011 and all payables were paid off in the previous years.

Presently, the company is not engaged in any business activity and is solely dependent on the sole member to finance its expenses. Bhartiya International Ltd has contributed a sum of \$ 5,000 for the year 2012 and a sum of \$ 2,000 for 2011.

BIL GROUP LLC, N.Y.

This sole member has agreed to support the operations and expenses of this company in future also.

Note 5 Concentration of risk

The company could grant credit to the customers in the clothing industry. Consequently, the company's ability to collect the amounts due from the customers is affected by economic fluctuations in the industry. So far the Company has not experienced any losses.

The company could maintain balances in bank in excess of federally insured limits. These are significant concentration of risks, but the company has not suffered any loss in this regards.

The Company has no trade receivables and trade payables in the year 2012 and 2011.

SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

PARTICULARS	2011 Amount	2010 Amount
Bank & Credit card Charges	202	311
Professional Fees	2,100	2,100
Dues	350	25
Total	2,652	2,436

The accompanying notes are an integral part of these financial statements.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the period ended 31st March, 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were that of design & product development, marketing and distribution of garments.

FINANCIAL RESULT

The result of the company's operations for the period ended 31st March, 2013 and the state of its affairs at that date are dealt with in the financial statements. The Directors do not recommend the payment of a dividend for the period ended 31st March, 2013.

DIRECTORS

Mr. Walter Willy Zwahlen held the office of directorship during the year.

Director
10th June, 2013

AUDITORS' REPORT

Report of the Statutory Auditors
on the limited statutory examination to the general meeting of
Ultima SA, Auvornier

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Ultima SA for the period from 1st April, 2012 to 31st March, 2013.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

We draw your attention to the information "3" mentioned in the notes to the financial statement.

Revifidu SA

F. Fuaro
(Auditor in charge)

Christian Erard

Neuchâtel, 10th June, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	31.03.2013 CHF	31.03.2012 CHF
ASSETS		
Short Term Assets		
Bank Accounts	538,918.95	579,657.21
Debtors Ultima Italia S.r.l.	1,221,186.00	832,896.29
Other debtors	868,876.12	1,098,482.79
Stock of goods	244,572.00	600,927.00
Transitional and other debtors	1,569.44	1,231.47
Total Short Term Assets	2,875,122.51	3,113,194.76
Fixed Assets		
Loan Ultima Italia S.r.l.	150,991.95	150,991.95
Investment Ultima Italia S.r.l.	2,438,000.00	2,438,000.00
TOTAL FIXED ASSETS	2,588,991.95	2,588,991.95
TOTAL ASSETS	5,464,114.46	5,702,186.71
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Creditors	139,777.65	791,575.60
Bank Accounts	697,895.36	1,184,045.50
C/A Bhartiya International Ltd.	807,506.96	94,222.22
Transitional and other Liabilities	26,680.46	32,795.00
TOTAL CURRENT LIABILITIES	1,671,860.43	2,102,638.32
TOTAL LIABILITIES	1,671,860.43	2,102,638.32
Equity		
Share Capital	1,000,000.00	1,000,000.00
General Reserve	160,000.00	150,000.00
Retained Earnings	2,439,548.39	2,288,870.27
Net Income of the Year	192,705.64	160,678.12
Total Equity	3,792,254.03	3,599,548.39
TOTAL LIABILITES AND EQUITY	5,464,114.46	5,702,186.71

INCOME STATEMENT

PARTICULARS	2012-2013 CHF	2011-2012 CHF
Revenues		
Sales to Foreign Customers	8,610,276.47	7,342,024.80
Total Revenues	<u>8,610,276.47</u>	<u>7,342,024.80</u>
Merchandises Costs		
Costs of goods	7,640,166.98	6,432,696.18
Variation of stock	356,355.00	62,844.00
Total Merchandises Costs	<u>7,996,521.98</u>	<u>6,495,540.18</u>
Other Expenses		
Design and Consultancy	32,871.12	186,237.71
Domiciliation and Directors	71,886.99	50,506.50
Audit and Lawyers	7,452.00	7,884.00
Marketing, Representation, Travel Expenses	110,251.28	50,594.20
Various Administration Overheads	1,047.51	533.80
Total Other Expenses	<u>223,508.90</u>	<u>295,756.21</u>
Result Before Interests and Taxes and Provisions	390,254.59	550,728.41
Financial Incomes and Charges		
Interests and bank fees (net)	113,752.61	94,818.67
Exchange rate difference	91,260.38	281,963.02
Total Financial Incomes and Charges	<u>205,012.99</u>	<u>376,781.69</u>
Provisions		
Dissolution of provisions (charges previous financial year)	(27,320.00)	-
Result Before Taxes	212,552.60	173,946.72
Taxes		
Federal tax	17,214.20	9,967.60
Canton and commune tax	2,632.76	3,301.00
Total Taxes	<u>19,846.96</u>	<u>13,268.60</u>
Net Income of the year	<u>192,705.64</u>	<u>160,678.12</u>

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

PARTICULARS	31.03.2013 CHF	31.03.2012 CHF
Profit available to the Annual General Meeting		
Retained earnings at the beginning of the year	2,439,548.39	2,887,189.57
Past accumulated losses of subsidiary company accounted	-	(598,319.30)
	<u>2,439,548.39</u>	<u>2,288,870.27</u>
Net Income	192,705.64	160,678.12
	<u>2,632,254.03</u>	<u>2,449,548.39</u>
Proposal of Board of Directors		
Attribution to general reserve	10,000.00	10,000.00
Carried forward	2,622,254.03	2,439,548.39
	<u>2,632,254.03</u>	<u>2,449,548.39</u>

NOTES TO THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2013

PARTICULARS	31.03.2013	31.03.2012
	CHF	CHF
Information 1:		
Essential Investments		
Ultima Italia S.r.l.	2,438,000.00	2,438,000.00
(Share Capital EUR 2,000,000) Interest of	100.00%	100.00%

Information 2:

On the 10th May, 2013, the Board of Directors has analysed the principal risks which could have an incidence on the financial statements.

No other mention required by art. 663b CO

AUDITOR'S REPORT

We have prepared the financial statements, which have been prepared as per the norms and accountability principles established in Italy.

The statement of accounts complies the information provided by you and also includes the adjustments and classifications as indicated by you, in accordance with Italian accountability standards and generally accepted accountability principles.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as 31st March, 2013 and of the results of its operation for the period ended on that date.

Dr. Enrico Cantoni
22nd June, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(Expressed in Euro)

PARTICULARS	As at 31 st March, 2013	As at 31 st March, 2012
ASSETS		
Fixed Assets, net of depreciation	267,287	243,440
CURRENT ASSETS		
Inventories	414,671	503,271
Accounts receivables	3,071,511	2,763,206
Deposits	310	3,310
Cash at bank	34,783	77,493
TOTAL ASSETS	3,788,562	3,590,720
LIABILITIES		
Share capital	2,000,000	2,000,000
Loan from holding.co	125,375	125,378
Profit/ (-Loss) for the previous years	92,063	80,736
Profit/ (-Loss) for the period	16,953	11,327
Bank overdraft/Limit		
CURRENT LIABILITIES		
Accounts payable and accrued exp.	1,384,601	1,235,096
Other creditors	169,570	138,183
TOTAL LIABILITIES	3,788,562	3,590,720

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

(Expressed in Euro)

INCOME	2012-2013	2011-2012
Sales	2,178,720	2,668,957
Extra ordinary income	19,757	15,000
TOTAL INCOME	2,198,477	2,683,957
COSTS AND EXPENSES		
Costs of goods sold	865,719	1,277,996
Selling, general and administrative	1,216,568	1,283,025
Depreciation	49,239	53,204
Financial charges	29,428	20,140
TOTAL COSTS	2,160,954	2,634,365
Profit/ (-Loss) before taxes	37,523	49,592
Taxes	20,570	38,265
Deferred taxes		
Profit/ (-Loss) for the period	16,953	11,327

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

PRELIMINARY REMARKS

Dear Members,

The financial statement as of 31st March, 2013, that recorded a profit of € 16,953, after having deducted the taxes amounting to € 20,570 for the financial year.

BUSINESS ACTIVITY

The company's objectives are: to design, plan, manufacture, distribute, represent and market all products related to the clothing and apparels industry in any part of the world. In Italy, it is presently marketing furs and leather garments.

