

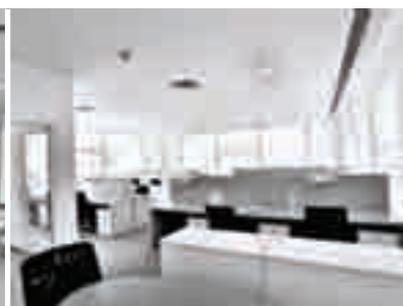
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2011 2012

ANNUAL REPORT

BHARTIYA



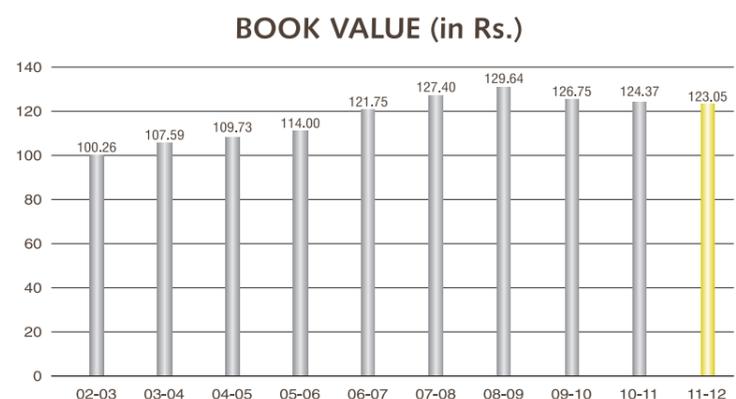
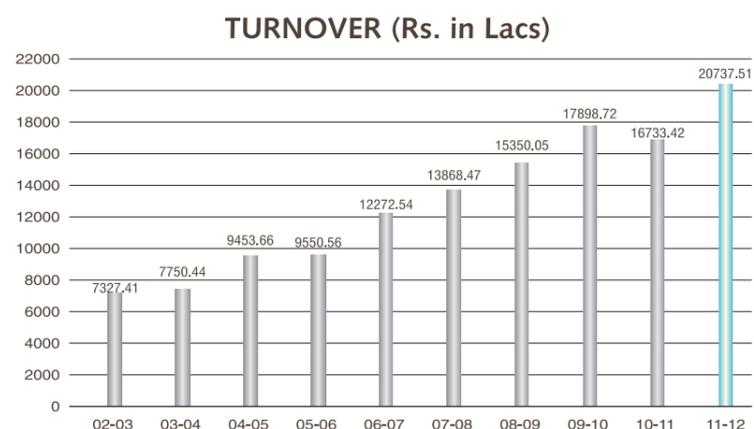
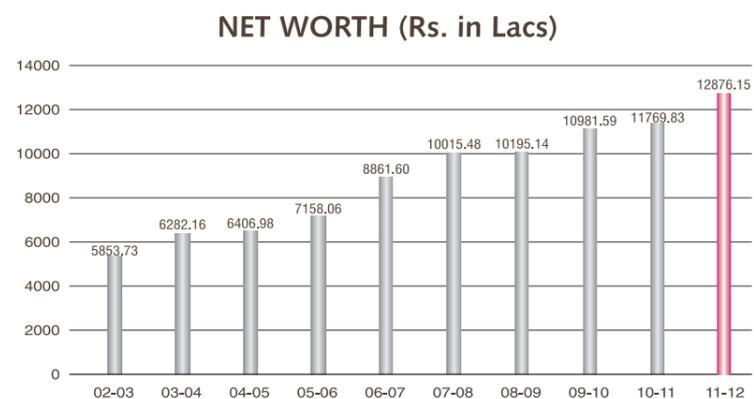


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Performance Highlights



Board of Directors

DIRECTORS

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

AUDITORS

Sushil Poddar & Co., New Delhi

BANKERS

Corporation Bank,
Citibank N.A.,
Royal Bank of Scotland,
IDBI Bank Ltd.,
ING Vysya Bank Ltd.
Chinatrust Commercial Bank

DELHI

Registered Office
E-52, New Manglapuri, Mandi Road
(Mehrauli), New Delhi-110 030, India
Ph.: 0091-11-46002100,
Fax: 0091-11-26803485
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
Ph.: 00852-2376 3611, Fax: 00852-2736 5115

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 Auvornier,
Switzerland
Ph : 0041-794186706, Fax : 0041-327313042

ITALY

Ultima Italia Srl, Branch: Via Dei Tigli, 4,
26010 Casaletto Vaprio (CR), Italy
Ph : 0039-0373-273411, Fax : 0039-0373-274148

CHINA

World Fashion Trade Ltd.
Room 510, Tower 8, United Plaza
No. 58, Qianjiang Road, Hangzhou,
China-310 008
Ph.: 0086-571-86584857,
Fax: 0086-571-86585057

CHENNAI

342, Nallambakkam Village,
Via-Vandalur, Chennai-600048
Ph.: +91-9551050418-21

BANGALORE

No. 27/2, Gottigere, Bannerghata Road,
Bangalore-560 083 India
Tel : 080-43534555, Fax : 080-40955065



From the chairman

“Good design aids good living.”

Dear Shareholders,

International macro-economic developments in the past year have had a mixed impact on the Leather sector in India. We continued to see a recessionary overhang in some of our developed world consumer markets. Wages in Southern China, which had gone up significantly in recent years (crossing Indian wage levels), had relatively marginal change. As a consequence, many large brands continued to look for sourcing opportunities outside China. Transnational manufacturers of Korean and Taiwanese origin have also continued to try shifting manufacturing facilities out of China. Significantly, the growth of the Chinese consumer market has led to many Chinese factories focusing on the domestic market. Leather sector wages in India continue to be competitive vis-à-vis China.

Given this background, Bhartiya continues to find new avenues for growth for each of our verticals. New customers have been added in our Leather apparel business, including brands sourcing from India for the first time. Our Italian subsidiary offers non-leather outerwear of our own design, which is produced in China. Our accessories factory in our SEZ at Tada is ready, and represents adequate infrastructure base to drive growth for the next five years. We are also offering dedicated production facilities for large prospective accessory brands, with prospective deals in the pipeline. Our Textile Apparel vertical started a sourcing office in Dhaka in the previous fiscal. In the past year, this office has stabilised operations and is driving business for its own dedicated customers.

Your company has continued its strategic transformation exercise intended to further its evolution from a leather centric apparel manufacturer to an integrated fashion business. Productivity improvement initiatives in our Apparel factories were promising, and will continue into the next year. Our Corporate team saw the induction of senior professionals with extensive international corporate experience. This augmentation of our human resource base will help Bhartiya's transition to a diversified group. Our diversification news stays positive. Our flagship project “Bhartiya City” made noteworthy progress, with ground breaking for our IT SEZ project there. Lastly, your company has shifted to its new corporate office in Gurgaon. This new office, of contemporary design and energy efficient layout, embodies our belief that good design aids good living and working.

Bhartiya, through its core and future business lines, continues to aim at delivering innovative and intelligent solutions which improve the quality of life of our customers, and create long term shareholder value.

Snehdeep Aggarwal

Management Discussion and Analysis

Leather Apparel

Some recessionary overhang in key European markets meant that Retailers put their bi-annual collections under greater review, reducing width and depth in some cases compared to previous years. This consequently led to pressure on both order sizes and margins from some prestigious European buyers for whom we are a high volume preferred supplier. Your company, with its established sourcing capabilities, was successful in keeping raw material supplies under control. Supply chain fluctuations, though less severe than the previous fiscal, were controlled by adding suppliers from as far as South America. Strong sourcing coupled with significant efforts on product development, design and marketing, saw us delivering healthy margins along with a marginal increase in volumes, over previous fiscal.

Your company also added two large accounts to our customer portfolio. Our new factories in Ambur were the pilot sites for productivity improvement exercises, with promising results. These projects are also being rolled out in our older factories in Bangalore, and are likely to bring significant productivity gains in the coming year. Cost engineering overall will be crucial for our growth since uncertain economic outlook in Europe will continue to drive buyers to search for ever lower sourcing rates, with consequent pressure on our margins.

Leather Accessories

Over the past year, our list of customers has seen new clients, significantly driven by our product development efforts in both leather and non-leather bags. While our factory in Chennai is seeing a phased expansion of capacity for small leather goods, our first factory in the Special Economic Zone is ready. This infrastructure base is sufficient to sustain normative growth for the next five years. Our plan is to offer dedicated factories to large accessory brands, and we are aggressively pursuing a few sourcing deals in the pipeline, so as to achieve non-linear growth.

Textile Apparel

Post reorganisation, our textile apparel business is poised on the growth path. Continuing on the virtual factory model, our business line offers design based sourcing solutions using our design studio in Milan, and contract production facilities in Asia. The marketing team has been expanded to include France and Netherland based resources, with a consequent increase in business from large retailer customers in these two countries. The operations of the sourcing office in Dhaka are now stable, and this office is working on scaling business for its own dedicated clients. Cross selling across Textiles and Leather customers is also being run in close cooperation with our Italy office.

Fur and Outerwear

This business-line is based on outsourced manufacturing in China, linked to our operations in Italy via our subsidiary Ultima-Italia. The expansion of our product portfolio to Non-leather outerwear has progressed smoothly. Our strategy continues to be to leverage our existing relationships with prestigious brands in Europe to cross-sell these products.

One of the few companies in the world with vertically integrated production operations across the value chain for Leather (design, sourcing of hides, tanning and manufacturing products); Bhartiya continues to look for opportunities for direct retailing.





Our Company

Internal Control System

BIL has stable internal control systems for safeguarding and optimal utilization of company assets, validating all business transactions, ensuring integrity of financial reporting and compliance with statutory requirements. These controls are regularly reviewed for efficiency and effectiveness. The management of BIL takes appropriate action on recommendations made by statutory auditors and the Audit Committee.

Risk Management

BIL's risk management policy is based on robust strategic planning to mitigate strategic and market related risks, along a system of continual monitoring of key operational and financial risks. Given the continuing economic uncertainty in European markets, the Company takes proactive steps to protect volumes (experimenting with new leather solutions for retaining existing customers and attract new customers), secure its cash flows (monitor deliveries and payments). Financial risks (raw material prices, cost of production, currency fluctuations) are minimized through astute supply chain and financial operations.

Human Resources

Bhartiya has always believed that our most critical assets are our people. To support our assets, we continue to endeavour to build a culture of learning and development. Consequent to our strategic transformation exercise, we have hired highly experienced resources for CXO roles to drive the various growth initiatives of Bhartiya group as a whole. Alongside, we seek to develop and empower our people so as to ensure a future supply of leaders from within the organisation. Performance management systems and Talent management systems are accordingly being reviewed.

Cautionary Statement

Statements in the "Management Discussion and Analysis" describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward looking statements" within the meaning of applicable laws and regulations and are based on currently available information. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25th Annual Report and the Audited Financial Statements of the Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The financial results of the Company for the financial year ended 31st March, 2012 are as follows:

(Rs. in Lacs)			
Sl. No.	Particulars	2011-2012	2010-2011
1.	Net Sales /Income from Operations	20737.51	16733.43
2.	Other Income	232.35	199.61
3.	Total Expenditure	19109.03	15542.96
4.	Interest	556.03	397.70
5.	Gross Profit after Interest but before Depreciation & Tax Items	1304.80	992.38
6.	Depreciation	162.95	143.32
7.	Profit before Tax	1141.85	849.06
8.	Tax Expense	404.94	294.83
9.	Net Profit after Tax	736.91	554.23
10.	Paid up Equity Share Capital	1046.38	946.38
11.	Reserves (Excluding Revaluation Reserves)	11829.77	10823.45
12.	Earning Per Share (Basic) Rs.	7.33	6.39
13.	Earning Per Share (Diluted) Rs.	7.33	6.21
14.	Dividend	10%	10%

PERFORMANCE REVIEW

During the year under review, the Company achieved a turnover of Rs. 20737.51 Lacs as against Rs. 16733.43 Lacs in the previous year registering an increase of 23.92%. Gross profit after interest but before depreciation and tax has increase to Rs. 1304.80 Lacs as compared to Rs. 992.38 Lacs in the previous year. Net profit after Tax has increase to Rs. 736.91 Lacs from Rs. 554.23 in the previous year, showing an increase of 32.96 %.

DIVIDEND

Your Directors have recommended a Final Dividend of Rs.1.00/- i.e. @ 10% per paid-up equity share of Rs. 10/- each for the financial year ended 31st March, 2012.

SHARE CAPITAL

Authorized Share Capital

During the year the authorized share capital of the Company was increased from Rs. 170,000,000/- (Rupees Seventeen Crores) to Rs. 250,000,000/- (Rupees Twenty Five Crores) divided into 20,000,000 Equity Shares of Rs.10/- each and 500,000 Preference Shares of Rs. 100/- each.

Issued and paid-up Share Capital

During the year under review the Company allotted 1,000,000 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.104,638,480/-

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:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- b. 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, 2012 and of the profit of the Company for the financial year ended 31st March, 2012.

- 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

Mr. A. Sahasranaman, Mr. Shashank and Mr. Ramesh Bhatia retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Details of 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 the 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 Limited
2. The National Stock Exchange of India Limited

The Annual Listing fee for the Financial Year 2012- 2013 has already been paid to both the above mentioned 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.

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:

Your Directors place on record their gratitude to the valued customers, suppliers, bankers and shareholders for the assistance, co-operations and encouragement they extended to the Company.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all the employees of the Company resulting in the successful performance of the Company during the year.