METHOD FOR PREPARATION OF FINANCIAL STATEMENT

The present financial statement has been prepared in conformity with the provisions of articles 2423 of the Civil Code as well as the present notes, prepared as per article 2427 of the Civil Code, which constitutes an integral part of the balance sheet.

The financial statement has been prepared as a summary as per the requirements of article 2435 bis, first paragraph of the Civil Code.

As per the provisions of article 2435 bis, last paragraph of the Civil Code, the company is exempted from preparing a Management Report, the relevant operational data as well as the information sheet pertaining to article 2428, second paragraph, item 3 and 4 of the Civil Code have been included in the present notes.

As a result of rounding off the amounts in Euros, in some tables containing detailed data the sum of the details may differ from the amount shown as "Total".

ACCOUNTING POLICIES (VALUATION CRITERIA)

The valuation criteria applied here are in compliance with the provisions of article 2426 of the Civil Code and are not different from those used for preparing the balance sheet for the previous year.

The valuation of the balance sheet items has been done on the basis of generally accepted principle of prudence and accrual, with a view to establish a going-concern value.

With respect to the principle of prudence, data comprised in individual entries or in the credit or debit items have been assessed individually in order to avoid offsetting losses, which have to be taken into consideration, and profits that are not to be taken into consideration if not made.

In compliance with the principle of accrual accounting, the financial effect of the transactions and other events is recorded in the period in which these transactions or events occur rather than being recorded in the period in which the cash is received or paid (receipts and payments).

Continuous application of the accounting and valuation criteria over a period of time is a necessary element for comparing the company's balance sheets across different financial years.

In particular, the valuation criteria adopted for the preparation of balance sheet are as follows:

INTANGIBLE ASSETS

Intangible assets are recorded at their historic acquisition and are shown as net value of periodic amortisation, charged directly to the individual balance sheet items.

TANGIBLE ASSETS

Tangible assets are recorded in the balance sheet at the historic cost of acquisition including the direct overheads and the cost is adjusted to the respective accumulated depreciations.

At the closing date of the financial year there is nothing to suggest that the value is considerably lower than the cost entered, therefore it is not deemed necessary to rectify it by an appropriate depreciation entry.

No revaluations were made during the year.

The depreciation attributed to the income statement is calculated in a systematic and consistent manner on the basis of the aliquotes considered to be representative of the estimated utility of an asset, however, taking into consideration the residual useful life of the assets.

The assets having a unitary value below • 516.46 were completely amortised in the accounting period of acquisition.

STOCKS

Raw materials, auxiliary materials and finished products are evaluated at the Acquisition / manufacturing cost or the net realisable value (whichever is lower), the latter being derived from the market rate by applying the L.I.F.O. method.

CREDITS

Credits are shown at their presumed net realisable value. Appropriate write down provision has been made to accommodate doubtful debts.

DEBITS

Debits are shown at their nominal value, modified in case of returns or adjustments in invoices. The company does not show debit items for a residual term of more than five years.

LIQUIDITY POSITION

The banks are posted in terms of actual reserves available upon completing the reconciliation operations.

COSTS & REVENUES

Costs & Revenues are recorded in the balance sheet consistent with the principle of prudence and competence listing the respective accruals and deferrals.

The revenues and proceeds, the costs and expenditures are posted as net of discounts, rebates and premiums as well as direct taxes connected with services.

METHODS OF CURRENCY CONVERSION

The fixed assets originally expressed in foreign currency continue to be recorded at the exchange rate applicable at the time of their acquisition.

On the other hand, the values of assets and liabilities, which are not a part of the fixed assets originally expressed in foreign currency and recorded at the exchange rates prevailing at the date on which they were incurred, are aligned with the exchange rates prevailing at year end in accordance with article 2426 of the Civil Code, point 8-bis. The economic effects of changes in exchange rates are expressed in item 17 bis)

INCOME TAX

The taxes are set aside following the principle of accrual accounting; these are reserves for taxes to be paid for the period as per the aliquotes and the norms in force.

In addition to current taxes, the balance sheet and income statement also include deferred and estimated taxes, calculated and charged in the financial statement considering the temporary differences between earnings as per civil law and taxable income.

ASSETS

VARIATIONS INTERFERING WITH OR AFFECTING THE CONSISTENCY OF OTHER ENTRIES OF BOTH ASSETS AND LIABILITIES (n. 4 art. 2427 c.c.)

Variances in the entries of assets and liabilities have been verified in the course of the financial year referred to in the present financial statement: the most relevant among these are discussed below.

C) CURRENT ASSETS

I. Stocks

Closing balance	414,671		
Opening balance	503,271		
Variation	-88,600		
Closing stock	Value Year N. 0	Value N.+1	Variation
Raw materials	76,133	45,455	-30,678
Goods	427,138	369,216	-57,922
Total	503,271	414,671	-88,600

The valuation criteria adopted are clarified in the first part of the present notes.

II. Credits

Closing balance	3,058,043		
Opening balance	2,738,379		
Variation	319,664		
Credits payable within 12 months	Value Year N. 0	Value N.+1	Variation
Accounts receivables within 12 months	2,718,326	3,003,603	285,277
Credits for prepaid taxes within 12 Months	7,939	26,303	18,364
Other credits within 12 months	3,734	-	-3,734
Total credits within 12 months	2,729,999	3,029,906	299,907
Credits payable after 12 months			
Credits for prepaid taxes after 12 Months	8,380	28,137	19,757
Total Credits after 12 months	8,380	28,137	19,757
Total Credits	2,738,379	3,058,043	319,664

III. Classification of credits (clients) according to geographical areas

The countries mentioned indicate the client's registered office for invoice purposes and not the real destination of the goods sold.

Country	Balance as on 31/03/12	Balance as on 31/03/13
Italian clients	575,779	654,746
EU clients	20,671	23,305
Non EU clients	2,121,876	2,325,552
Total	2,718,326	3,003,603

IV. Liquidity position

Closing balance	34,783		
Opening balance	77,493		
Variation	-42,710		
	Value Year N. 0	Value N.+1	Variation
Bank	39,125	22,993	-16,132
Cash	38,368	11,790	-26,578
Total within	77,493	34,783	-42,710

LIABILITIES

A) NET EQUITY

ENTRIES OF NET EQUITY AND RELATIVE MOVEMENTS , ESTIMATED USEFUL LIFE AND POSSIBILITY OF DISTRIBUTION (n.7-bis art. 2427 c.c.)

Closing balance	2,234,391		
Opening balance	2,217,441		
Variation	16,950		
Net Equity	Value Year N. 0	Value N.+1	Variation
Capital	2,000,000	2,000,000	-
Legal reserves	3,229	3,795	566
Rounding off in Euro	1	-2	-3
Other reserves (members/shareholders) contribution to capital account)	125,377	125,377	-
Retained earnings/accumulated losses	77,507	88,268	10,761
Profits/losses in financial year	11,327	16,953	5,626
Total	<u>2,217,441</u>	<u>2,234,391</u>	<u>16,950</u>

It may be appropriate to show in the following the source, the estimated useful life and the possibility of distribution of the net equity entries.

Nature	Amount	Estimated useful life	Share available
Capital Reserves			
- Share Capital	2,000,000	B	
- Funding Capital Account	125,377	AB	
Profit reserves			
- Legal	3,795	AB	
- Rounding off in Euro	-2		
Retained earnings/accumulated losses	88,268	ABC	88,268
Profits/losses in financial year	16,953	ABC	16,105
Total	<u>2,234,391</u>		<u>104,373</u>

Estimated useful life of reserves

A = Increase in Capital

B = Loss Coverage

C = Liquidation

B) Provisions for risks and charges

Provisions for risks and charges			
Closing balance	21,369		
Opening balance	18,231		
Variation	3,138		
	Balance for Financial	Balance for financial	Variation
	Year N. 0	Year N.+1	
Provisions for contractual risks	-	-	-
Customer suppl. benefit provisions	18,231	21,369	3,138
Total	18,231	21,369	3,138

C) Employees' severance indemnity fund [TFR]

Closing balance	143,239		
Opening balance	113,784		
Variation	29,455		
TFR opening balance		113,784	
Increment in amount		30,319	
Decrement in use/substitute tax		-864	
TFR closing balance		143,239	