For and on behalf of the Board

New Delhi, 30th May, 2012

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

ANNEXURE (A) 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 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, 30th May, 2012

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

**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	: 31.03.2012	31.03.2012	31.12.2011	31.12.2011	31.03.2012
(B) Holding Company's Interest Number of Shares	: 2,499,020 Equity Shares of Rs.10 each	1000 Shares of CHF 1,000	Members Contribution Rs. 69,704,950 US \$ 1,536,980	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. 628,965	CHF 160,678	USD (2,465)	HK\$ 237,882	Rs. (31,014)
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. (8,949,818)	CHF 2,438,870	USD 3,000	HK\$ (9,059,357)	Rs. (44,869)
(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	: 31.03.2012	31.03.2012	31.03.2012
(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			

BHARTIYA INTERNATIONAL LTD.

	Bhartiya International SEZ Ltd., Delhi	(a) J&J Leather Enterprises Ltd., Chennai	(b) Ultima Italia SRL, Italy
1. For the Financial year of the subsidiary	: Rs. 7,020,074	Rs.923,188	€ 11,327
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. (662,168)	Rs.6,768,688	€ 80,736
(ii) Dealt within the Holding Company's accounts			
1. For the financial year of the subsidiary	: -	-	-
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: -	-	€ (496,819)

(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, 30th May, 2012

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

BIL, believes that Corporate Governance is essentially a sound system by which Companies are directed, controlled and administered in the best interest of the stakeholders and others. A good Corporate Governance is not mere a legal compulsion but a way of life which enhances the reputation of the organization and makes it more attractive to customers, investors and suppliers.

The Corporate Governance framework in BIL is driven by adherence to ethical Standards for effective management and distribution of wealth and discharge of social responsibility for sustainable growth of all stakeholders including customer, employees and society at large.

During the Financial Year 2011-2012 , 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

The Board of the Company consists of nine Directors and six 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 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 of other Committees (2)
Mr. Snehdeep Aggarwal	Managing Director	6	Present	1	–
Mr. A. K. Gadhok	Executive Director (Whole-Time Director)	7	Present	1	–
Ms. Jaspal Sethi	Executive Director (Whole-Time Director)	3	Absent	1	–
Mr. Ramesh Bhatia	Non-Executive Director	3	Present	2	–
Mr. C. L. Handa	Non-Executive Director and Independent	6	Present	2	–
Mr. Sandeep Seth	Non-Executive Director and Independent	7	Absent	–	–
Mr. Shashank	Non-Executive Director and Independent	6	Absent	1	–
Mr. A. Sahasranaman	Non-Executive Director and Independent	6	Absent	4	–
Mr. Nikhil Aggarwal	Non-Executive Director	3	Absent	–	–

Notes:-

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

None of the Non-Executive Directors has any pecuniary relationship or transaction with the Company, except receiving sitting fees for attending the Board/Committee Meetings from the Company.

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:

4th April, 2011, 26th May, 2011, 8th August, 2011, 11th November, 2011, 9th January, 2012, 14th February, 2012 and 28th March, 2012.

The Secretarial standards relating to the Board, Committee, General Meetings and Dividend as specified by the Institute of Company Secretaries of India (ICSI) from time to time are complied and also the Budgets, performance of the business and various other information, including those specified under Annexure 1A of the Listing Agreement are placed before the Audit Committee and Board of Directors.

AUDIT COMMITTEE

(A) Terms of reference

The terms of reference of the Audit committee include those specified under revised clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956 such as to oversee the Company's financial reporting process and disclosure of its financial information, to recommend appointment of Statutory Auditors and fixation of audit fee, to review quarterly, half yearly and annual financial statements before submission to the Board and to advice and make recommendations to the Board on matters related to financial management of the Company, including Audit Reports, to review and discuss with Auditors about internal control system, major accounting policies & practices reviewing Companies financial and Risk management policies in compliance with Stock Exchange and legal requirements concerning financial statements and to carry out any other functions as is mentioned in the terms of reference to the Audit Committee.

(B) 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. C.L.Handa was the Chairman of the Audit Committee till 9th January, 2012 thereafter Mr. Sandeep Seth was appointed as the Chairman of the Audit Committee

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

Four Audit Committee Meetings were held during the financial year.

(C) Meetings and attendance during the financial year 2011-2012

Director	25.05.2011	6.08.2011	10.11.2011	13.02.2012
Mr. C.L.Handa	P	P	P	P
Mr. Sandeep Seth	P	P	P	P
Mr. Shashank	-	P	P	P

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.

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 2011-2012

Director	30.06.2011	30.9.2011	31.12.2011	31.03.2012
Mr. Sandeep Seth	P	P	P	P
Mr. C. L. Handa	-	P	P	P
Mr. Shashank	P	P	P	P

Total number of complaints/ communications received during the financial year were 40 (Forty 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, 2012.

SUBSIDIARY COMPANY

None of the subsidiary of the Company falls within the meaning of "Material Non-Listed Indian Subsidiary" as per Clause 49 (III) of the Listing Agreement.

REMUNERATION COMMITTEE

Remuneration Committee consist of three Non-Executive, Independent Directors. Mr. Sandeep Seth is the Chairman of the Remuneration 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 Committee are as under:-

- a) To approve the remuneration payable to the Managing Director ;
- b) To approve the remuneration payable to the Executive Directors of the Company;
- c) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/ approve.

The Company does not have any Employee Stock Option Scheme.

Remuneration Policy

The remuneration paid to Executive Directors is recommended by the Remuneration 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.

At the Board Meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. 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 allowance, Contribution to provident fund and other funds.

Remuneration to Executive Directors for the financial year 2011-2012 are as under:

Name of the Director	Salary (Rs.)*
Mr. Snehdeep Aggarwal	1,839,600
Ms. Jaspal Sethi	1,188,960
Mr. A. K. Gadhok	376,932

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

The details of sitting fees paid for attending the Board/ Committee Meetings to the Non-Executive Directors for the financial year 2011-2012 is as under: -

Name of the Director	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)
Mr. C. L. Handa	15,000	7,000	22,000
Mr. Ramesh Bhatia	7,500	-	7,500
Mr. A. Sahasranaman	15,000	-	15,000
Mr. Shashank	15,000	7,000	22,000
Mr. Sandeep Seth	17,500	8,000	25,500
Mr. Nikhil Aggarwal	7,500	-	7,500

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	8th February, 2012	12.00 Noon	Air Force Auditorium, Subroto Park, New Delhi-110010	2

BHARTIYA INTERNATIONAL LTD.

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
22 nd AGM	25 th September, 2009	11.00 A.M.	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001	1
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

(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

Mr. A. Sahasranaman, Mr. Shashank, and Mr. Ramesh Bhatia retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

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

Name	Mr. A.Sahasranaman	Mr. Shashank	Mr. Ramesh Bhatia
Date of Birth	18.03.1948	27.07.1944	9.12.1947
Date of Appointment	30.6.2008	30.07.2007	6.9.1987
Qualifications	MA(Economics)	M.Sc.(Physics)	Science Graduate
No. of shares held in the Company	-	-	340250
Expertise in Special function areas	Rich Expertise in Leather Sector and served in UNDP & UNIDO Promoting Leather Sector in India. Also served in the J&K Cadre of IAS	Retd. Foreign Secretary from the Government of India	Business Management
List of outside Directorships as on 31-03-2012(in Public Companies and Subsidiary of Public Companies)	1. Bafna Pharmaceutical Ltd. 2. Indian Leather Industry Foundation 3. Bafna Lifestyles Remedies Ltd. 4. Chennai Environmental Management Company of Tanners	1. Hindustan Gum and Chemicals Ltd.	1. Bhartiya Global Marketing Ltd. 2. Indian Exchange Ltd.
Chairman/ Member of the Board Committees of the Companies on 31-03-2012	-	Bhartiya International Ltd. a) Audit Committee b) Shareholders' / Investors' Grievance Committee c) Remuneration Committee	-

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) 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. bhartiya.com](http://www.bhartiya.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, 2012.

Sd/-
Snehdeep Aggarwal
Managing Director

New Delhi, 30th May, 2012

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, 2012 has been placed before the Board in their meeting held on 30th May, 2012 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 the 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.bhartiya.com.

CORPORATE FILING

As required under Clause 52 of the Listing Agreement all data relating to quarterly financial results, shareholding pattern etc. are being electronically filed on the Corporate filing Website i.e. www.corpfiling.co.in within the prescribed time-frame in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS FORMS PART OF THIS ANNUAL REPORT.

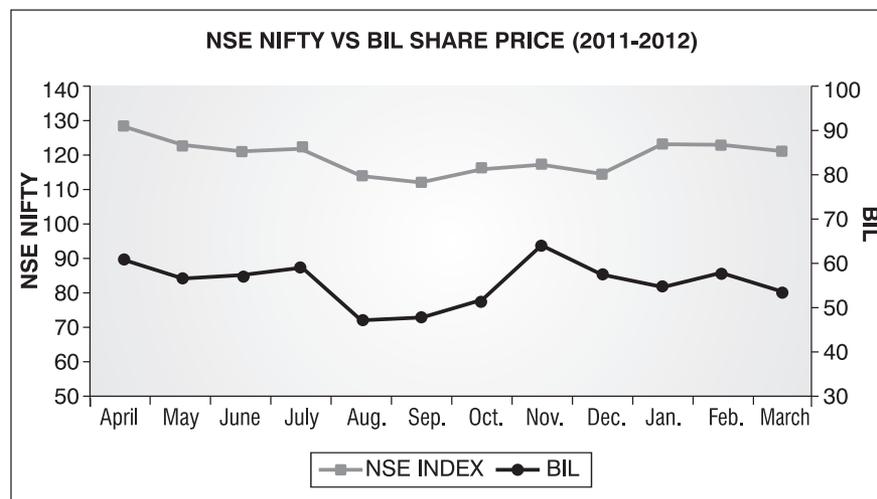
GENERAL INFORMATION FOR SHAREHOLDERS

1. **AGM: Date, Time and Venue** : Thursday, 27th September, 2012, 11.00 a.m.
at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road,
Institutional Area, New Delhi-110 003.
2. **Financial Calendar for 2012-2013**
Financial year - April to March
Results for Quarter ending 30th June, 2012 : by 14th of August, 2012
Results for Quarter ending 30th Sep., 2012 : by 14th of November, 2012
Results for Quarter ending 31st Dec., 2012 : by 14th of February, 2013
Year ending 31st March, 2013, : by the end of May, 2013
3. **Book Closure** : Monday the 24th September, 2012
to Thursday the 27th September, 2012
(both days inclusive)
4. **Dividend Payment** : on or before 26th October, 2012
if declared at Annual General
Meeting on 27th September, 2012
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 - EQ)
The Annual listing fee for the year 2012-2013 has been duly paid to both the Stock Exchanges.
Demat ISIN Number for NSDL & CDSL - INE 828A01016

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 2011	67.80	54.15	October 2011	56.50	47.15
May 2011	60.35	52.65	November 2011	76.20	52.00
June 2011	64.50	50.30	December 2011	64.10	51.35
July 2011	63.75	55.00	January 2012	58.00	51.70
August 2011	56.30	38.40	February 2012	62.20	53.45
September 2011	52.90	42.35	March 2012	58.95	49.15

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



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 & Mr. 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, 2012 there was no Equity Share pending for Transfer, also there was no Demat Request pending as on 31st March, 2012.

9. Distribution of Shareholding as on 31st March, 2012

No. of Shares	SHAREHOLDERS		SHAREHOLDING	
	Number	% to total	Number	% to total
Upto - 250	6563	84.076	460768	4.403
251 - 500	557	7.136	223128	2.132
501 - 1000	319	4.087	260486	2.489
1001 - 2000	149	1.909	227412	2.173
2001 - 3000	62	0.794	154332	1.475
3001 - 4000	33	0.423	120887	1.156
4001 - 5000	26	0.333	121321	1.159
5001 - 10000	34	0.436	237082	2.267
10001 & above	63	0.806	8658432	82.746
	7806	100.000	10463848	100.000

10. Shareholding Pattern as on 31st March, 2012

Category	No. of Shares held	% of Paid up Capital
Promoters Holding	1476412	14.10
Persons acting in concert	3056224	29.21
Mutual Funds	3200	0.03
Banks	300	0.01
NRIs/OCBs	260122	2.49
Indian Corporate Bodies	3556782	33.99
Indian Public	2110808	20.17
Total	10463848	100.00

- 11. Registrar & Share Transfer Agent** : MAS Services Ltd.
(For both Physical & T-34, 2nd Floor,
Electronic Transfer etc.) 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, 2012, 65.99% of the Paid-up Equity Share Capital has been dematerialized.
- 13. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity** : on 31.3.2012, 6,00,000 warrants are outstanding which will be converted into Equity Shares and would result in the increased Paid-up Equity capital to Rs. 110,638,480/-
- 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.: 011-46002100
Fax No.: 011-26803485 E-mail: shares@bhartiya.com

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, 2012, Profit and Loss Account , Cash Flow Statement and the Directors' Report for the Financial Year 2011-12 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 2011-2012 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.

New Delhi, 30th May, 2012

Snehdeep Aggarwal
Managing Director

Manoj Khattar
Vice President

AUDITOR'S CERTIFICATE

To,
The Members
Bhartiya International Ltd.