D) Debits

Closing balance	1,384,601		
Opening balance	1,235,096		
Variation	149,505		
Accounts payable within 12 months	Value Year N. 0	Value N.+1	Variation
V/Banks	100,000	-	-100,000
V/Suppliers	1,018,144	1,258,022	239,878
V/Treasury (tax)	12,982	9,622	-3,360
V/Social Security Agencies	14,028	13,328	-700
V/Others	89,942	103,629	13,687
Total debits within 12 months	1,235,096	1,384,601	149,505
Accounts payable after 12 months			
Total debits after 12 months	-	-	-
Total Debits	1,235,096	1,384,601	149,505

Classification of Clients (suppliers) According to Geographical Areas

The countries mentioned indicate the supplier's registered office

Countries	Balance as on 31st March, 2012	Balance as on 31st March, 2013
Suppliers Italy	254,771	221,412
Non-EU suppliers	763,271	1,035,592
EU suppliers	102	1,018
Total	1,018,144	1,258,022

INCOME STATEMENT

A) Value of Production

Year N. + 1	2,178,720		
Year N. 0	2,668,957		
Variation	-490,237		
Value of Production	Year N. 0	Year N. + 1	Variation
Revenue from sale of goods and services	2,571,682	2,127,008	-444,674
Increase of non-current assets from in-house production	75,672	37,925	-37,747
Other revenues and proceeds	21,603	13,787	-7,816
Total	<u>2,668,957</u>	<u>2,178,720</u>	<u>-490,237</u>

B) Cost of Production

Year N. + 1	2,131,526		
Year N. 0	2,614,167		
Variation	-482,641		
Cost of Production	Year N. 0	Year N. + 1	Variation
Raw materials and goods	1,327,337	777,119	-550,218
Cost of purchase of services	572,463	516,086	-56,377
Lease and rental expenses	65,846	41,417	-24,429
Personnel costs	609,107	620,859	11,752
Amortisation and depreciation	53,204	49,239	-3,965
Variation in stock	-49,341	88,600	137,941
Funds/reserves to cover risks	-	-	-
Miscellaneous operating costs	35,551	38,206	2,655
Total	<u>2,614,167</u>	<u>2,131,526</u>	<u>-482,641</u>

Personnel Costs

This entry refers to the entire expenditure for the personnel including performance bonus, promotion, age compensations, cost of holiday leave not taken, compulsory reserves and collective contracts.

Depreciation of Tangible Assets

As regards depreciation, it may be stated that these costs have been calculated on the basis of useful duration of asset and its use in the operative phase.

ULTIMA ITALIA S.r.l., ITALY

Other operating Costs

Year N. + 1	38,206		
Year N. 0	35,551		
Variation	2,655		
	Year N. 0	Year N. + 1	Variation
Taxes/duties other than income tax	5,412	6,320	908
Capital losses	111	-	-111
Overestimated operating liabilities	254	2,119	1,865
Loss on credits	12,307	14,045	1,738
Fines and penalties	921	447	-474
Other costs	16,545	15,275	-1,270
Total	35,550	38,206	2,656

C) Revenues and Charges

Year N. + 1	-29,428		
Year N. 0	-20,140		
Variation	-9,288		
	Year N. 0	Year N. + 1	Variation
Financial Income	3,258	3,590	332
Interests and Charges	-23,463	-33,068	-9,605
Profits/losses on foreign exchange transactions	65	50	-15
Total	-20,140	-29,428	-9,288

Revenues and Charges

	Year N. 0	Year N. + 1	Variation
Financial Income			
Interest receivable from bank	522	36	-486
Other interest receivable	2,736	3,554	818
Total Financial Income	3,258	3,590	332
Interests and other Charges			
Interest payable	-21,428	-32,567	-11,139
Commercial interest payable	-	-72	-72
Interest payable on loans	-2,035	-429	1,606
Total interests and Charges	-23,463	-33,068	-9,605
Profit/loss on foreign Exchange Transactions			
Profit on foreign exchange transactions	66	87	21
Loss on foreign exchange transactions	-1	-37	-36
Total profit/loss on Foreign Exchange Transactions	65	50	-15
Total Revenues and Charges	-20,140	-29,428	-9,288

ULTIMA ITALIA S.r.l., ITALY

The extraordinary income of € 19,757 was generated from the refund request in terms of DL 201/2011 of the excess IRES paid in the years from 2007 to 2011 with reference to the IRAP share in personnel costs.

Tax Expense for the fiscal year

	Year N. 0	Year N. + 1	Variation
Current Taxes			
IRES	15,887	-	-15,887
IRAP	22,378	20,570	-1,808
Total	38,265	20,570	-17,695

The profit derived from the application of A.C.E. (aid towards economical growth) in accordance with DL 201/2011 renders the payables under IRES nil.

SUPPLEMENTARY INFORMATION

EXTENT AND REASONS FOR DEPRECIATION OF INTANGIBLE ASSETS AND MATERIALS (n.3 bis art. 2427 c.c.)

In the course of the financial year there was no depreciation of above-mentioned fixed assets.

LIST OF INVESTMENTS EITHER DIRECT OR VIA TRUST COMPANY OR THROUGH AN INTERMEDIARY PERSON, IN PARENT OR ASSOCIATE ENTERPRISES (n.5 art. 2427 c.c.)

The company does not hold any investments referred to above.

CREDIT AND DEBIT FIGURES OF A RESIDUAL TERM OVER FIVE YEARS AND DEBTS SECURED BY REAL GUARANTEES (COLLATERAL) ON THE CORPORATE ASSETS INDICATING SPECIFIC DETAILS OF THE GUARANTEES (n. 6 art. 2427 c.c.)

The company does not show credit or debit entries of a residual term over five years, nor any debts secured by real guarantees (collateral) on the corporate assets.

POSSIBLE SIGNIFICANT EFFECTS OF VARIATIONS IN EXCHANGE RATE SUBSEQUENTLY VERIFIED AT THE YEAR-END CLOSING (n. 6 bis art. 2427 c.c.)

There are no significant effects of variations in exchange rate verified subsequently at the closing of the financial year.

CREDIT AND DEBIT FIGURES PERTAINING TO OPERATIONS ENVISAGING OBLIGATION OF FIXED TERM RETROCESSION ON THE PART OF THE HOLDER OR PURCHASE AGENT (n. 6 ter art. 2427 c.c.)

No such debits or credits exist.

FIGURES OF FINANCE CHARGES APPLIED IN THE FINANCIAL YEAR TO VALUES ENTERED IN THE ASSETS, SEPARATELY FOR EACH ITEM (n. 8 art. 2427 c.c.)

Finance charges have not been applied to values entered in assets.

INCOME EMANATING FROM INVESTMENTS OTHER THAN DIVIDENDS (n.11 art. 2427 c. c.)

Revenues of this category have not been collected.

NUMBER AND CHARACTERISTICS OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY INDICATING PROPERTY AND PARTICIPATION RIGHTS (n. 19 art. 2427 c.c.)

The company has not issued any financial instrument in this accounting period.

FINANCING PROVIDED BY THE MEMBERS TO THE COMPANY, ALLOCATED FOR REASONS OF EXPIRY AND MARKED SPECIFICALLY IN CASE OF A DEFERMENT CLAUSE VIS-À-VIS OTHER CREDITORS (n.19 bis art. 2427)

The company does not have debts towards members.

OPERATIONS OF FINANCE LEASE THAT TRANSFER TO THE LESSEE THE MAJOR PART OF THE RISKS AND THE BENEFITS PERTAINING TO ASSETS (n. 22 art. 2427 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

TRANSACTIONS WITH RELATED PARTIES (n. 22 bis. art. 2427 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

AGREEMENTS OUTSIDE BALANCE SHEET (n. 22 ter art. 2427 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

OTHER INFORMATION

TOTAL REMUNERATION PAID TO THE MANAGEMENT AND THE AUDITORS FOR EACH CATEGORY (n.16 art. 2427 c.c.)

In the current year total remuneration of the order of € 49,114 was paid to the management and € 3,120 to Sole Auditor.

OWN SHARES AND SHARES OR QUOTA OF THE PARENT COMPANY HELD BOTH BY THE TRUST COMPANY OR BY A THIRD PERSON (n.3 art. 2428 c.c.)

There are no cases requiring reporting in accordance with and for the purpose of this legislative provision.

OWN SHARES AND SHARES OR QUOTA OF THE PARENT COMPANY ACQUIRED OR ALIENATED DURING THE FINANCIAL YEAR BOTH BY THE TRUST COMPANY OR BY A THIRD PERSON (n. 4 art. 2428 c.c.)