We have examined the compliance of Conditions of Corporate Governance by Bhartiya International Ltd. ("the Company") for the financial year ended on 31st March, 2012 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
Prop.
M.No. 94479
New Delhi, 30th May, 2012

AUDITORS' REPORT

To
The Members of
Bhartiya International Ltd.

1. We have audited the attached Balance Sheet of M/s Bhartiya International Ltd. as on 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date attached thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of these books;
 - c) The Balance Sheet, Profit and Loss and Cash flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - e) Based on the representations made by all the Directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima facie, have any disqualification as referred to in clause (g) of sub-Section (1) to Section 274 of the Companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account 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), and read together with significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012.
- ii) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- iii) In the case of the Cash Flow Statement of the cash flow for the year ended on that date.

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

S. K. Poddar
Prop.
M. No. 94479
New Delhi, 30th May, 2012

ANNEXURE TO AUDITORS' 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 regards 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 notices on verification of inventory as compared to book records were not material and these have been properly dealt with in the books or 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, 1956. 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. 91,202,421/- and the year end balance of loan granted to them was Rs. 89,800,090/-
- (c) The company has granted an interest free unsecured loan of Rs. 89,800,090/- to its wholly owned subsidiaries. In our opinion, having regard to the long term involvement with the wholly owned subsidiaries and according to the explanation 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 of 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.

BHARTIYA INTERNATIONAL LTD.

- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed records with a view to determine whether they are accurate or complete.
- 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 explanation given to us, no undisputed amounts payable in respect of the statutory dues referred to above were in arrears, as at 31st March, 2012 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 & 2004-05	Hlgh Court

- 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, banks or debentures 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 or 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 transaction relating to investment to shares/mutual funds, the company has maintained proper records and timely entries have been made and the investments are hold in the name of the Company.
- xv. In our opinion, the terms and condition 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 terms 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.**

Firm Registration No. 014969N
Chartered Accountants

S. K. Poddar

Prop.

M. No. 94479

New Delhi, 30th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	Amount in Rs.	
		As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	104,638,480	94,638,480
(b) Reserves and Surplus	3	1,182,977,388	1,082,345,068
2 Share Application Money/Share Warrants			
Pending Allotment	4	9,000,000	25,800,000
3 Non-Current Liabilities			
(a) Long-Term Borrowings	5	88,300,295	61,988,651
(b) Deferred Tax Liabilities	6	21,334,948	16,920,442
(c) Other Long-Term Liabilities	7	14,526,000	14,526,000
(d) Long-Term Provisions	8	9,958,082	5,276,162
4 Current Liabilities			
(a) Short-Term Borrowings	9	574,365,468	534,499,732
(b) Trade Payable	10	279,918,907	216,759,251
(c) Other Current Liabilities	11	37,771,895	50,724,198
(d) Short-Term Provisions	12	46,637,145	54,570,440
TOTAL		2,369,428,608	2,158,048,424
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		402,795,979	377,304,095
(ii) Intangible Assets		855,429	666,960
(iii) Capital Work In Progress		75,344,713	20,091,357
(b) Non Current Investments	14	685,160,886	688,146,513
(c) Long Term Loans And Advances	15	100,071,707	95,056,871
(d) Other Non-Current Assets	16	321,600	-
2 Current Assets			
(a) Current Investments	17	13,731,462	24,355,148
(b) Inventories	18	744,307,153	553,229,509
(c) Trade Receivables	19	70,231,126	82,702,365
(d) Cash & Cash Equivalents	20	70,900,276	74,470,385
(e) Short Term Loans and Advances	21	205,668,077	242,025,221
(f) Other Current Assets	22	40,200	-
TOTAL		2,369,428,608	2,158,048,424

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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Amount in Rs.			
Income:			
Revenue From Operations	23	2,073,751,205	1,673,342,843
Other income	24	23,234,948	19,961,944
Total Revenue		2,096,986,153	1,693,304,787
Expenses:			
Cost of Raw Material Consumed	25	1,002,594,201	925,840,998
Purchases of Stock In Trade		162,543,545	115,494,373
Changes in Inventories of Finished Goods	26	53,917,689	(74,742,985)
Employee Benefits Expenses	27	90,224,633	66,353,122
Finance Cost	28	71,047,657	40,512,871
Depreciation and Amortization Expense	29	16,294,537	14,331,695
Other Expenses	30	586,178,509	520,608,350
Total Expenses		1,982,800,771	1,608,398,424
Profit Before Tax		114,185,382	84,906,363
Tax Expense:			
	31		
Current Tax		36,079,875	25,308,429
Deferred Tax		4,414,506	4,174,764
Profit for the year		73,691,001	55,423,170
Earnings Per Equity Share:			
(1) Basic		7.33	6.39
(2) Diluted		7.33	6.21
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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

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

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	114,185,382	84,906,363
Adjusted for :		
Depreciation / Amortisation Expenses	16,294,537	14,331,695
Financial Costs	76,357,601	53,052,257
Effect of Exchange rate change	15,444,812	742,692
Loss / (Profit) on sale of fixed assets (net)	476,898	435,190
Loss / (Profit) on sale of Investments (net)	(2,262,654)	(10,478,188)
Dividend Income	(908,294)	(994,256)
Rental Income	(20,064,000)	(8,489,500)
	85,338,900	48,599,890
Operating profit before Working Capital Change	199,524,282	133,506,253
Adjustment for :		
Inventories	(191,077,644)	(232,021,189)
Trade and Other Receivables	12,471,239	(42,578,442)
Loans and Advances	7,946,931	(23,596,517)
Trade and Other Paybles	68,811,826	40,344,458
	(101,847,648)	(257,851,690)
Cash generated from operations	97,676,634	(124,345,437)
Income Tax Paid (net of refund)	(22,667,089)	(31,252,514)
Financial Costs	(39,406,590)	(19,998,055)
Cash flow before extra-ordinary items	35,602,955	(175,596,006)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	35,602,955	(175,596,006)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/(Purchases) of Investment (Net)	15,871,967	14,352,736
Dividend received	908,294	994,256
Rent Received	20,064,000	8,489,500
Sale of Fixed Assets	1579559	814,692
Purchase of fixed assets/Capital W.I.P.	(99,244,503)	(84,775,502)
Preliminary Expenses Incurred	(402,000)	-
Security Deposit	-	14,526,000
NET CASH USED IN INVESTMENT ACTIVITIES	(61,222,683)	(45,598,318)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	26,855,197	251,968,223
Repayment of Long Term Borrowings	26,311,644	(24,999,293)
Finance Cost Paid	(52,395,823)	(33,796,894)
Share Capital Issue Proceeds (Including Share Premium)	49,800,000	34,400,000
Advance Subscription Adjusted (Net)	(16,800,000)	10,750,000
Dividend paid (including dividend tax)	(11,721,399)	(10,162,499)
NET CASH USED IN FINANCING ACTIVITIES	22,049,619	228,159,537
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		
Cash and Cash Equivalents-Opening Balance	74,470,385	67,505,172
Cash and Cash Equivalents- Closing Balance	70,900,276	74,470,385

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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012****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 financing 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 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.

NOTES (CONTD.)**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 cost or market value.

k) Taxation

Provision for tax for the year comprises current Income Tax and Wealth Tax determined to be payable in respect of taxable Income / Wealth 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 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.

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.

NOTES (CONTD.)

	Amount in Rs.	
PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
2 SHARE CAPITAL		
Authorised Share Capital		
a) 20,000,000 (Previous Year 12,000,000) Equity Shares of Rs. 10/- each	200,000,000	120,000,000
b) 500,000 (Previous Year 500,000) Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	250,000,000	170,000,000
Issued, Subscribed & Paid up :		
a) 10,463,848 (Previous Year 94,63,848) equity shares of Rs.10/- each fully paid Up	104,638,480	94,638,480
	104,638,480	94,638,480

2.1 The details of Shareholders holding more than 5% shares

	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2011
Name of the share holders	No. of Shares	% of Holding	No. of Shares	% of Holding
(a) Snehdeep Aggarwal	1,136,162	10.86	1,130,162	11.94
(b) Bharitya Infotech Pvt Ltd	1,000,000	9.56	800,000	8.45
(c) Bhartiya Global Holdings Pvt Ltd	850,000	8.12	550,000	5.81
(d) Bhartiya Finstock Pvt Ltd	550,000	5.26	550,000	5.81
(e) Quantum Securities Pvt Ltd	-	-	521,125	5.51
(f) Spirit Impex Pvt Ltd.	1,200,000	11.47	800,000	8.45
(g) Arjun Aggarwal	496,150	4.74	496,150	5.24

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

	As at 31st March, 2012	As at 31st March, 2011
Particulars	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	9,463,848	8,663,848
Shares Issued during the year	1,000,000	800,000
Shares outstanding at the end of the year	10,463,848	9,463,848

2.3 20,89,308 equity shares of Rs. 10/- each were allotted as bonus shares by capitalisation the General Reserve.

2.4 2,00,000 equity shares of Rs. 10/- each at a premium of Rs. 33/- each and 3,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 50/- to promoters associate companies on conversion of Preferential Share Warrants.

2.5 4,00,000 equity shares of Rs. 10/- each at a premium of Rs. 33/- each and 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.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
3 RESERVES & SURPLUS		
i) Share Premium A/c		
As Per last Balance Sheet	306,365,000	279,965,000
Add: Additions during the year on fresh issue of shares	39,800,000	26,400,000
	346,165,000	306,365,000
ii) Prferential Share Warrant Forfeited	8,500,000	8,500,000
iii) General Reserves		
As Per last Balance Sheet	169,851,233	159,851,233
Add: Transferred from Profit and Loss A/c	10,000,000	10,000,000
	179,851,233	169,851,233
iv) Surplus in Statement of Profit & Loss		
As Per last Balance Sheet	597,628,835	563,204,786
Add: Profit for the Year	73,691,001	55,423,170
	671,319,836	618,627,956
Less : Appropriations		
- General Reserve	10,000,000	10,000,000
- Proposed Dividend	10,463,848	9,463,848
- Tax on Dividend	1,697,498	1,535,273
	649,158,490	597,628,835
Less : Dividend Paid on Fresh issue of Shares	600,000	-
Less : Dividend Tax on Fresh issue of Shares	97,335	-
	648,461,155	597,628,835
TOTAL	1,182,977,388	1,082,345,068
4 SHARE APPLICATION MONEY/WARRANTS PENDING FOR ALLOTMENTS/CONVERSIONS		
a) Preferential Share Warrant :		
6,00,000 (Previous year 14,00,000) Preferential Share warrant paid up Rs. 10.75/- each.	6,450,000	15,050,000
Add :10,00,000 (Previous Year Nil) Preferential Shares Warrant issued paid up Rs. 15/- each.	15,000,000	-
	21,450,000	15,050,000
Less : 6,00,000 (Previous year 8,00,000) Preferential Warrant Converted into Equity Shares paid up Rs. 10.75 each.	6,450,000	8,600,000
Less : 4,00,000 (Previous Year Nil) Preferential Warrant Converted into Equity Shares paid up Rs. 15 each.	6,000,000	-
	9,000,000	6,450,000
b) Share Application Money	-	19,350,000
	-	19,350,000
TOTAL	9,000,000	25,800,000

4.1 The Company has allotted 800,000 warrants to promoters associate company & 200,000 warrants to non-promoter on 14th Feb 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 50/- within a period of 18 months from the date of allotment. Against this the company has received Rs 15/- per warrant.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
5 LONG TERM BORROWINGS		
Secured		
- Term Loans from Banks	85,561,283	60,917,260
- Vehicle Loans from Banks	2,739,012	1,071,391
TOTAL	88,300,295	61,988,651
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 June 2013 quarter.		
5.2 Term Loans from IDBI Bank is secured by exclusive charge on specific movable and immovable properties & second parri passu charge on the entire Current Assets of the Company and personal guarantee of one Director. This loan is repayable in twenty equal quarterly instalment beginning from April, 2010.		
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 Lossess	6,758,114	6,803,324
b) Deferred Tax Liabilites Related to Fixed Assets	28,093,062	23,723,766
TOTAL	21,334,948	16,920,442
7 OTHER LONG TERM LIABILITIES		
(a) Security Deposit from related parties (refer note no 32.12)	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	9,958,082	5,276,162
TOTAL	9,958,082	5,276,162

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
9 SHORT TERM BORROWINGS		
Secured		
- Working Capital Loans From Banks	574,365,468	534,499,732
TOTAL	574,365,468	534,499,732
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	122,200,330	96,809,667
(b) Payable to related parties (refer note no 32.12)	133,761,806	91,755,690
(c) Acceptance	23,956,771	28,193,894
TOTAL	279,918,907	216,759,251
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	21,404,678	34,415,217
(b) Unclaimed Dividend	1,369,348	1,394,291
(c) Due to Employees	9,597,721	8,586,176
(d) Expenses Payable	1,463,237	3,724,479
(e) Statutory Dues Payable	3,115,368	1,900,416
(f) Other Payables	821,543	703,619
TOTAL	37,771,895	50,724,198
12 SHORT TERM PROVISIONS		
(a) Provision for Employees Benefits	2,475,799	1,588,728
(b) Provision for Income Tax	32,000,000	41,982,591
(c) Proposed Dividend	10,463,848	9,463,848
(d) Tax on Proposed Dividend	1,697,498	1,535,273
TOTAL	46,637,145	54,570,440

NOTES (CONTD.)

13 FIXED ASSETS

Amount in Rs.