There are no cases requiring reporting pursuant to and in accordance with this legislative provision.

The present financial statement, comprising the balance sheet, income statement and the notes, is a true and fair view of property, financial status and earnings position and corresponds to the accounting entries and records.

Nikhil Aggarwal

Director

CONSOLIDATED AUDITORS' REPORT

To,
The Board of Directors of
Bhartiya International Ltd.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of M/s Bhartiya International Ltd. (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements/consolidated financial statements of the subsidiaries and associates as noted below, 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 March 31, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statements of four overseas subsidiaries and one local subsidiary, whose financial statements reflect total assets (net) of Rs 725,492,432/- as at 31st March, 2013/31st December, 2012, total revenues (net) of Rs. 920,470,606/- and net cash flows amounting to Rs. 14,689,454/- for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of the other auditors.
7. We have relied on the unaudited financial statements of both the associates wherein the group's share of profit aggregate Rs. 128,888/-. These unaudited financial statements as approved by the respective Boards of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the associates is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of other matters.

for **Sushil Poddar & Co.**
Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar
Partner
M. No. 094479
New Delhi, 29th May, 2013

BHARTIYA INTERNATIONAL LTD.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	Amount in Rs.	
		As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	110,638,480	104,638,480
(b) Reserves and Surplus	3	1,311,364,937	1,200,726,399
2 Minority Interest		15,333,361	15,706,251
3 Share Application Money/Share Warrants			
Pending Allotment	4	2,175,000	9,000,000
4 Non-Current Liabilities			
(a) Long-Term Borrowings	5	272,175,275	88,754,093
(b) Deferred Tax Liabilities	6	22,697,326	17,091,581
(c) Other Long-Term Liabilities	7	14,526,000	14,526,000
(d) Long-Term Provisions	8	8,372,810	10,915,030
5 Current Liabilities			
(a) Short-Term Borrowings	9	730,353,828	656,966,922
(b) Trade Payable	10	285,444,532	264,543,538
(c) Other Current Liabilities	11	81,324,296	70,683,358
(d) Short-Term Provisions	12	48,412,794	49,359,299
TOTAL		2,902,818,639	2,502,910,951
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		647,136,764	477,529,842
(ii) Intangible Assets		6,654,424	4,349,460
(iii) Capital Work In Progress		1,982,844	91,085,917
(b) Non Current Investments	14	394,284,007	400,077,401
(c) Long Term Loans and Advances	15	18,807,082	17,601,045
(d) Other Non-Current Assets	16	1,031,221	1,252,957
(e) Goodwill on Consolidation		2,525,000	2,525,000
2 Current assets			
(a) Current Investments	17	12,108,472	13,731,462
(b) Inventories	18	1,081,132,540	948,632,653
(c) Trade Receivables	19	375,886,349	249,455,287
(d) Cash & Cash Equivalents	20	154,103,445	113,802,922
(e) Short Term Loans and advances	21	206,944,755	182,645,269
(f) Other Current assets	22	221,736	221,736
TOTAL		2,902,818,639	2,502,910,951

Significant Accounting Policies 1 to 32

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Firm Registration No. 014969N

Chartered Accountants

For and on behalf of the Board

S. K. Poddar

Partner

M.No.94479

Deepthi Gambhir

Company Secretary

Manoj Khattar

Vice President

Snehdeep Aggarwal

Managing Director

Ramesh Bhatia

Director

New Delhi, 29th May, 2013

BHARTIYA INTERNATIONAL LTD.**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31ST MARCH, 2013**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2013	Year Ended 31st March, 2012
Income:			
Revenue From Operations	23	3,030,602,911	2,506,731,691
Other income	24	31,573,414	23,191,970
Total Revenue		3,062,176,325	2,529,923,661
Expenses:			
Cost of Raw Material Consumed	25	1,081,661,219	930,000,000
Purchases of Stock In Trade		786,649,566	453,214,928
Changes in Inventories of Finished Goods	26	5,425,481	46,953,030
Employee Benefits Expenses	27	191,128,515	152,240,092
Finance Cost	28	118,538,250	103,163,570
Depreciation and Amortization Expense	29	32,362,939	28,870,044
Other Expenses	30	702,185,190	654,528,590
Total Expenses		2,917,951,160	2,368,970,254
Profit Before Tax		144,225,165	160,953,407
Tax Expense:	31		
Current Tax		37,734,116	41,752,238
Deferred Tax		5,605,745	3,627,253
Profit/(Loss) Before Minority Interest and share in Profit/(Loss) of Associates		100,885,304	115,573,916
Less : Minority Interest		(372,890)	872,475
Add : Share of Profit of Associate		128,888	(182,106)
Profit/(Loss) for the period		101,387,082	114,519,335
Earnings Per Equity Share:			
(1) Basic		9.35	11.39
(2) Diluted		9.31	11.39

Significant Accounting Policies 1 to 32

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Partner
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2013**

Amount in Rs.			
PARTICULARS	Note No.	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxes		144,225,165	160,953,407
Adjusted for :			
Depreciation & Amortisation	32,362,940	28,870,044	
Financial Costs	104,716,176	86,573,817	
Loss/(Profit) on sale of fixed assets (net)	1,399,112	435,800	
Loss/(Profit) on sale of Investments (net)	(714,881)	(2,260,078)	
Dividend Income	(678,498)	(908,294)	
Rental Income	(21,534,739)	(20,023,598)	
Effect of Exchange rate change	13,822,074	16,589,753	
		<u>129,372,184</u>	<u>109,277,444</u>
Operating profit before working capital change		273,597,349	270,230,851
Adjusted for :			
Inventories	(132,499,887)	(182,729,455)	
Trade Receivables	(126,431,062)	(114,855,129)	
Long-term loans and advances	(1,206,037)	(2,118,642)	
Short-term loans and advances	(20,794,480)	4,497,854	
Trade & Other Paybles	15,721,271	123,962,978	
		<u>(265,210,195)</u>	<u>(171,242,394)</u>
Cash generated from operations		8,387,154	98,988,457
Income Tax Paid (net of refund)		(43,376,922)	(31,576,485)
Effect of Exchange rate change		(13,822,074)	(46,184,322)
Currency Fluctuation reserve on Consolidation		(7,107,060)	(457,071)
Cash flow before extra-ordinary items		(55,918,902)	20,770,579
Extra Ordinary Items		-	-
NET CASH FROM OPERATING ACTIVITIES		<u>(55,918,902)</u>	<u>20,770,579</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
Sale/(Purchases) of Investment (Net)		8,260,152	15,869,391
Dividend received		678,498	908,294
Rent Received		21,534,739	20,023,598
Proceeds from Sale of Fixed Assets		439,836	1,845,010
Purchase of fixed assets/Capital W.I.P		(116,788,962)	(113,198,715)
Preliminary Expenses Incurred		-	(402,000)
NET CASH USED IN INVESTMENT ACTIVITIES		<u>(85,875,737)</u>	<u>(74,954,422)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Long Term Borrowings		183,421,182	26,654,167
Working Capital Borrowings		87,206,113	80,665,844
Share Capital Issue Procees (Including Share Premium)		36,000,000	49,800,000
Advance Subscription Adjusted (Net)		(6,825,000)	(16,800,000)
Dividend paid (including dividend tax)		(12,990,957)	(11,721,398)
Finance Cost Paid		(104,716,176)	(56,979,248)
NET CASH USED IN FINANCING ACTIVITIES		<u>182,095,162</u>	<u>71,619,365</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		40,300,523	17,435,522
Cash and Cash Equivalents-Opening Balance		113,802,922	96,367,400
Cash and Cash Equivalents-Closing Balance		154,103,445	113,802,922

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Partner
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

CONSOLIDATED NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE NO 1.1 GROUP STRUCTURE

The consolidated Financial statements present the consolidated accounts of Bhartiya International Ltd with its following subsidiary Companies and Associates :

Name of Subsidiary	Country of Incorporation	Proportion of Ownership	Year Ending
Indian Subsidiaries			
Bhartiya Global Marketing Ltd	India	100%	31.03.2013
J&J Leather Enterprises Ltd	India	100%	31.03.2013
Bhartiya International Sez Ltd	India	89%	31.03.2013
Bharatiya Fashion Retail Ltd	India	100%	31.03.2013
Foreign Subsidiaries			
World Fashion Trade Ltd.	Mauritius	100%	31.12.2012
BIL Group LLC	USA	100%	31.12.2012
Ultima SA	Switzerland	100%	31.03.2013
Ultima Italia SRL	Italy	100%	31.03.2013
Associates Company			
Bhartiya Urban Infrastructure & Land Development Co. Pvt.Ltd	India	29.60%	31.03.2013
Tada Mega Leather Cluster Pvt Ltd.	India	50%	-