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1st April, 2011	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2012	For the year	Deduction/ adjustments during the year	As at 31st March, 2011	As at 31st March, 2012
Tangible Assets :								
Own Assets :								
Land	22,149,466	242,404	-	22,391,870	-	1,122,500	21,026,966	22,391,870
Building	243,433,019	17,632,641	-	261,065,660	5,748,507	-	218,493,373	230,377,507
Machinery	108,883,734	8,342,186	-	117,225,920	5,345,407	-	90,347,752	93,344,531
Vehicles	27,893,494	4,752,542	4,130,235	28,515,801	2,083,285	2,073,779	12,118,108	12,730,909
Furniture	29,743,041	1,780,818	-	31,523,859	1,817,479	-	18,139,397	18,102,736
Office Equipments	19,268,730	9,386,022	-	28,654,752	952,354	-	12,732,594	21,166,262
Computers	14,722,092	1,539,534	-	16,261,626	1,303,275	-	4,445,905	4,682,164
Total (A)	466,093,576	43,676,147	4,130,235	505,639,488	17,250,307	3,196,279	377,304,095	402,795,979
Previous Year	310,550,348	158,155,999	2,612,772	466,093,575	14,022,064	1,362,890	234,420,042	377,304,095
Intangible Assets :								
Computer Software	4,110,879	315,000	-	4,425,879	126,530	-	666,960	855,429
Total (B)	4,110,879	315,000	-	4,425,879	126,530	-	666,960	855,429
Previous Year	3,950,879	160,000	-	4,110,879	309,631	-	816,590	666,959
Capital work in Progress	20,091,357	75,344,713	20,091,357	75,344,713	-	-	20,091,357	75,344,713
Capital work in Progress	20,091,357	75,344,713	20,091,357	75,344,713	-	-	20,091,357	75,344,713
Previous Year	93,631,854	146,374,447	219,914,944	20,091,357	-	-	93,631,854	20,091,357
Total (A+B+C)	490,295,812	119,335,860	24,221,592	585,410,080	17,376,837	3,196,279	398,062,412	478,996,121
Previous Year	408,133,081	304,690,446	222,527,716	490,295,811	14,331,695	1,362,890	328,868,486	398,062,411

13.1 Registration formalities in respect of properties purchased for Rs. 1,850,000/- (Previous Year 18,50,000/-) are pending.

13.2 The company has purchased under Long Term Lease for 49 years, 20.01 acres of land from its subsidiary company for setting up a SEZ unit. Since operations at SEZ unit has not been commenced as on date of balance sheet, cost of lease hold land/building construction expenses and other related revenue expenditure shown as Capital Work in Progress.

13.3 During the year Company has written back depreciation of Rs. 1,122,500/- due to change in nature of the land from leasehold to freehold.

NOTES (CONTD.)

PARTICULARS	No. of		As at	
	Shares/Units	31st March, 2012	Shares/Units	31st March, 2011
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	–	69,704,950	–	69,704,950
Total Investments in Subsidiary Companies		249,717,738		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
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		399,960,000		399,960,000
TOTAL TRADE INVESTMENTS (A)		649,677,738		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 SELECTED FOCUS FUND–GROWTH	–	–	195,599	2,000,000
7 KOTAK 50 EQUITY SCHEME–GROWTH	21,795	2,004,366	–	–
8 RELIANCE RSF–EQUITY PLAN–GROWTH	176,805	5,000,000	176,805	5,000,000
9 RELIGARE PSU EQUITY FUND–GROWTH	250,000	2,500,000	250,000	2,500,000
10 RELIANCE LIQ FUND REAS PLAN WKLY. DIV	–	–	250,138	2,502,651
11 RELIANCE LIQ FUND REAS PLAN IP GROWTH	–	–	98,684	987,342
12 TATA PURE EQUITY FUND–GROWTH	66,488	5,972,282	66,488	5,972,282
Total		32,976,648		36,462,275

NOTES (CONTD.)

PARTICULARS	No. of Shares/Units	As at 31st March, 2012	No. of Shares/Units	As at 31st March, 2011
iii) Investments in Debenture (Unquoted)				
1 KOTAK 8% GURANTED NLD-DEBUNTURE	-	-	-	2,000,000
2 REDEEMABLE NCD OF CITICORP FINANCE INDIA	-	2,500,000		
TOTAL		2,500,000		2,000,000
TOTAL OTHER INVESTMENTS (B)		35,483,148		38,468,775
TOTAL NON CURRENT INVESTMENTS (A+B)		685,160,886		688,146,513
Aggregate amount of quoted Investments		32,976,648		36,462,275
Market value of quoted Investments		34,953,934		42,769,423
Aggregate amount of unquoted Investments		652,184,238		651,684,238

- 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 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 taxed for the full profit or loss in USA. The financial year closure of this LLC is 31st December, 2011 and it has reported a loss of US\$ 2465 (Rs. 126,072/-) in its financial year ended 31st December, 2011. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of US\$ 2465 (Rs. 126,072/-) 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 1000 (Rs.33,785/-) and 6 equity shares (Rs. 60/-) respectively held in the name of Directors/nominees in fiduciary capacity for the company.

PARTICULARS	As at 31st March, 2012	Amount in Rs. As at 31st March, 2011
15 LONG TERM LOANS & ADVANCES (Unsecured & Considered Good)		
(a) Security and Other Deposits	5,406,001	5,606,261
(b) Other Advances	4,865,616	4,324,992
(c) Loans to related parties (refer note no 32.12)	89,800,090	85,125,618
TOTAL	100,071,707	95,056,871
16 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	321,600	-
TOTAL	321,600	-

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2012	NO OF SHARES/UNITS	As at 31 st March, 2011
17 CURRENT INVESTMENTS				
i) In Equity Shares Quoted fully paid up				
1 Aries Agro Ltd	–	–	4,058	686,339
2 Axis Bank Ltd	400	493,968	–	–
3 Astral Poly Technik Ltd	–	–	3,013	512,771
4 Balmer Lawrie Co. Ltd	–	–	437	292,790
5 Bayer Cropscience Ltd	1,000	546,878	1,000	546,878
6 Bharat Earthmovers Ltd	–	–	645	391,978
7 Bharat Electronics Ltd	–	–	353	406,762
8 Bharat Heavy Electricals Ltd	500	1,195,933	500	1,195,933
9 Bharat Petroleum Corporation Ltd	–	–	1,500	770,135
10 Bharati Shipyard Ltd	2,500	711,886	2,500	711,886
11 Bharti Airtel Ltd	–	–	4,000	1,378,735
12 Century Textiles Ltd	1,500	532,345	–	–
13 Cairn India Ltd	–	–	4,440	1,301,703
14 City Union Bank Ltd	11,778	221,141	11,778	221,141
15 Cipla Ltd	–	–	423	129,516
16 Clariant Chemicals India Ltd	–	–	960	648,102
17 Deepak Fert & Petrochem Corp Ltd	–	–	1,247	215,836
18 DLF Ltd	1,730	761,576	1,730	761,576
19 Dr. Reddy Laboratories Ltd	315	499,322	–	–
20 Everest Inds. Ltd	–	–	2,297	558,233
21 Excel Crop Care	–	–	1,090	251,119
22 HPCL Ltd	–	–	2,204	579,459
23 HDFC Bank	–	–	495	467,850
24 HDFC Ltd	–	–	1,676	646,910
25 HEG Ltd	–	–	136	54,465
26 Hindustan Zinc Ltd	4,000	503,299	4,000	503,299
27 ICICI Bank Ltd	1,000	787,000	1,000	787,000
28 IDFC Ltd	5,000	723,986	5,000	723,986
29 Indiabulls Power Ltd	20,000	618,127	20,000	618,127
30 Infosys Technologies Ltd	500	1,471,355	–	–
31 Indian Oil Corp Ltd	–	–	1,601	340,540
32 Indoco Remedies Ltd	–	–	1,172	472,465
33 ISMT Ltd	–	–	5,644	307,760
34 Jindal Steel & Power Ltd	1,000	611,801	1,000	611,801
35 KCP Sugar & Industries Corporation Ltd	16,000	498,073	16,000	498,073
36 Karur Vysya Bank Ltd	2,092	742,708	1,470	649,408

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2012	NO OF SHARES/UNITS	As at 31 st March, 2011
37 Larsan & Toubro Ltd	1,000	715,570	1,408	1,415,160
38 Maharashtra Seamless Ltd.	-	-	1,350	499,308
39 Max India Ltd	-	-	3,500	546,749
40 Neyveli Lignite Corporation Ltd	3,250	502,040	3,250	502,040
41 NHPC Ltd	20,000	669,801	20,000	669,801
42 NTPC Ltd	5,000	1,032,922	5,000	1,032,922
43 ONGC Ltd	-	-	2,712	782,658
44 Oil India Ltd	-	-	789	960,848
45 Pfizer Ltd	-	-	750	535,153
46 Patni Computers	-	-	335	157,153
47 Raymond Ltd	2,500	573,747	2,500	573,747
48 Reliance Capital Ltd	1,000	811,186	1,000	811,186
49 Reliance Industries Ltd	475	499,159	475	499,159
50 Reliance Infrastructure Ltd	350	350,903	350	350,903
51 Standard Chartered Idr Ltd	-	-	4,626	499,072
52 State Bank Of India	500	1,378,233	-	-
53 Sterlite Industries (India) Ltd	4,000	769,386	4,000	769,386
54 Tata Communications Ltd	2,500	934,944	2,500	934,944
55 Tata Motors Ltd	2,500	512,902	-	-
56 Tata Consultancy Services Ltd.	-	-	1,116	730,124
57 Tata Steel Ltd.	3,100	1,799,754	1,500	859,017
58 Venkys India Ltd.	-	-	836	275,316
59 Zensar Technologies Ltd	-	-	2,002	283,620
60 Zuari Industries	-	-	216	162,789
Total		21,469,945		32,093,631
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		21,856,218		32,479,904
Less:- Provision for diminution in the value of Investments				
		8,124,756		8,124,756
TOTAL CURRENT INVESTMENTS				
		13,731,462		24,355,148
Aggregate amount of quoted Investments				
		13,345,189		23,968,875
Market value of quoted Investments				
		18,566,012		35,109,233
Aggregate amount of unquoted Investments				
		386,273		386,273

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
18 INVENTORIES		
As Valued and Certified by the management		
(a) Raw Materials	682,852,897	429,477,706
(b) Finished Goods	36,782,696	90,700,385
(c) Consumable Store	24,671,560	33,051,418
TOTAL	744,307,153	553,229,509
19 TRADE RECEIVABLES		
(Unsecured, considered good)		
(a) Outstanding over six months	7,409,677	6,890,615
(b) Others	62,821,449	75,811,750
TOTAL	70,231,126	82,702,365
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	36,531,766	41,435,790
– In Fixed Deposits	31,214,017	29,114,881
(b) Cash on Hand	3,154,493	3,919,714
TOTAL	70,900,276	74,470,385
20.1 Balances with banks Includes Unclaimed Dividend of Rs. 1,369,348/- (Previous year Rs. 1,394,261/-)		
20.2 Fixed deposits of Rs.29,070,242/- (Previous year Rs. 27,001,778/-) 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)	31,783,256	49,624,445
(b) Advances with Suppliers	58,291,436	70,021,312
(c) Advance Tax / TDS	19,276,460	42,671,837
(d) Vat Receivable	27,226,973	18,717,617
(e) Prepaid Expenses	1,400,387	908,639
(f) Security & Other Deposits	313,414	10,887,760
(g) Advance to Staff	4,652,840	2,415,756
(h) Advances For Capital Goods	13,326,344	7,300,000
(i) Export Incentive Receivable	43,744,241	39,165,303
(j) Other Advances	5,652,726	312,552
TOTAL	205,668,077	242,025,221

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
22 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	40,200	-
TOTAL	<u>40,200</u>	<u>-</u>

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
23 REVENUE FROM OPERATION		
(a) Sales	1,891,461,756	1,514,270,422
(b) Export Incentive	182,289,449	159,072,421
TOTAL	<u>2,073,751,205</u>	<u>1,673,342,843</u>
24 OTHER INCOME		
(a) Dividend Income	908,294	994,256
(b) Profit/(Loss) on sale of Investments	2,262,654	10,478,188
(c) Rental Income	20,064,000	8,489,500
TOTAL	<u>23,234,948</u>	<u>19,961,944</u>
25 RAW MATERIAL CONSUMPTION		
Opening Stock	462,529,124	305,250,920
Add : Purchases	1,247,589,534	1,083,119,202
	<u>1,710,118,658</u>	<u>1,388,370,122</u>
Less : Closing Stock	707,524,457	462,529,124
RAW MATERIAL CONSUMPTION	<u>1,002,594,201</u>	<u>925,840,998</u>
26 CHANGE IN INVENTORIES OF FINISHED GOODS		
(a) Opening Stock	90,700,385	15,957,400
(b) Closing Stock	36,782,696	90,700,385
Decrease/(Increase)	<u>53,917,689</u>	<u>(74,742,985)</u>
27 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	79,093,132	61,038,684
(b) Contribution to Provident & Other Fund	6,869,662	3,314,877
(c) Staff Welfare Expenses	4,261,839	1,999,561
TOTAL	<u>90,224,633</u>	<u>66,353,122</u>

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
28 FINANCE COST		
(a) Interest Expense– Net	52,395,823	33,796,894
(b) Borrowing Cost	3,207,022	5,973,285
(c) Loss on foreign currency transactions	15,444,812	742,692
TOTAL	71,047,657	40,512,871
29 DEPRECIATION AND AMORTISATION		
(a) Depreciation	17,376,837	14,331,695
Less: Deprecaion written back during the year (Refer Note 13.3)	1,122,500	–
	16,254,337	14,331,695
(b) Preliminary Expenses W/off	40,200	–
TOTAL	16,294,537	14,331,695
30 OTHER EXPENSES		
(I) Manufacturing Expenses		
(a) Wages	1,317,833	1,276,852
(b) Fabrication Charges	376,549,602	327,441,056
(c) Other Manufacturing Expenses	4,183,743	10,037,912
(d) Freight & Cartage	13,046,869	13,944,124
(II) Selling & Administrative Expenses		
(a) Legal And Professional Charges	17,124,168	23,657,822
(b) Power & Fuel	6,255,600	5,303,038
(c) Auditors Remuneration	375,000	300,000
(d) Bank Charges	20,754,756	13,282,078
(e) Repair & Maintainence		
– Building	1,518,793	1,821,399
– Plant & Machinery	1,735,856	1,765,687
– Others	1,989,641	1,498,944
(f) Communication	5,250,762	5,037,842
(g) Rates Taxes & Duties	1,859,799	705,977
(h) Insurance	1,697,296	727,415
(i) Rent	6,401,599	6,883,882
(j) Travelling & Conveyence	27,722,447	25,107,636
(k) Freight on Exports	33,503,793	25,896,050
(l) Commission, Brokerage & Discount	31,804,061	24,619,170
(m) Profit / Loss on Sale of Assets	476,898	435,190
(n) Misc. Expenses	20,915,068	19,280,252
(o) Directors Meeting Fees	99,500	70,000
(p) Packing Expenses	11,595,425	11,516,024
TOTAL	586,178,509	520,608,350

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
31 TAX EXPENSE		
I) Current Tax		
(a) Current Tax	32,000,000	21,550,000
(b) Tax For earlier Year	4,079,875	3,758,429
	36,079,875	25,308,429
II) Deferred Tax		
(a) Related To Capital Assets	4,369,296	3,815,783
(b) Related To Brought Forward Capital losses	45,210	358,981
	4,414,506	4,174,764

NOTE NO. 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 31st March, 2012	As at 31st March, 2011
32.02 CONTINGENT LIABILITES AND COMMITMENTS		
(a) Estimated value of contract remaining to be executed on Capital Account and not provided for	64,362,470	1,784,924
(b) Contingent liabilities not provided for		
i) Letter of Credit / Import Bills outstanding –	23,956,771	28,193,894
ii) Standby Letter of Credit (SBLC) issued by companies bankers in favour of the bankers of its subsidiaries		
– Ultima Italia Srl	41,304,000	44,611,000
– Ultima S.A.	55,072,000	50,984,000
– WFT Ltd	17,986,500	15,655,500
iii) Bills discounted with banks –	16,605,219	12,025,386
iv) Other Guarantee given by bank –with Corporation Bank	550,000	1,699,717
v) Corporate Guarantee given by the company to a bank against facilities granted by that bank to its Wholly Owned Subsidiaries		
– J & J Leather Enterprises ltd	–	35,200,000
– Ultima Italia Srl	41,424,500	41,424,500
vi) Income Tax Demand under dispute	12,225,782	11,639,722

NOTES (CONTD.)

32.03 VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL AND CONSUMABLE CONSUMED

	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
	% of Consumption	Value of Consumption	Rs.% of Consumption	Value of Consumption Rs.
Indigenous	41	393,648,984	60	555,353,737
Imported	59	566,762,518	40	370,487,261
	100	960,411,502	100	925,840,998

Amount in Rs.

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
--	--------------------------------	--------------------------------

32.04 VALUE OF IMPORTS ON CIF BASIS

Raw Material	535,034,940	377,821,055
Purchase under Merchandise Trade	136,106,082	76,878,737
Capital Goods	5,161,010	21,275,904

32.05 EXPENDITURE IN FOREIGN CURRENCY (on payment basis)

Agent Commission/Claim on Sales	6,123,840	4,157,143
Foreign Travelling	4,974,764	3,350,024
Overseas consultancy	-	1,522,500
Others	480,868	3,128,856
Reconditioning Charges	4,635,291	10,938,600
Interest on Import bills	503,767	337,994
Administration, selling and other expenses at Overseas Trading Offices (on accrual basis)	3,433,697	3,653,577

32.06 EARNING IN FOREIGN CURRENCY

FOB Value of Sales	1,729,010,486	1,370,421,291
Export Under Merchandising Trade	154,232,764	86,458,788
Sampling Charges	10,136,961	9,887,841

32.07 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

a) Year to which the dividend relates	<u>2010-2011</u>	<u>2009-2010</u>
b) Number of non-resident shareholders to whom remittances were made	62	35
c) No of shares on which remittances were made.	241,804	186,153
d) Amount remitted in Rs.	241,804	186,153

NOTES (CONTD.)

		Amount in Rs.	
PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011	
32.08	PAYMENT TO AUDITOR		
	Audit Fees	375,000	300,000
	Certification	147,500	125,000
	Tax Audit	75,000	75,000
	Reimbursement of Expenses	30,000	25,000
32.09	Previous year expenses debited to profit & loss account Rs. 3,303,455 /- (Previous Year Rs. 1,457,035/-)		
32.10	Earning Per Share (EPS)		
a)	The Following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for the year ended 31st March 2012 and the year ended 31st March 2011 :		
	Income available to Equity Shareholders	73,691,001	55,423,170
	No of Shares at the beginning of the Year (A)	9,463,848	8,663,848
	Equity allotted during the year	1,000,000	800,000
	Weighted Average Shares (B)	592,896	8,767
	Weighted Average Shares Outstanding (nos) (A+B)	10,056,744	8,672,615
	Effect of Dilutive Securities Securities (nos):		
	Add: Adjustment for Warrants Convertible into Equity Shares	-	253,830
	Weighted Average number of equity shares for Diluted EPS	10,056,744	8,926,445
		Rs Per Share	Rs Per Share
	Nominal Value per share	10.00	10.00
	Earnings per share (Basic)	7.33	6.39
	Earnings per share (Diluted)	7.33	6.21
32.11	Sundry Debtors, Loans & Advances, Sundry Creditors include amounts due from / to subsidiaries companies as under:		
		Amount in Rs.	
PARTICULARS	As at 31st March, 2012	As at 31st March, 2011	
i) Sundry Debtors			
- World Fashion Trade Ltd.	1,578,610	-	
ii) Loans			
- Bhartiya Global Marketing Ltd	53,750,000	53,750,000	
- World Fashion Trade Ltd	36,050,090	31,375,618	
iii) Advances			
- Bhartiya Global Marketing Ltd	19,958,128	19,282,115	
- Ultima S.A Switzerland	5,297,292	2,295,503	
- World Fashion Trade Ltd	1,616,000	997,792	
- BIL Group LLc	228,225	228,225	
- Bhartiya International SEZ Ltd	2,733,271	24,203,271	
iv) Sundry Creditors			
- Ultima Italia Srl	123,697,057	89,878,486	
- J & J Leather Enterprises Ltd	9,841,537	583,986	

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 And Development Co Pvt Ltd
Itopia Management Services (India) Pvt. Ltd.
Bhartiya City Developers 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 Aggarwal

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	270,069,192 (263,441,602)	-	-	-
b)	Purchases / Job Work	75,407,747 (65,519,072)	-	-	-
c)	Ticketing	-	7,108,458 (6,053,674)	-	-
d)	Salaries	-	-	3,396,132 (3,307,536)	360,000 (360,000)
e)	Sitting fees	-	-	99,500 (70,000)	-
f)	Lease Rent / Rent Paid	208,000 (100,000)	-	-	480,000 (480,000)
g)	Commission Expense	24,829,522 (18,888,108)	-	-	-
h)	Lease Rent Received	-	19,368,000 (8,070,000)	-	-
i)	Purchases of Land under Long Term Lease	30,000,000	-	-	-
		-	-	-	-

NOTES (CONTD.)

(ii) Balances Outstanding at the year end:	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
Loans Given	89,800,090	1,950,340	-	-
	(85,125,618)	(1,950,340)	-	-
Trade Payables	133,538,594	223,212	43,258	36,000
	(90,462,472)	(493,873)	(43,258)	(36,000)
Advances Paid	29,832,917	-	-	-
	(47,006,906)	-	-	-
Trade Receivable	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.

	Leather Products	Textile Apparels	Others	Unallocable	Total
a. Segment Revenue	19,386.78	1,350.73	-	-	20,737.51
	(15493.86)	(1150.93)	(88.64)	-	(16733.43)
b. Segment Results	2,355.38	181.05	(68.88)	232.35	2,699.90
	(1881.51)	(109.79)	(-58.79)	(199.61)	(2132.12)
c. Less: Unallocable expenses net of Income	-	-	-	1,002.02	1,002.02
	-	-	-	(885.36)	(885.36)
d. Operating Profit	-	-	-	-	1,697.89
	-	-	-	-	(1246.76)
e. Less:- Interest	-	-	-	556.03	556.03
	-	-	-	(397.70)	(397.70)
f. Profit before Tax	-	-	-	-	1,141.85
	-	-	-	-	(849.06)
g. Provision for Taxation	-	-	-	(404.94)	(404.94)
	-	-	-	(294.83)	(294.83)
h. Profit after Tax	-	-	-	-	736.91
	-	-	-	-	(554.23)
i. Capital Employed	4,412.37	111.86	14.87	8,427.05	12,966.15
	(3476.83)	(40.01)	(149.28)	(8361.71)	(12027.83)

Rs. In Lacs

NOTES (CONTD.)

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

	Amount in Rs.	
PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
i) Salary	3,173,484	3,109,224
ii) Contribution to Provident Fund	9,360	9,360
iii) Allowances & Perquisites	222,648	188,952
	3,405,492	3,307,536

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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

FINANCIAL SUMMARY

(Rs. in lacs)

PARTICULARS	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012
Equity Share Capital	583.88	583.88	583.88	627.88	727.88	786.38	786.38	866.38	946.38	1046.38
Reserves & Surplus	5269.85	5698.28	5823.10	6530.18	8133.72	9229.10	9408.75	10115.21	10823.45	11829.77
Net Worth	5853.73	6282.16	6406.98	7158.06	8861.60	10015.48	10195.14	10981.59	11769.83	12876.15
Capital Employed	8087.30	8451.85	7410.92	12128.48	17040.80	14807.19	15796.06	14831.21	17734.71	19502.81
Gross Fixed Assets	1359.20	1438.65	1640.12	1732.49	1792.46	1858.32	2964.94	3145.01	4902.96	5854.10
Net Fixed Assets	1131.69	1150.80	1290.55	1311.05	1296.92	1285.33	2296.65	2352.37	3980.62	4789.96
Export Sales including Export Incentives	7327.41	7750.44	9453.66	9550.56	12272.54	13868.47	15350.05	17898.72	16733.42	20737.51
Other Income	118.29	29.93	44.62	43.58	214.64	268.84	-171.40	92.83	199.62	232.35
Total Income	7464.87	7971.25	9498.28	9594.14	12487.19	14137.31	15178.65	17991.55	16933.04	20969.86
EBDIT	890.45	692.33	835.29	921.09	1032.38	1245.27	1638.41	1400.33	1397.51	2015.28
Depreciation	56.73	64.73	68.25	74.68	79.23	82.92	97.83	128.13	143.32	162.95
EBIT	833.72	627.60	767.04	846.41	953.15	1162.35	1540.58	1272.20	1254.19	1852.33
Profit before Tax	731.91	583.08	609.79	616.45	694.43	811.74	541.42	843.23	849.06	1141.85
Provision for Tax	126.86	55.84	110.71	197.98	194.33	189.86	269.76	299.75	294.83	404.94
Profit after Tax	605.05	527.24	499.08	418.47	500.10	621.88	271.66	543.48	554.23	736.91
Equity Dividend (%)	20.00	15.00	15.00	15.00	15.00	15.00	10.00	10.00	10.00	10.00
EPS (Basic)Rs.	10.36	9.03	8.54	7.08	7.33	7.91	3.45	6.89	6.39	7.33
EPS(Diluted)Rs	10.36	9.03	8.54	6.90	7.17	7.91	3.45	6.53	6.21	7.33

DIRECTORS' REPORT

The Directors present their 16th Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2012

FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	2011-12	2010-11
Revenue from Operations	178.73	103.46
Other Income	15.60	8.01
Total Revenue	194.33	111.47
Total Expenditure	189.93	119.60
Profit/ (Loss) before Tax	4.40	(8.13)
Provision for Tax	(1.89)	(0.48)
Profit/ (Loss) after Tax	6.29	(7.65)

REVIEW OF OPERATION

The Revenue from operations for the financial year 2011-2012 is Rs. 178.73 Lacs as against Rs. 103.46 Lacs in the previous year. The Profit after tax is Rs. 6.29 Lacs as compared to loss of Rs. 7.65 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, 2012.

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, 2012 as well as the statement under Section 212 of the Companies Act, 1956, is annexed herewith.

DIRECTORS

Ms. Jaspal Sethi, Director retires by rotation at the ensuing Annual General Meeting & being eligible offers herself 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, 2012.