- 1.2** i) Significant Accounting Policies and notes to these Consolidated Financial statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures.
- ii) The financial statement of Accociates Companies used in the consolidation are unaudited Financial Statements provided by the Associates Companies. The reporting period of one Foreign Subsidiary Company is different than that of the company whereas the reporting period of the other subsidiary companies are same as that of the Company.
- ii) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the Accounting standards issued by the Institute of Chartered Accountants of India.
- iii) The Financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after elimination of intra-groups transactions and unrealised profits subject to non-elimination of transaction due to timing differances of overseas subsidiaries referred to in note no 32.3

1.3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The Financial statements have been prepared under historical cost convention on an accrual basis using accounting policies of the parent company unless otherwise stated.

b) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties , non refundable taxes, incidental expenses related to acquisition and reduced by subsidy/Grant. In respect of projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Interest on borrowing and other cost during the period of construction/acquisition, is added to the cost of Fixed Assets. Goodwill acquired in an acquisition of business are valued at the acquisition cost and amortised over their useful life.

c) Depreciation

Depreciation on fixed assets is calculated on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets at the overseas subsidiaries are as per the rates applicale based on estimated useful life of the asset. Depreciation on Fixed Assest of subsidiary Company J&J Leather Enterprises Ltd has been calculated on WDV method as per the rates specified in Schedule XIV of the Companies Act, 1956.

NOTES (CONTD.)**d) Investment**

All long term investments are stated at cost. Provision is made for any diminution in value considered permanent. Current Investment are carried at lower of cost or market price.

e) Inventories

- Raw materials and consumables have been valued at cost after providing for obsolescence. Cost comprise of Cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- Finished goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.
- Inventories of land is valued at cost which comprises cost of land, Materials, Services and Overheads directly related to development of land.

f) Foreign Exchange Transactions**Individual Companies**

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Current Assets and Current Liabilities at the year end, outstanding in foreign currency, are converted at the year end rates.
- c) In respect of transactions at the overseas offices, i) revenue expenditure and income during the year are converted into-
Indian Rupees at the average rate prevailing during the year. ii) Fixed assets acquired are accounted for at the actual exchange rate prevailing at the time of acquisition. iii) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year. iv) Balances of the Head Office account appearing in foreign currency in branch books are translated at corresponding rupee balance appearing in the Head Office books.
- d) All gains/losses on conversion are charged to profit and loss account.

For Consolidation

For the purpose of consolidation , the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries are translated into Indian Rupees at the following rates of exchange :

- a) Average rates for income and expenditure.
- b) Year end rates for assets and liabilities.

The foreign exchange gain/loss on account of income and expenditure consolidation is included in the profit and loss account and foreign exchange fluctuation gain/loss on account of consolidation of assets and liabilities of subsidiaries is transferred to "Currency Fluctuation Reserve Account ".

g) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. The gratuity liability is provided for on all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Taxation

Provision for tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods.

i) Government Grants

Grants received from the Government which are in the nature of promoters contribution, and are with reference to the total investment without any liability for repayment, are treated as capital reserve. Grant received against specific fixed assets are adjusted to the cost of assets. Revenue Grants are recognised in the profit and loss account in accordance with the relevant scheme.

j) Impairment of Assets

Where there is a indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised to the extent carrying amount exceeds recoverable amount.

NOTES (CONTD.)

k) Provisions Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assets), issued by the institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
2 SHARE CAPITAL		
Authorised Share Capital		
a) 20,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
b) 500,000 (Previous Year 500,000) Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid up :		
a) 1,10,63,848 (Previous Year 1,04,63,848) equity shares of Rs.10/- each fully paid Up.	110,638,480	104,638,480
	110,638,480	104,638,480

2.1 The details of Shareholders holding more than 5% shares

Name of the share holders	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
(a) Snehdeep Aggarwal	1,143,362	10.33	1,136,162	10.86
(b) Bharitya Infotech Pvt Ltd	1,000,000	9.04	1,000,000	9.56
(c) Bhartiya Global Holdings Pvt Ltd	1,350,000	12.20	850,000	8.12
(d) Bhartiya Finstock Pvt Ltd	550,000	4.97	550,000	5.26
(e) Spirit Impex Pvt Ltd.	1,200,000	10.85	1,200,000	11.47

2.2 Reconciliation of the number of shares outstanding is set out below:

PARTICULARS	As at 31st March, 2013	
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	10,463,848	9,463,848
Shares Issued during the year	600,000	1,000,000
Shares outstanding at the end of the year	11,063,848	10,463,848

2.3 5,00,000 equity shares of Rs. 10/- each at a premium of Rs. 50/- each issued to promoters associate companies on conversion of preferential Share Warrants.

2.4 1,00,000 equity shares of Rs. 10/- each at a premium of Rs. 50/- each issued to non- promoters associate companies on conversion of preferential Share Warrants.

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
3 RESERVES & SURPLUS		
Capital Reserves		
As Per last Balance Sheet	4,621,283	4,621,283
Add: Transferred from Profit and Loss A/c	-	-
	4,621,283	4,621,283
i) Share Premium A/c		
As Per last Balance Sheet	346,165,000	306,365,000
Add: Additions during the year on fresh issue of shares	30,000,000	39,800,000
	376,165,000	346,165,000
Currency Fluctuation Reserve		
As Per last Balance Sheet	32,761,067	33,218,138
Add: Addition During The year	(7,107,060)	(457,071)
	25,654,007	32,761,067
ii) Prferential Share Warrant Forfeited	8,500,000	8,500,000
iii) General Reserves		
As Per last Balance Sheet	181,917,830	171,351,330
Add: Transferred from Profit and Loss A/c	20,569,750	10,566,500
	202,487,580	181,917,830
iv) Surplus in Statement of Profit & loss		
As Per last Balance Sheet	626,761,219	535,667,065
Add: Profit for the Year	101,387,082	114,519,335
	728,148,301	650,186,400
Less : Appropriations		
– General Reserve	20,569,750	10,566,500
– Proposed Dividend	11,063,848	10,463,848
– Tax on Dividend	1,880,301	1,697,498
	694,634,402	627,458,554
Less : Dividend Paid on Fresh issue of Shares	600,000	600,000
Less : Dividend Tax on Fresh issue of Shares	97,335	97,335
	693,937,067	626,761,219
TOTAL	1,311,364,937	1,200,726,399

- 3.1 Foreign currency transactions are translated as per the accounting policy referred to in note no. 1.3 (f). Foreign exchange gain/loss on account of income and expenditure in consolidation is included in the profit and loss, and foreign exchange fluctuation debit of Rs. 7,107,066/- (Previous year debit of Rs. 457,071/-) on account of consolidation of assets and liabilities of subsidiaries have been transferred to Currency Fluctuation Reserve Account.

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
4 MONEY RECEIVED AGAINST SHARE WARRANTS		
a) Preferential Share Warrant :		
600,000 Preferential Share warrant paid up Rs. 15/- each. (Previous Year 600,000 warrants of Paid up Rs. 10.75/- each.)	9,000,000	6,450,000
Add :100,000 Preferential Shares Warrant issued paid up Rs. 21.75/- each. (Previous Year 1,000,000 warrants issued paid up Rs. 15/-each)	2,175,000	15,000,000
	11,175,000	21,450,000
Less : 600,000 Preferential Warrant Converted into Equity Shares paid up Rs. 15 each. (Previous Year 600,000 warrant paid up Rs. 15.75/- each and 400,000 warrants paid up of Rs.15/- each converted into equity)	9,000,000	12,450,000
	2,175,000	9,000,000
 4.1 The Company has allotted 100,000 warrants to non-promoter on 7 th December, 2012 on preferential basis, convertible into equity shares of Rs. 10/- each fully paid up. The holders of warrants have a right to apply one equity share of Rs 10 each at a premium of Rs. 77/- with in a period of 18 months from the date of allotment. Against this the company has received Rs. 21.75/- per warrant.,		
 5 LONG TERM BORROWINGS		
Secured		
– Term Loans from Banks	269,519,899	85,561,283
– Vehicle Loans from Banks	2,655,376	3,192,810
TOTAL	272,175,275	88,754,093
 5.1 Term Loan from Allahabad Bank is secured by exclusive charge on specific land , building and machinery of the project created out of the Term loan and personal guarantee of one of the Director. The loan is repayable in fifteen equal quarterly installments starting from April, 2013 quarter.		
5.2 Term Loans from IDBI Bank is secured by First Charge on the commercial property situated at Institutional Plot No 38, Sector 44, Gurgaon and personal guarantee of one of the Director. The Loan is repayable in 180 monthly Installment starting from February, 2013.		
5.3 Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.		
 6 DEFERRED TAX LIABILITY (NET)		
a) Deferred tax Liabilities		
Related to Fixed Assets	34,285,087	29,881,111
b) Deferred tax Assets		
Related to Capital Losses	(4,287,838)	(5,489,607)
Related Carried Forward losses	(6,967,637)	(6,967,637)
Related Provision for Gratuity/bonus	(332,286)	(332,286)
TOTAL	22,697,326	17,091,581

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
7 OTHER LONG TERM LIABILITIES		
(a) Security Deposit from related parties (refer note no 32.4)	14,526,000	14,526,000
TOTAL	14,526,000	14,526,000
8 LONG TERM PROVISIONS		
(a) Provision for employees benefit Provision for Gratuity	8,372,810	10,915,030
TOTAL	8,372,810	10,915,030
9 SHORT TERM BORROWINGS		
Secured		
- Working Capital Loans From Banks	730,353,828	656,966,922
TOTAL	730,353,828	656,966,922
9.1 Working Capital facilities are secured against hypothecation of stocks of raw-materials, stock in process, finished goods, Other Current assets specified immovable property, movable fixed assets, lien on fixed deposits, exports bills and personal guarantees of Directors.		
9.2 Foreign documentary bills discounted with Banks have been shown as a contingent liability. The same are secured against the export bills and the personal guarantees of Directors.		
10 TRADE PAYABLE		
(a) Payable	255,299,871	240,586,767
(b) Acceptance	30,144,661	23,956,771
TOTAL	285,444,532	264,543,538
11 OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Borrowings	35,347,936	21,528,729
(b) Unclaimed Dividend	1,237,072	1,369,348
(c) Statutory Dues Payable	4,901,506	3,380,258
(d) Other current liabilities	39,837,782	44,405,023
TOTAL	81,324,296	70,683,358
12 SHORT TERM PROVISIONS		
(a) Provision for Employees benefits	2,996,822	2,588,328
(b) Provision for Income Tax	32,471,823	34,609,625
(c) Proposed Dividend	11,063,848	10,463,848
(d) Tax on Proposed Dividend	1,880,301	1,697,498
TOTAL	48,412,794	49,359,299

NOTES (CONTD.)
13 FIXED ASSETS
Amount in Rs.

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1st April, 2012	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2013	For the year	Deduction/ adjustments during the year	As at 31st March, 2012	As at 31st March, 2013
Tangible Assets :								
Own Assets :								
Land	23,412,401	-	-	23,412,401	-	-	23,412,401	23,412,401
Building	312,338,516	120,129,153	-	432,467,669	9,622,108	-	259,480,705	369,987,750
Machinery	190,196,614	35,212,824	243,414	225,166,024	10,282,284	207,139	124,830,073	149,724,338
Vehicles	37,490,714	4,953,446	2,297,555	40,146,605	2,797,406	1,916,559	15,191,069	16,966,113
Furniture	59,396,951	6,732,876	102,366	66,027,461	4,752,566	102,366	27,839,642	29,819,952
Office Equipments	30,901,730	2,483,933	3,439,884	29,945,779	1,467,202	2,621,305	21,833,319	22,031,471
Computers	17,757,263	2,637,010	9,053,138	11,341,135	1,487,228	8,625,845	4,942,633	5,665,122
Lease Hold :	-	-	-	-	470,383	-	-	29,529,617
Land	-	30,000,000	-	30,000,000	-	-	-	-
Total (A)	671,494,189	202,149,242	15,136,357	858,507,074	30,879,177	13,473,214	477,529,842	647,136,764
Previous Year	623,871,439	53,846,162	6,223,412	671,494,189	27,915,873	3,942,602	453,880,363	477,529,842
Intangible Assets :								
Computer Software	4,745,879	3,454,487	3,536,664	4,663,702	437,363	3,360,860	1,163,888	4,005,208
Goodwill	25,352,636	288,307	-	25,640,943	824,663	-	3,185,572	2,649,216
Total (B)	30,098,515	3,742,794	3,536,664	30,304,645	1,262,026	3,360,860	4,349,460	6,654,424
Previous Year	29,463,515	635,000	-	30,098,515	732,436	-	4,446,896	4,349,460
Capital work in Progress								
Capital work in Progress	91,085,917	72,884,116	161,987,189	1,982,844	-	-	91,085,917	1,982,844
Total (C)	91,085,917	72,884,116	161,987,189	1,982,844	-	-	91,085,917	1,982,844
Previous Year	32,368,364	79,752,453	21,034,900	91,085,917	-	-	32,368,364	91,085,917
Total (A+B+C)	792,678,621	278,776,152	180,660,210	890,794,563	32,141,203	16,834,074	572,965,219	655,774,032
Previous Year	685,703,318	134,233,615	27,258,312	792,678,621	28,648,309	3,942,602	490,695,623	572,965,219

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	No. of Shares/Units	As at 31st March, 2013	No. of Shares/Units	As at 31st March, 2012
14 NON CURRENT INVESTMENTS				
Trade Investments (Unquoted at cost)				
a) Capital in Firm " Bhartiya Prakash Leathers"		50,000		50,000
b) Investment in associate company				
Equity Shares #	11,205,000	244,763,141	11,200,000	244,584,253
Preference Shares	4,796,865	119,960,000	4,796,865	119,960,000
		<u>364,773,141</u>		<u>364,594,253</u>
Non Trade Investments				
A) Investments in Mutual Funds (Quoted)				
1 DSPML INDIA T.I.G.E.R FUND –GROWTH	118,509	5,000,000	118,509	5,000,000
2 DSPBR SMALL & MIDCAP FUND	244,499	2,500,000	244,499	2,500,000
3 DSPBR TOP 100 EQUITY FUND–G	43,518	4,000,000	43,518	4,000,000
4 DSPBR WORLD ENERGY FUND–D	250,000	2,500,000	250,000	2,500,000
5 HDFC TOP 200 FUND–GROWTH	19,395	3,500,000	19,395	3,500,000
6 KOTAK 50 EQUITY SCHEME–GROWTH	21,795	2,004,366	21,795	2,004,366
7 RELIANCE RSF–EQUITY PLAN–GROWTH	176,805	5,000,000	176,805	5,000,000
8 RELIGARE PSU EQUITY FUND–GROWTH	250,000	2,500,000	250,000	2,500,000
9 TATA PURE EQUITY FUND–GROWTH	–	–	66,488	5,972,282
		<u>27,004,366</u>		<u>32,976,648</u>
B) Investments in Debenture (Unquoted)				
1 Redeemable NCD of Citicorp Finance India	–	2,500,000	–	2,500,000
		<u>2,500,000</u>		<u>2,500,000</u>
C) Other Investments				
1 Indra Vikas Patra	–	6,500	–	6,500
		<u>6,500</u>		<u>6,500</u>
Gross Total		<u>394,284,007</u>		<u>400,077,401</u>
#Particulars of Investment in associate company				
Name of Associate Company				
A) Bhartiya Urban Infrastructure & Land Development Co Pvt Ltd		29.60%		29.60%
Cost of acquisition		280,000,000		280,000,000
Share of post acquisition reserves & surplus		(35,286,859)		(35,415,747)
Carrying Value		<u>244,713,141</u>		<u>244,584,253</u>
B) TADA Mega Leather Cluster Pvt. Ltd.		50%		–
Cost of acquisition		50,000		–
Share of post acquisition reserves & surplus		–		–
Carrying Value		<u>50,000</u>		<u>–</u>

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
15 LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Security and Other Deposits	8,264,916	9,198,179
(b) Other Advances	10,542,166	8,402,866
TOTAL	18,807,082	17,601,045
16 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	1,010,221	1,231,957
(b) Other Advances	21,000	21,000
TOTAL	1,031,221	1,252,957