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 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:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (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, 2012 and of the profit/losses 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.
- (iv) 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, 29th May, 2012

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

(A) 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.

(B) Foreign Exchange Earnings & Outgo

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

For and on behalf of the Board

New Delhi, 29th May, 2012

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

**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	:	31.03.2012
(B)	Holding Company's InterestNumber 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.923,188
	2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	:	Rs.6,768,688
(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, 29th May, 2012

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, 2012. 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 25.06.2011, 05.08.2011, 09.11.2011 and 13.02.2012 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, 2011 was held on 24th September, 2011 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 certificates 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.

(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, 2012.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made 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 not 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, 29th May, 2012

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 interested 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, 2012.

Forms/ Returns	Under Section	For
Form 20 B (Annual Return)	159	the AGM held on 24.09.2011 filed on Dt. 19.11.2011
Form 23AC XBRL & Form-23ACA XBRL (Annual Report)	220	the financial year 2010-11 filed on Dt.27.12.2011
Form 66 (Compliance Certificate)	383A	the financial year 2010-11 filed on Dt. 19.11.2011

R.S.M. & Co.

Company Secretaries

(RAVI SHARMA)

Partner (C. P. No. – 3666)

New Delhi, 29th May, 2012

AUDITORS' REPORT

To
The Members of
Bhartiya Global Marketing Ltd.

1. We have audited the attached Balance Sheet of M/s Bhartiya Global Marketing Ltd. as on 31st March, 2012, Profit and Loss Account and the cash flow statement for the year ended on that date attached thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of these books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - e) Based on the representations made by all the Directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima facie, have any disqualification as referred to in clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account and read together with Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012.
 - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
 - iii) In the case of the Cash Flow Statement of the cash flow for the year ended on that date.

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

S. K. Poddar
Prop.
M. No: 94479
New Delhi, 29th May, 2012

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, 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 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 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. 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, 2012 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. However the Company had incurred cash losses of Rs. 573,950/- in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly the 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. The Company has given guarantees for loans taken by its subsidiary and 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
Prop.
M. No: 94479
New Delhi, 29th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	As at 31st March, 2012	Amount in Rs. As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	24,990,200	24,990,200
(b) Reserves And Surplus	3	(8,320,853)	(8,949,818)
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	156,151	162,401
3 Current Liabilities			
(a) Short-Term Borrowings	7	19,958,129	19,282,115
(b) Trade Payable	8	10,779,388	2,581,076
(c) Other Current Liabilities	9	348,646	426,570
(d) Short-Term Provisions	10	19,179	41,343
TOTAL		102,180,840	92,783,887
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	1,192,635	1,443,057
(b) Non Current Investments	12	15,075,000	15,075,000
(c) Deferred Tax Assets (Net)	13	3,011,434	2,822,300
(d) Long Term Loans And Advances	14	53,750,000	53,750,000
(e) Other Non-Current Assets	15	112,000	142,000
2 Current assets			
(a) Inventories	16	1,151,292	1,600,542
(b) Trade Receivables	17	24,792,565	14,475,577
(c) Cash & Cash Equivalents	18	963,532	825,649
(d) Short Term Loans and Advances	19	2,119,382	2,636,762
(e) Other Current Assets	20	13,000	13,000
TOTAL		102,180,840	92,783,887

Significant Accounting Policies 1 to 27

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

Prop.

M.No. 94479

New Delhi, 29th May, 2012

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Amount in Rs.			
Income:			
Revenue From Operations	21	17,872,920	10,345,445
Other Income	22	1,560,307	801,190
Total Revenue		19,433,227	11,146,635
Expenses:			
Purchase of Stock In Trade		15,754,085	9,001,039
Change in Inventory of Stock In Trade	23	449,250	(45,040)
Employee Benefits Expenses	24	1,752,316	2,155,127
Depreciation And Amortization Expense	25	210,135	239,178
Other Expenses	26	827,610	609,458
Total Expenses		18,993,396	11,959,762
Profit Before tax		439,831	(813,127)
Tax Expense:			
Current Tax		-	-
Deferred Tax		189,134	48,152
Profit After Tax		628,965	(764,975)
Earnings Per Equity Share:			
(1) Basic		0.25	(0.31)
(2) Diluted		0.25	(0.31)

Significant Accounting Policies 1 to 27

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
Prop.
M.No. 94479

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2012

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

Amount in Rs.

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	439,831	(813,127)
Adjusted for :		
Depreciation / Amortisation	210,135	239,178
Fixed Assets Written Off		24,110
Loss / (Profit) on Sale of Fixed Assets	(24,785)	
Financial Expenses	4,068	49,857
Operating profit before Working Capital Changes	<u>189,418</u>	<u>313,145</u>
	629,249	(499,982)
Adjustment for:		
Decrease / (Increase) In Inventories	449,250	(45,040)
Decrease / (Increase) In Trade Receivables	(10,316,988)	13,067,392
Decrease / (Increase) in Other Non Current Assets	17,000	21,057
Decrease / (Increase) In Short Term Loans and Advances	568,802	17,202
(Decrease) / Increase In Trade Payables	8,198,312	(10,779,771)
(Decrease) / Increase In Other Long Term Payables	(6,250)	136,500
(Decrease) / Increase In Other Short Term Payables	(100,088)	(122,197)
	<u>(1,189,962)</u>	<u>2,295,143</u>
Cash generated from operations	(560,713)	1,795,161
Taxes (Paid) / Refunded (net)	(51,422)	(117,086)
Finance Expenses (net)	(4,068)	(49,857)
Cash flow before Extra-Ordinary Items	<u>(616,203)</u>	<u>1,628,218</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(616,203)</u>	<u>1,628,218</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of Fixed Assets	78,072	-
NET CASH USED IN INVESTMENT ACTIVITIES	<u>78,072</u>	<u>-</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	676,014	(17,366,303)
Issue of the Share Capital	-	15,000,000
Share Capital Issue Expenses	-	(130,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>676,014</u>	<u>(2,496,303)</u>
NET INCREASE/(DEC REASE) IN CASH AND CASH EQUIVALENT (A+B+C)	137,883	(868,085)
CASH AND CASH EQUIVALENTS – OPENING BALANCE	825,649	1,693,734
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	963,532	825,649

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

Prop.

M.No. 94479

New Delhi, 29th May, 2012

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012****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, 2012	As at 31st March, 2011
2 SHARE CAPITAL		
Authorised Share Capital		
a) 3,000,000 (Previous year 3,000,000) Equity Shares of Rs 10/- Each	30,000,000	30,000,000
	30,000,000	30,000,000
Issued, Subscribed & Paid up :		
a) 2,499,020 (Previous year 2,499,020) Equity Shares of 10/- Each Fully Paid up	24,990,200	24,990,200
	24,990,200	24,990,200
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 RESERVE & SURPLUS		
(a) Surplus		
As Per last Balance Sheet	(8,949,818)	(8,184,843)
Add: Profit/(Loss) for the year	628,965	(764,975)
TOTAL	(8,320,853)	(8,949,818)
4 LONG TERM BORROWINGS		
Unsecured		
Loan /Advances from related party (refer note no 27.7)	53,750,000	53,750,000
TOTAL	53,750,000	53,750,000
5 OTHER LONG TERM LIABILITIES		
(a) Security Deposit	500,000	500,000
TOTAL	500,000	500,000
6 LONG TERM PROVISIONS		
(a) Provision for employees benefit		
Provision for Gratuity	156,151	162,401
TOTAL	156,151	162,401
7 SHORT TERM BORROWINGS		
(a) Loans/Advances from Related Parties (refer note no 27.7)	19,958,129	19,282,115
TOTAL	19,958,129	19,282,115

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
8 TRADE PAYABLE		
(a) Trade Payable	10,779,388	2,581,076
TOTAL	10,779,388	2,581,076
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	298,309	394,368
(b) TDS Payable	2,500	2,500
(c) CST / VAT	2,670	(1,104)
(d) Expenses Payable	45,167	30,806
TOTAL	348,646	426,570
10 SHORT TERM PROVISIONS		
(a) Provision for Employees benefits Leave Encashment	19,179	41,343
TOTAL	19,179	41,343

11 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2012	As at 1st April, 2011	For the Year	Deduction/ Adjustments during the year	As at 31st March, 2012	As at 1st April, 2011	As at 31st March, 2012
Tangible Assets										
(a) Own Assets										
Land	492,800	-	-	492,800	-	-	-	-	492,800	492,800
Computers	412,986	-	-	412,986	369,299	22,543	-	391,842	43,687	21,144
Vehicles	1,686,455	-	1,065,737	620,718	1,343,372	58,968	1,012,450	389,890	343,083	230,828
Furniture	1,612,525	-	-	1,612,525	1,218,889	102,073	-	1,320,962	393,636	291,563
Office Equipments	285,274	-	-	285,274	115,423	13,551	-	128,974	169,851	156,300
Total	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
Previous Year	5,029,240	-	539,200	4,490,040	3,335,895	226,178	515,090	3,046,983	1,693,345	1,443,057

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
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 27.6)	50,000	50,000
TOTAL	15,075,000	15,075,000
13 DEFERRED TAX ASSETS (NET)		
a) Deferred Tax Assets		
Related to Carried Forward Lossess	3,029,895	2,865,582
b) Deferred Tax Liabilites		
Related to Fixed Assets	(18,461)	(43,282)
TOTAL	3,011,434	2,822,300
14 LONG TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
(a) Loans to related parties (refer note no 27.7)	53,750,000	53,750,000
TOTAL	53,750,000	53,750,000
15 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	91,000	104,000
(b) Security Deposit	21,000	38,000
TOTAL	112,000	142,000
16 INVENTORIES		
(a) Finished Goods	1,151,292	1,600,542
TOTAL	1,151,292	1,600,542
17 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivables		
(a) Over six months	8,455,871	13,395,577
(b) Other (refer note no 27.7)	16,336,694	1,080,000
TOTAL	24,792,565	14,475,577

17.1 The Company has filed legal Suit for recovery of Rs.550000/- 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 31st March, 2012	As at 31st March, 2011
18 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
- In Current Accounts	881,816	788,892
(b) Cash on Hand	81,716	36,757
TOTAL	963,532	825,649
19 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Loans & Advances to Related Parties (refer note no 27.7)	624,105	626,681
(b) Loans & Advances to Others	1,000,000	1,525,500
(c) Advance Tax	427,989	376,567
(d) Advance to Staff	55,500	97,676
(e) Prepaid Expenses	6,038	4,588
(f) Others	5,750	5,750
TOTAL	2,119,382	2,636,762
20 OTHER CURRENT ASSETS		
(a) Preliminary Expenses (to be written off in next year)	13,000	13,000
TOTAL	13,000	13,000
		Amount in Rs.
PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
21 REVENUE FROM OPERATION		
(a) Export Sales	17,443,420	10,003,320
(b) Local Sales	429,500	342,125
TOTAL	17,872,920	10,345,445
22 OTHER INCOME		
(a) Share of Profit from Firm	(2,576)	(1,708)
(b) Service Charges	600,000	600,000
(c) Lease Rent Received	100,000	100,000
(d) Other Income	196,920	150,500
(e) Net gain / (loss) on foreign currency transaction	665,963	(47,602)
TOTAL	1,560,307	801,190

BHARTIYA GLOBAL MARKETING LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
23 CHANGE IN INVENTORY OF STOCK IN TRADE		
(a) Opening Stock	1,600,542	1,555,502
(b) Closing Stock	1,151,292	1,600,542
(INCREASE) / DECREASE IN STOCK	449,250	(45,040)
 24 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	1,419,689	1,641,444
(b) Contribution to Provident & Other Funds	247,201	425,507
(c) Staff Welfare Expenses	85,426	88,176
TOTAL	1,752,316	2,155,127
 25 DEPRECIATION AND AMORTISATION		
(a) Depreciation	197,135	226,178
(b) Preliminary Expenses W/off	13,000	13,000
TOTAL	210,135	239,178
 26 OTHER EXPENSES		
(a) Legal & Professional Charges	71,552	112,789
(b) Electricity Expenses	146,662	98,395
(c) Auditors Remuneration	25,000	25,000
(d) Bank Charges	4,068	2,255
(e) Telephone & Communication	873	25,756
(f) Rates Taxes & Duties	2,815	3,240
(g) Insurance	7,757	9,844
(h) Printing & Stationery	4,425	3,255
(i) Sampling Expenses	26,850	86,682
(j) Balances Written off	549,217	164,122
(k) Profit / Loss on Sale of Assets	(24,785)	24,110
(l) Misc. Expenses	491	44,686
(m) Fees & Subscription	12,685	9,324
TOTAL	827,610	609,458

NOTES (CONTD.)