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2013	NO OF SHARES/UNITS	As at 31 st March, 2012
17 CURRENT INVESTMENTS				
i) In Equity Shares Quoted, fully paid up				
1 ADANI PORT & SEZ LTD	5,000	671,576	-	-
2 AXIS BANK LTD	400	493,968	400	493,968
3 BAYER CROPSCIENCE LTD	-	-	1,000	546,878
4 BHARAT HEAVY ELECTRICALS LTD	-	-	500	1,195,933
5 BHARATI SHIPYARD LTD	-	-	2,500	711,886
6 CAIRN INDIA LIMITED	2,000	651,080	-	-
7 CENTURY TEXTILES LTD	-	-	1,500	532,345
8 CESC LIMITED	2,500	700,734	-	-
9 CITY UNION BANK LTD	15,164	255,001	11,778	221,141
10 DLF LTD	1,730	761,576	1,730	761,576
11 DR. REDDY LABORATORIES LTD	-	-	315	499,322
12 EXIDE INDUSTRIES LTD	5,000	687,216	-	-
13 GSFC LIMITED	5,000	397,979	-	-
14 GUJARAT GAS CO LTD	1,000	307,512	-	-
15 HDFC LIMITED	500	382,505	-	-
16 HINDALCO INDUSTRIES	5,000	617,993	-	-
17 HINDUSTAN COPPER LIMITED	5,000	719,821	-	-
18 HINDUSTAN ZINC LTD	4,000	503,299	4,000	503,299

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2013	NO OF SHARES/UNITS	As at 31 st March, 2012
19 ICICI BANK LTD	375	406,421	1,000	787,000
20 IDFC LTD	–	–	5,000	723,986
21 INDIABULLS POWER LTD	–	–	20,000	618,127
22 INDIAN OVERSEAS BANK	5,000	417,952	–	–
23 INFOSYS TECHNOLOGIES LTD	500	1,471,355	500	1,471,355
24 ING VYSYA BANK LTD	500	258,524	–	–
25 JINDAL STEEL & POWER LTD	2,000	1,039,409	1,000	611,801
26 KCP SUGAR & INDUSTRIES CORPORATION LTD	–	–	16,000	498,073
27 KARUR VYSYA BANK LTD	–	–	2,092	742,708
28 LARSAN & TOUBRO LTD	200	331,768	1,000	715,569
29 LUPIN LIMITED	1,000	603,378	–	–
30 MAX INDIA LTD	2,500	597,680	–	–
31 NMDC LIMITED	5,000	799,829	–	–
32 NEYVELI LIGNITE CORPORATION LTD	–	–	3,250	502,040
33 NHPC LTD	–	–	20,000	669,801
34 NTPC LTD	–	–	5,000	1,032,922
35 ONGC	2,500	712,548	–	–
36 PUNJAB NATIONAL BANK	1,000	821,947	–	–
37 RAYMOND LTD	–	–	2,500	573,747
38 RELIANCE CAPITAL LTD	1,000	811,186	1,000	811,186
39 RELIANCE INDUSTRIES LTD	475	499,159	475	499,159
40 RELIANCE INFRASTRUCTURE LTD	350	350,903	350	350,903
41 STATE BANK OF INDIA	500	1,378,233	500	1,378,233
42 STERLITE INDUSTRIES (INDIA) LTD	–	–	4,000	769,386
43 TATA CONSULTANCY SERVICES LTD	300	396,649	–	–
44 TATA COMMUNICATIONS LTD	–	–	2,500	934,944
45 TATA MOTORS LTD	–	–	2,500	512,903
46 TATA STEEL LTD.	3,100	1,799,754	3,100	1,799,754
Total		19,846,955		21,469,945

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2013	NO OF SHARES/UNITS	As at 31 st March, 2012
ii) In Equity Shares Unquoted, fully paid up				
1 Sai Rayalaseem Paper Mills Ltd	31,792	386,273	31,792	386,273
Total		386,273		386,273
Grand Total		20,233,230		21,856,218
Less:- Provision for diminution in the value of Investments		8,124,756		8,124,756
TOTAL CURRENT INVESTMENTS		12,108,472		13,731,462
Aggregate amount of quoted Investments		11,722,199		13,345,189
Market value of quoted Investments		16,633,194		18,566,012
Aggregate amount of unquoted Investments		386,273		386,273

Amount in Rs.

PARTICULARS	As at 31 st March, 2013	As at 31 st March, 2012
18 INVENTORIES		
As Valued and Certified by the management		
(a) Raw Materials	849,082,661	711,157,293
(b) Finished Goods	100,914,365	106,339,846
(c) Work In Progress	131,135,514	131,135,514
TOTAL	1,081,132,540	948,632,653
19 TRADE RECEIVABLES		
(a) Unsecured, considered good	375,886,349	249,455,287
TOTAL	375,886,349	249,455,287
19.1 The Company has filed legal Suit for recovery of Rs. 67,12,337/- against Customers. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.		
20 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
– In Current Accounts	114,968,285	77,906,336
– In Fixed Deposits	33,819,853	31,214,017
(b) Cash on Hand	5,315,307	4,682,569
TOTAL	154,103,445	113,802,922

20.1 Balances with banks Includes Unclaimed Dividend of Rs. 1,237,072/-(Previous year Rs. 1,369,348/-)

20.2 Fixed deposits of Rs. 31,838,071/- (previous year Rs 29,070,242/-) are pledged with the banks for various limits and facilities granted.

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2013	As at 31st March, 2012
21 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Advance Tax/TDS	23,209,453	19,704,449
(b) Vat Receivable	31,118,072	28,304,295
(c) Prepaid Expenses	6,552,849	1,476,862
(d) Export Incentive Receivable	34,020,571	43,744,241
(e) Other Advances	112,043,810	89,415,422
TOTAL	206,944,755	182,645,269
22 OTHER CURRENT ASSETS		
(a) Preliminary Expenses	221,736	221,736
(to be written off in next year)		
TOTAL	221,736	221,736
		Amount in Rs.
PARTICULARS	Year Ended	
	31st March, 2013	31st March, 2012
23 REVENUE FROM OPERATION		
(a) Sales	2,824,784,161	2,324,442,242
(b) Export Incentive	205,818,750	182,289,449
TOTAL	3,030,602,911	2,506,731,691
24 OTHER INCOME		
(a) Dividend Income	678,498	908,294
(b) Profit on sale of Investments	714,881	2,260,078
(c) Rental Income	21,534,739	20,064,000
(d) Other Income	8,645,296	(40,402)
TOTAL	31,573,414	23,191,970
25 RAW MATERIAL CONSUMPTION		
Opening Stock	711,001,258	466,005,925
Add : Purchases	1,219,552,622	1,174,995,333
	1,930,553,880	1,641,001,258
Less : Closing Stock	848,892,661	711,001,258
Raw Material Consumption	1,081,661,219	930,000,000

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
26 CHANGE IN INVENTORIES OF FINISHED GOODS		
(a) Opening Stock	106,339,846	153,292,876
(b) Closing Stock	100,914,365	106,339,846
Decrease/(Increase)	5,425,481	46,953,030
27 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	177,996,780	138,285,926
(b) Contribution to Provident & Other fund	3,219,193	7,286,301
(c) Staff Welfare Expenses	9,912,542	6,667,865
TOTAL	191,128,515	152,240,092
28 FINANCE COST		
(a) Interest & Other financial charges	104,716,176	86,573,817
(b) Loss on foreign currency transactions	13,822,074	16,589,753
TOTAL	118,538,250	103,163,570
29 DEPRECIATION AND AMORTISATION		
(a) Depreciation	32,141,203	28,648,308
(b) Preliminary Expenses W/off	221,736	221,736
TOTAL	32,362,939	28,870,044
30 OTHER EXPENSES		
(I) Manufacturing Expenses		
Job work/Fabrication charges	415,169,510	404,934,316
Wages	1,542,179	1,317,833
Freight & Cartage	14,996,957	16,585,379
Other Manufacturing Expenses	10,831,106	6,596,969
(II) Selling & Administrative Expenses		
Rent	11,324,797	13,417,722
Travelling	46,906,310	36,896,896
Power & Fuel	19,041,028	16,424,375
Insurance	3,312,918	2,512,983
Freight Outward	37,760,152	38,119,310
Commission, Brokerage & Discount	20,853,989	18,900,946
Repair & Maintenances	15,242,003	11,092,553
Miscellaneous Expenses	29,910,441	29,269,167
Communication Cost	8,066,119	6,862,618
Consultancy Charges	45,276,604	34,842,443
Rates, Taxes & Duties	3,822,492	3,421,643
Auditors Remuneration	1,300,418	1,100,434
Loss on sale of fixed assets	1,399,112	435,800
Directors Meeting Fees	121,043	99,500
Packing Expenses	15,308,012	11,697,703
TOTAL	702,185,190	654,528,590

BHARTIYA INTERNATIONAL LTD.

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
31 TAX EXPENSE		
I) Current Tax		
(a) Current Year Tax	34,398,969	37,672,363
(b) Tax For earlier Year	3,335,147	4,079,875
	37,734,116	41,752,238
II) Deferred Tax		
(a) Related To Fixed Assets	4,403,976	3,820,238
(b) Related To Capital losses	1,201,769	45,210
(c) Related To losses	–	(164,313)
(d) Related to gratuity/bonus	–	(73,882)
	5,605,745	3,627,253

32 NOTES TO ACCOUNTS

32.1 Previous Year figures has been regrouped/reclassified wherever necessary to conform to the Present Period Presentation.

32.2 CONTINGENT LIABILITIES AND COMMITMENTS

PARTICUALRS	Amount in Rs.	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	24,784,958	65,915,484
2 Contingent liabilities not provided for		
a) Letter of Credit outstanding –	228,251,468	23,956,771
b) Standby Letter of credit (SBLC) issued by company's banker in favour of the bankers of its subsidiaries		
– Ultima Italia SRL	41,982,000	41,304,000
– Ultima S A	83,964,000	55,072,000
– World Fashion Trade Ltd. Hongkong	19,096,000	17,986,500
c) Bills discounted with banks	37,533,923	16,605,219
d) Other Guarantee given by Banks	3,105,000	550,000
e) Corporate Guarantee given by the companies to banks against facilities granted by that bank to its wholly owned subsidiaries		
– Ultima Italia Srl	69,970,000	41,424,500
f) Corporate Guarantee given by subsidiaries companies to banks against facilities given by banks to its holding companies	690,000,000	455,000,000
g) Income tax matters under dispute	12,225,782	12,225,782
DVAT demand Under dispute	284,507	–

BHARTIYA INTERNATIONAL LTD.

32.3 As a result of timing difference of the financial statements of the overseas subsidiaries, the following inter –group balances/transactions could not be eliminated and hence appear in the consolidated figures:

		Amount in Rs.	
PARTICUALRS		Year Ended 31st March, 2013	Year Ended 31st March, 2012
i)	Purchase	–	3,040,544
ii)	Sales	43,253,410	3,744,839
iii)	Other Expenses	250,768	342,250
iv)	Advances	7,893,774	–
v)	Debtors	14,612,761	14,408,136
vi)	Creditors	1,800,261	–

32.4 Transactions with related parties during the financial year and outstanding balances as on 31.3.13

Names of related parties and description of relationship

1	Associated Parties	Bhartiya Prakash Leather Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd. Itopia Management Services (India) Pvt. Ltd. Bhartiya City Developers Pvt Ltd Tada Mega Leather Cluster Pvt. Ltd.
2	Key Management Personnel	Snehdeep Aggarwal Jaspal Sethi Ramesh Bhatia C. L. Handa Shashank A. Sahasranaman Nikhil Aggarwal Manoj Khattar A. K. Gadhok Sandeep Seth A.P.S. Narag Walter W Zwahlen V.K.Chopra
3	Relatives of Key Management Personnel	Kanwal Aggarwal Arjun Aggarwal

Transactions with related parties during the financial year and outstanding Balance as on 31st March, 2013

PARTICULARS	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprise undersignificant influence of key management Personnel or their relative	Amount in Rs. Total
Lease Rent/Rent	–	–	480,000	–	480,000
	–	–	(480,000)	–	(480,000)
Ticketing	9,960,248 (7108458)	–	–	–	9,960,248 (7,108,458)
Sitting Fees	–	121,043 (99,500)	–	–	121,043 (99,500)
Salaries	–	10,909,230 (9,434,092)	360,000 (360,000)	–	11,269,230 (9,794,092)

BHARTIYA INTERNATIONAL LTD.

PARTICULARS	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprise undersignificant influence of key management Personnel or their relative	Amount in Rs. Total
Lease Rent Received	19,368,000	-	-	-	19,368,000
	(19,368,000)	-	-	-	(19,368,000)
Outstanding Balance					
in capital a/c partnership	50,000	-	-	-	50,000
	(50,000)	-	-	-	(50,000)
in current a/c –partnership	621,529	-	-	-	621,529
	(628,389)	-	-	-	(628,389)
Trade Payables	1,181,062	68,258	36,000	-	1,285,320
	(242,678)	(100,258)	(36,000)	-	(378,936)
Advances Paid	4,807,785.00	-	-	-	4,807,785.00
	(1,950,340)	-	-	-	(1,950,340)
Security Deposit Received	14,526,000	-	-	-	14,526,000
	(14,526,000)	-	-	-	(14,526,000)

32.5 As per the incorporation documents of BIL Group LLC, Bhartiya international Ltd is the sole member having 100% membership interest and the entire investment has been represented as members capital contribution. An LLC for income tax purposes in USA under the IRS can elect to be taxed as either a partnership or as a separate corporate entity. In the selection of being taxed as a partnership, the LLC is a pass through entity and the members get taxed on their share of the profit/loss. BIL Group LLC has, adopted to be taxed as a partnership and hence Bhartiya International Ltd being the sole member, shall be taxed for the full profit or loss in USA. The financial year closure of this LLC is 31st December 2012 and it has reported a loss of USD 3002/- (Rs.162979/-) in its financial year ended 31st December 2012. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 3002/- (Rs 162979/-) in BIL Group LLC and shall claim deduction of this loss against its Income Tax liability in India.

32.6 In the opinion of the Directors, the Current Assets, Long Term Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

32.7 Details of Managerial Remuneration to Managing Director & Whole Time Directors

		Amount in Rs.	
PARTICULARS		Year Ended 31st March, 2013	Year Ended 31st March, 2012
a) Salary & Allowances		10,669,842	9,211,444
b) Contribution to Provident Fund		9,360	9,360
c) Other emoluments		230,028	222,648
		10,909,230	9,443,452

32.8 Earning Per Share (EPS)

The Following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for the year ended 31st March, 2013 and the year ended 31st March, 2012:

BHARTIYA INTERNATIONAL LTD.

PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Income available to Equity Shareholders	101,387,082	114,519,335
No of Shares at the beginning of the Year (A)	10,463,848	9,463,848
Equity allotted during the year	600,000	1,000,000
Weighted Average Shares (B)	384,657	592,896
Weighted Average Shares Outstanding (nos)(A+B)	10,848,505	10,056,744
Add: adjustment for warrants convertible into Equity Shares	45,283	–
Weighted Average number of equity shares for Diluted EPS	10,893,788	10,056,744
Nominal Value per share	10	10
Earnings per share (Basic)	9.35	11.39
Earnings per share(Diluted)	9.31	11.39

32.9 SEGMENT INFORMATION

a) Business Segments

Based on similarity of activities/products , risk and reward structure, organisation structure and internal reporting systems , the Company has structured its operations into more than one segment during the year.

b) Geographic Segments

Operation of the Company do not qualify , for reporting as geographic segments , as per the criteria set out under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India

Rs. In Lacs

	Leather Products	Textile Apparels	Others	Unallocable	Total
a. Segment Revenue	26,383.13	3,922.90	–	315.37	30,621.40
	(22669.83)	(2097.45)	(300.04)	(231.92)	(25299.24)
b. Segment Results	2,793.46	284.65	(49.60)	315.73	3,344.24
	(2740.88)	(240.16)	(28.62)	(231.92)	(3241.58)
c. Less: Unallocable expenses net of Income					854.83
					(766.31)
d. Operating Profit					2,489.41
					(2475.27)
e. Less:- Interest					1,047.16
					(865.74)
f. Profit before Taxes					1,442.25
					(1609.53)
g. Provision for taxation (Current Tax & Deferred Tax)					433.40
					(453.79)
h. Profit after Taxes					1,008.85
					(1155.74)
i. Capital Employed	6,489.05	371.29	1,393.96	5,987.48	14,241.78
	(5887.83)	(234.01)	(1363.64)	(5658.16)	(13143.64)

32.10 Debit and Credit balances of parties are subject to their confirmation.

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Firm Registration No. 014969N
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Partner
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2013

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