NOTES NO. 27: NOTES TO ACCOUNTS

- 27.1 Previous year figures have been regrouped / reclassified wherever necessary to conform to the present year presentation.
- 27.2 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 Bharitya International Limited Rs.33 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.
- 27.3 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 31.3.2012 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 Limited | 60% |
- 27.4 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.
- 27.5 (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.
- 27.6 Sundry Debtors, Loans &Advances include amounts due from / to Subsidiary Companies and Companies under the same management as under:

PARTICULARS	As at 31st March, 2012 Rs.	As at 31st March, 2011 Rs.
Sundry Debtors–World Fashion Trade Ltd.	7,350,397	6,397,301
J & J Leather Enterprises Ltd	1,080,000	540,000
Loans– J &J Leather Enterprises Ltd.	53,750,000	53,750,000
Advances – Bhartiya Prakash Leather	6,24,105	626,681
Sundry Creditor –Ultima Italia SRL	2,753,600	2,549,200

27.7 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	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
b) Summary of transactions during the year :				
i) Service Charges/ Management Fees	600,000 (600,000)	– –	– –	– –
c) Balances Outstanding at the year end:				
Loans given	53,750,000 (53,750,000)	– –	– –	– –
Advances Recoverable	–	624,105 (626,681)	– –	– –
Sundry Debtors	1,080,000 (540,000)	7,350,398 (6,397,301)	– –	– –
Advances Payable	–	2,753,600 (2,549,200)	– –	– –

27.8 Earnings Per Share (E.PS)

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	Year Ended 31st March, 2012	Year Ended 31st March, 2011
a) Net Profit/(Net Loss) after tax available for Equity Shareholders	628,965	(764,975)
b) Weighted Average no of equity shares outstanding during the year	2,499,020	2,124,020
c) Basic/Diluted earnings per share (of Rs. 10/- each) Rs.(a/b)	0.25	(0.31)

27.9 Auditor's Remuneration

a) Audit Fees	25,000	25,000
b) Tax & Consultancy	15,000	15,000

27.1 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

27.11 Earning In Foreign Currency

Direct Export (FOB value Rs.NIL (Previous Year Rs.NIL)

Exports under Merchandising Trade Rs.17,443,420/–(Previous Year Rs. 10,003,320/–)

27.12 Expenditure In Foreign Currency

Discount on Sales – Rs. Nil /–(Previous Year Rs.164,122/–)

Purchase Under Merchandising Trade Rs. 15,754,085/– (Previous Year Rs.8,711,384/–)

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

Prop.

M.No. 94479

New Delhi, 29th May, 2012

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company hereby present the Annual Report of the Company together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS:

PARTICULARS	(Rs. in Lacs)	
	2011-2012	2010-2011
TOTAL REVENUE	669.34	564.76
EXPENDITURE	661.58	559.17
PROFIT AFTER TAX	9.23	0.67

PERFORMANCE REVIEW

The total revenue for the financial year 2011-2012 is Rs.669.34 Lacs as compared to Rs. 564.76 Lacs in the previous year. The Profit after Tax of the Company has substantially increased to Rs. 9.23 Lacs as compared to Rs. 0.67 Lacs during the previous year.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 31st March, 2012.

DIRECTORS

Mr. C.L.Handa, 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, 2012 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, 2012.
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.

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, 28th May, 2012

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, 2012.

1. Conversion of Energy

Not applicable to the Company due to the nature of Business

2. Technology Absorption

Not applicable

3. Foreign Exchange Earnings and Outgo

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

For and on behalf of the Board

Chennai, 28th May, 2012

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, 2012. 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 the 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 12.04.11, 24.05.11, 18.06.11, 01.09.11, 28.12.11, 14.02.12 and 26.03.12 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 31st March, 2011 was held on 21.09.2011 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 31st March, 2012.
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 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.
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

Parc. Company Secretary

C.P. No. - 10096

Chennai, 28th May, 2012

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, 2012

1. Form 20B
2. Form 23AC-XBRL and 23ACA-XBRL
3. Form 66
4. Form 17
5. Form 32

Rajashree S. Iyer

Parc. Company Secretary

C.P. No. - 10096

Chennai, 28th May, 2012

AUDITORS' REPORT

To
The Members of
J & J Leather Enterprises Ltd.

We have audited the attached Balance Sheet of J&J Leather Enterprises Ltd. as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date annexed thereto. Here the financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (1) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such examination of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the annexure a statement on the matters specified in the said order
- (2) Further to the comments in the annexure referred to in paragraph (1) above, 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 such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the Books of account.
 - (d) In our opinion the profit and loss account and Balance sheet comply with the accounting standards wherever applicable as referred to in Sub-Section 3C of Section 211.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as director in terms of Sec. 274(1) (g) of the Companies Act, 1956.
 - (f) In our opinion and the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - (ii) In the case of the Profit and Loss Account of the PROFIT of the Company for the year ended on that date.

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

N. Ramani
Partner
M. No. 22438
Chennai, 28th May, 2012

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph (1) of our Report

- (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 procedures 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 not taken any loan secured or unsecured loan from companies, firms or other parties in the register maintained under Section 301 of the Act.
- (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 in 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.
- (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.

J & J LEATHER ENTERPRISES LTD.

- (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, and if so whether the price at which shares have been issued is prejudicial to the interest of the Company.
- (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**
Firm Reg. No. 002510S
Chartered Accountants

N. Ramani
Partner
M. No. 22438

Chennai, 28th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	Amount in Rs.	
		As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	12,500,000	12,500,000
(b) Reserves and Surplus	3	12,313,159	11,389,971
2 Non-Current Liabilities			
(a) Long-term borrowings	4	54,203,798	53,750,000
(b) Deferred tax liabilities (Net)	5	1,725,285	2,323,404
(c) Trade Payables		4,356,208	2,859,720
(d) Long-term provisions	6	755,487	522,076
3 Current Liabilities			
(a) Other Current Liabilities	7	1,165,673	1,313,470
(b) Short-term provisions	8	50,000	128,000
TOTAL		87,069,610	84,786,641
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	62,753,428	67,221,420
(ii) Intangible Assets		308,459	-
(ii) Capital Work in Progress		-	943,543
(b) Long-term loans and Advances	10	7,329,428	6,337,949
2 Current Assets			
(a) Inventories	11	3,632,836	3,684,929
(b) Trade Receivables	12	9,843,365	583,986
(c) Cash and Cash Equivalents	13	1,220,000	1,538,206
(d) Short Term Loan & Advances	14	584,331	445,000
(e) Other Current Assets	15	1,397,763	4,031,608
TOTAL		87,069,610	84,786,641

Significant Accounting Policies 1-23

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, 28th May, 2012

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

				Amount in Rs.	
PARTICULARS	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011		
I. Revenue from Operations	16	66,749,817	55,952,647		
II. Other Income	17	183,661	523,696		
III. Total Revenue (I + II)		66,933,478	56,476,343		
IV. Expenses:					
Cost of Materials Consumed	18	2,813,546	2,377,278		
Manufacturing Expenses	19	39,819,650	30,668,927		
Employee Benefits Expense	20	6,303,206	5,838,283		
Finance Costs	21	17,090	196,592		
Depreciation and Amortization Expense		8,325,895	9,257,628		
Other Expenses	22	8,879,022	7,578,675		
Total Expenses		66,158,409	55,917,383		
V. Profit before exceptional and extraordinary items and tax (III-IV)		775,069	558,960		
VI. Exceptional Items					
VII. Profit before extraordinary items and tax (V - VI)		775,069	558,960		
VIII. Extraordinary Items					
IX. Profit before Tax (VII- VIII)		775,069	558,960		
X. Tax expense:					
(1) Current Tax		450,000	216,380		
(2) Deferred Tax		(598,119)	275,936		
XI. Profit/(Loss) for the period from continuing operations (VII-VIII)		923,188	66,644		
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)		923,188	66,644		
XVI. Earnings per Equity Share:					
(1) Basic		7.39	0.53		
(2) Diluted		7.39	0.53		

Significant Accounting Policies 1-23
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

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438
Chennai, 28th May, 2012

A. P. S. Narag
Managing Director

Manoj Khattar
Director

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

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	775,069	558,960
Adjusted for :		
Depreciation / Amortisation Expenses	8,325,895	9,257,628
Financial Cost	17,090	196,592
Effect of Exchange rate change	-	(2,074)
Loss / (Profit) on Sale of Fixed Assets	(16,313)	9,452,146
Operating profit before Working Capital Changes	9,101,741	10,011,106
Movement In Working Capital :		
Decrease / (Increase) In Inventories	52,093	(52,384)
Decrease / (Increase) In Trade Receivables	(9,259,379)	433,763
Decrease / (Increase) In Long Term Loans and Advances	(2,337,575)	(899,475)
Decrease / (Increase) In Short Term Loans and Advances	2,494,514	1,456,549
(Decrease) / Increase In Trade Payables	1,496,487	(1,640,720)
(Decrease) / Increase In Other Long Term Payables	233,411	6,328
(Decrease) / Increase In Other Short Term Payables	(225,797)	(7,323,847)
Cash generated from operations	1,555,495	1,991,320
Taxes paid	896,096	(1,125,231)
Finance Cost	2,074	
Cash flow before Extra-Ordinary Items	2,451,591	868,163
NET CASH FROM OPERATING ACTIVITIES	2,451,591	868,163
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets / Capital W.I.P.	(4,167,878)	(1,283,546)
Sale of Fixed Assets	961,373	-
NET CASH USED IN INVESTMENT ACTIVITIES	(3,206,505)	(1,283,546)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	453,798	-
Repayment of Long Term Borrowings	(111,275)	-
Finance Cost	(17,090)	(196,592)
NET CASH USED IN FINANCING ACTIVITIES	436,708	(307,867)
NET INCREASE/(DEC REASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(318,206)	(723,250)
CASH AND CASH EQUIVALENTS – OPENING BALANCE	1,538,206	2,261,456
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	1,220,000	1,538,206

As per our report of even date annexed
for **Padmanabhan Ramani & Ramanujam**
Firm Reg. No. 002510S
Chartered Accountants

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438
Chennai, 28th May, 2012

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, 2012**

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 / Income 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 cost or estimated net realisable 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.

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.

NOTES (CONTD...)

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 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
2. Share Capital				
2.1 Authorised				
Equity Shares of Rs.100/- each.	125,000	12,500,000	125,000	12,500,000
TOTAL		<u>12,500,000</u>		<u>12,500,000</u>
2.2 Issued, Subscribed & Paid up				
Equity Shares of Rs.100/- each.	125,000	12,500,000	125,000	12,500,000
TOTAL		<u>12,500,000</u>		<u>12,500,000</u>
2.3 The Reconciliation of the number of share outstanding and the amount of share capital as at 31st March, 2012 and 31st March, 2011 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	<u>125,000</u>	<u>12,500,000</u>	<u>125,000</u>	<u>12,500,000</u>
2.4 Shareholders having equity capital 5% or more as at 31st March, 2012 and 31st March, 2011 is set out below:				
Name of Share Holders	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% of holding	No. of Shares	% of 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, 2012		As at 31st March, 2011	
	No. of Shares	% of holding	No. of Shares	% of holding
Bhartiya Global Marketing Ltd	125,000	100	125,000	100

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	As at 31st March, 2012	Amount in Rs. As at 31st March, 2011
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	6,768,688	6,702,044
Add: Profit/(Loss) for the year	923,188	66,644
	7,691,876	6,768,688
Total	12,313,159	11,389,971
4 LONG TERM BORROWINGS		
a) Secured Vehicle Loans from banks (Secured by way of hypothecation of Vehicles financed by the Banks)	453,798	-
b) Unsecured loan and Advances – Bhartiya Global Marketing Ltd (Holding Company)	53,750,000	53,750,000
Total	54,203,798	53,750,000
5 DEFERRED TAX LIABILITIES (Net)		
Deferred Tax Liabilities		
Related to Bonus / Gratuity	(332,286)	(258,404)
Deferred Tax Liabilities		
Related to Fixed Assets	2,057,571	2,581,808
Total	1,725,285	2,323,404
6 LONG TERM PROVISIONS		
(a) Provision for Employee Benefits		
Provision for Gratuity	360,121	325,659
Provision for Leave Encashment	395,366	196,417
Total	755,487	522,076

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
Amount in Rs.		
7 OTHER CURRENT LIABILITIES		
a) Current maturities Of Long Term Debt	124,051	111,275
b) Accrued salaries and benefits		
Salary & benefits	170,787	401,586
Bonus & Incentive	359,704	144,145
c) Other Liabilities		
Expenses Payable	317,918	525,971
TDS Payable	193,213	130,493
Total	1,165,673	1,313,470
8 SHORT TERM PROVISIONS		
Provision for Leave Encashment	50,000	128,000
Total	50,000	128,000

9 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2012	As at 1st April, 2011	For the Year	Deduction/ Adjustments during the year	As at 31st March, 2012	As at 1st April, 2011	As at 31st March, 2012
Tangible Assets :										
Own Assets :										
Land	527,731	-	-	527,731	-	-	-	-	527,731	527,731
Building	50,403,305	-	-	50,403,305	18,884,300	3,151,900	-	22,036,200	31,519,005	28,367,105
Roads	286,195	583,357	-	869,552	123,991	9,465	-	133,456	162,204	736,096
Machinery	70,516,935	2,453,760	-	72,970,695	36,598,481	4,886,572	-	41,485,053	33,918,454	31,485,642
Vehicles	1,491,648	757,330	945,060	1,303,918	1,148,508	81,271	856,372	373,406	343,140	930,512
Furniture & Fixtures	314,567	19,091	-	333,658	218,669	23,904	-	242,573	95,898	91,085
Office Equipments	1,416,703	119,561	-	1,536,264	985,054	69,953	-	1,055,007	431,649	481,257
Computers	923,521	1,950	-	925,471	700,182	91,288	-	791,470	223,339	134,001
Total (A)	125,880,605	3,935,049	945,060	128,870,594	58,659,185	8,314,354	856,372	66,117,166	67,221,420	62,753,428
Previous Year	123,037,110	2,843,495	-	125,880,605	49,401,557	9,257,628	-	58,659,185	73,635,553	67,221,420
Intangible Assets:-										
Computers Software	-	320,000	-	320,000	-	11,541	-	11,541	-	308,459
Total (B)	-	320,000	-	320,000	-	11,541	-	11,541	-	308,459
Previous Year	-	-	-	-	-	-	-	-	-	-
Capital Work In Progress:	943,543	-	943,543	-	-	-	-	-	943,543	-
Total (c)	943,543	-	943,543	-	-	-	-	-	943,543	-
Previous Year	943,543	-	-	943,543	-	-	-	-	943,543	-
Total (A+B+C)	126,824,148	4,255,049	1,888,603	129,190,594	58,659,185	8,325,895	856,372	66,128,707	68,164,963	63,061,887
Previous Year (A+B+C)	123,980,653	2,843,495	-	126,824,148	49,401,557	9,257,628	-	58,659,185	74,579,095	68,164,963

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
10 LONG TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Security Deposits	3,792,178	2,875,103
Other Deposits	1,420,500	-
Advance Income Tax (Net off Provisions)	2,116,750	3,462,846
	7,329,428	6,337,949
11 INVENTORIES		
a. Raw Materials	1,289,694	1,289,694
(Valued at Cost or Net relisable Value, Whichever is lower)		
b. Stores and spares	2,187,107	2,187,107
(Valued at Cost or Net relisable Value, Whichever is lower)		
c. Consumable Stores	156,035	208,128
(Valued at Cost or Net relisable Value, Whichever is lower)		
Total	3,632,836	3,684,929
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	9,841,722	583,986
Unsecured, considered doubtful	-	-
	9,841,722	583,986
Less: Provision for doubtful debts	-	-
	9,841,722	583,986
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	9,843,365	583,986

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	As at 31st March, 2012	Amount in Rs. As at 31st March, 2011
13 CASH AND CASH EQUIVALENT		
a) Balances with banks In Current Accounts	835,060	1,184,795
b) Cash on hand	384,940	353,411
Total	1,220,000	1,538,206
14 SHORT TERM LOANS & ADVANCES (Unsecured, Considered Good)		
a) Advances With Suppliers	584,331	415,000
b) Advances With Staff	-	30,000
Total	584,331	445,000
15 OTHER CURRENT ASSETS (Unsecured, Considered Good)		
a) Prepayments	70,437	213,997
b) Deposits-Others	1,035,000	3,475,500
c) Others	292,326	342,111
Total	1,397,763	4,031,608
16 REVENUE FROM OPERATION		
Job Work Charges	66,749,817	55,952,647
Total	66,749,817	55,952,647
17 OTHER INCOME		
Interest Received	44,982	37,753
Rent Income	108,000	108,000
Other Misc Income	30,679	377,943
Total	183,661	523,696
18 COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	3,476,801	3,476,801
Add : Purchases		
Consumables	2,813,546	2,377,278
Less : Closing Stock	3,476,801	3,476,801
Total	2,813,546	2,377,278

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
19 MANUFACTURING EXPENSES		
Job Work Expenses	24,007,433	16,997,331
Electricity Expenses	3,983,521	3,956,317
Machinery Maintenance	3,225,471	2,874,624
Rent	2,075,000	2,070,000
ETP Expenses	1,140,000	1,140,000
Carriage Inwards	-	9,000
Generator Running & Maintenance	5,388,225	3,621,655
Total	39,819,650	30,668,927
20 EMPLOYEE BENEFITS EXPENSES		
a) Salary & Allowances	4,975,162	4,905,990
b) Staff Welfare Expenses	920,912	777,345
c) Gratuity & Leave Encashment	407,132	154,948
Total	6,303,206	5,838,283
21 FINANCE COSTS		
a) Interest Paid	17,090	196,592
Total	17,090	196,592
22 OTHER EXPENSES		
Printing & Stationery	181,526	153,946
Traveling & Conveyances	1,312,278	1,198,899
Postages & Telegram	5,975	4,854
Legal & Professional	1,298,492	839,364
Building Maintenance	263,224	845,962
Repair & Maintenance	530,326	499,659
Rent-Others	94,870	84,400
Rate & Taxes	8,800	210,806
Freight Outward	2,274,788	1,295,656
Miscellaneous Expenses	348,998	50,357
Communication Expenses	177,815	150,632
Auditors Remuneration - As Auditors	50,000	49,635
Insurance	73,976	86,521
Computer Expenses	74,916	17,300
Fees & Subscription	393,632	175,808
Security Expenses	1,198,605	1,306,087
Service Charges	600,000	600,000
Loss on Sale of Fixed Assets	(16,313)	-
Bank Charges	7,114	10,863
Foreign Exchange Fluctuation	-	(2,074)
Total	8,879,022	7,578,675

NOTES (CONTD...)

NOTE NO. 23: NOTES TO ACCOUNTS

23.1 Contingent Liabilities

(Rs. in Lacs)

	As at 31st March, 2012	As at 31st March, 2011
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.	2,450	1,700

23.2 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 / payable to these parties during the year is Nil.

23.3 **Details of Management Remuneration to Whole–Time Director.**

(Rs. in Lacs)

	As at 31st March, 2012	As at 31st March, 2011
a. Salary & Allowances	3.00	3.00

23.4 Expenditure In foreign Currency –

Consultancy	2.74	–
-------------	------	---

23.5 CIF Value of Imports

– 1.78

23.6 **Consumption of Imported & Indigenous Raw Material (including Consumables)**

	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
	(Rs. In Lacs)	%	(Rs. In Lacs)	%
Indigenous	28.14	100	23.77	100
Imported	–	–	–	–
		100		100

23.7 FOB Value Exports

Nil Nil

23.8 Sundry Debtors, Loans & Advances includes amounts due from / to subsidiary Companies and companies under the same management are as under:–

Amount in Rs.

	As at 31st March, 2012	As at 31st March, 2011
Bhartiya International Ltd. (Sundry Debtors)	9,841,537	583,986
Bhartiya Global Marketing Ltd.(Loan Received)	53,750,000	53,750,000
Bhartiya Global Marketing Ltd.(Sundry Credior)	1,080,000	540,000

NOTES (CONTD...)

23.9 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 Company	Key Management Personnel	Relatives of Key Management Personnel's
a) Rent (Recd)	108,000	–	–
	(108,000)	–	–
b) Job Work	66,749,817	–	–
	(55,932,257)	–	–
c) Management Fees	600,000	–	–
	(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	9,841,537	–	–
	(583,986)	–	–
Sundry Creditors	1,080,000	21,000	–
	(540,000)	(24,500)	–

23.10	Consumption of Raw Material	As at 31st March, 2012		As at 31st March, 2011	
		Qty	Value (Rs.Lacs)	Qty	Value (Rs. Lacs)
	Consumable	–	28.14	–	23.77
			28.14		23.77

23.11 a) The Income Tax Liability for the current year is as per the provisions of the Income Tax Act.

b) In compliance with the Accounting Standard on "Taxation of Income" (AS-22) issued by Institute of Chartered Accountants of India. The breakup of net Deferred Tax Assets as on 31.03.2011 is as below:

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
Depreciation	2,057,571	2,581,808
Losses	–	–
Provision for Gratuity / Bonus	(332,286)	(258,404)
	1,725,285	2,323,404

J & J LEATHER ENTERPRISES LTD.

NOTES (CONTD...)

23.12 Segment Reporting Disclosure as per Accounting Standard AS –17 , are at present not applicable to the Company.

23.13 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	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
a) Net profit after tax available for equity shareholders	923,188	66,644
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)	7.39	0.53

23.14 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, 28th May, 2012

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present the 6th Annual Report and Audited Financial Statements for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The Financial performance of the Company, for the year ended 31st March, 2012 is summarized below:

(Amount in Rs.)

Particulars	2011-2012	2010-2011
Total Income	30,003,952	–
Total Expenditure	20,253,443	305,740
Tax Expense	1,857,959	–
Profit/ (Loss) for the Year after Tax	7,892,550	(305,740)

DIVIDEND

Your directors do not recommend any dividend for the financial year ended 31st March, 2012.

REVIEW OF OPERATION

The Company's project for development of sector Specific Special Economic Zone (SEZ) of Leather & Leather Products (a JV between Bhartiya International Ltd. and Andhra Pradesh Industrial Infrastructure Corporation) at Tata Mandal, Nellore District, Andhra Pradesh has been duly notified and all applications have been made and necessary permissions received from the Development Commissioner for starting work. The Master Planning exercise has been completed. After continuous follow up and debate, the Company had received environment clearance and has also now received DTCP approval for leather products.

During the year Company also received the Consent for establishment and the work for compound wall/fence has been completed, which was being obstructed locally at various stages. The task of getting the electricity removed from the site by the authorities is still pending, which could be a hurdle for development of the whole site. However, keeping in view the policy of developing the project as quickly as possible, the first project was taken up by Bhartiya International Ltd, though certain unresolved relating to the site continued. Construction of the first phase of factory building is now complete and trial run has commenced. The unit has started recruitment of manpower and expects to employ over 250 personnel within the coming months that could increase significantly by the end of the year.

DIPP has now announced the new Mega Leather Cluster Policy, which has certain shortcomings that are being discussed with the authorities. Once the position is clear, the company will pursue appropriate steps to take advantage of this development policy to establish a Mega Leather cluster.

FIXED DEPOSITS

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

DIRECTORS

Mr. Manoj Khattar, Director retires by rotation and being eligible, offered himself for re-appointment at the ensuing Annual General Meeting.

The Board of Directors appointed Mr. Amrishpal Singh Narag and Mr. Sasi Madathil as Additional Directors of the Company on 22.09.2011 and 30.03.2012 respectively. In terms of the provisions of the Companies Act, 1956, the Additional Directors shall hold office till the conclusion of ensuing Annual General Meeting. Notices for their appointment have been received from the shareholder of the Company. Mr. Amrishpal Singh Narag and Mr. Sasi Madathil have conveyed their consent to be appointed as Directors of the Company.

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 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.

BHARTIYA INTERNATIONAL SEZ LTD.

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 31st March, 2012, 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 for 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, 2012 and of the profit 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:- (In Rs.)

	Current Year	Previous year
Foreign Exchange Earnings	-	-
Foreign Exchange Outgo	68,869	480,931

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

New Delhi, 21st May, 2012

A.P.S. Narag
Director

Manoj Khattar
Director

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of M/s Bhartiya International SEZ Ltd as on 31st March, 2012 and the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, we give in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of the said books;
 - c. The Balance Sheet and Profit and Loss Account dealt within this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report are in compliance with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e. Based on the representations made by all the Directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima-facie, have any disqualification as referred to in clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes to the accounts in Schedule 1, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date ; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

S. K. PODDAR
Prop.
M. No. 94479
New Delhi, 21st May, 2012

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. 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.
- 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. 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. 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, 2012 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.

BHARTIYA INTERNATIONAL SEZ LTD.

- x. According to the records of the Company, the accumulated loss of the Company is less than fifty percent of its net worth. The Company has incurred cash losses of Rs. 149,934/- 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. 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. In our opinion and based on the information and explanations given to us, during the year, the Company has not made allotment of equity shares to its holding Company, so no disclosure is required for this clause .
- 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, the Company has no 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
Prop.
M. No. 94479
New Delhi, 21st May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	135,692,300	135,692,300
(b) Reserves and Surplus	3	7,077,482	(815,068)
2 Non-Current Liabilities			
(a) Long-Term Provisions	4	45,310	5,308
3 Current Liabilities			
(a) Short-Term Borrowings	5	2,733,271	24,203,271
(b) Trade Payable	6	26,478	1,741,802
(c) Other Current Liabilities	7	1,288,111	1,465,043
(d) Short-Term Provisions	8	1,901,309	1,533
TOTAL		148,764,261	162,294,189
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		15,933,278	11,546,758
(b) Other Non-Current Assets	10	898,783	1,054,589
2 Current assets			
(a) Inventories	11	131,135,514	146,396,269
(b) Cash and Cash Equivalents	12	796,686	3,237,263
(c) Short Term Loans and Advances	13	-	59,310
TOTAL		148,764,261	162,294,189

Significant Accounting Policies 1 to 20

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
Proprietor
M.No. 94479
New Delhi, 21st May, 2012

Niraj Jain
Company Secretary

A.P.S. Narag
Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income:			
I. Revenue From Operations	14	30,000,000	–
II. Other income	15	3,952	–
III. Total Revenue		30,003,952	–
IV. Expenses:			
Cost of Sales	16	16,977,670	–
Employee Benefits Expense	17	2,746,338	72,000
Depreciation and Amortization Expense	18	186,826	155,806
Other Expenses	19	342,609	77,934
Total Expenses		20,253,443	305,740
V. Profit Before tax		9,750,509	(305,740)
VI. Tax Expense:			
Current Tax		1,857,959	–
Deferred Tax		–	–
VII. Profit After Tax		7,892,550	(305,740)
VIII. Earnings Per Equity Share:			
(1) Basic		0.58	(0.03)
(2) Diluted		0.58	(0.03)

Significant Accounting Policies 1 to 20

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

S. K. Poddar

Proprietor

M.No. 94479

New Delhi, 21st May, 2012

Niraj Jain
Company Secretary

A.P.S. Narag
Director

Manoj Khattar
Director

For and on behalf of the Board

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

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra Ordinary Items	9,750,509	(305,740)
Adjusted for :		
Financial Expenses	1,918	8,626
Depreciation	31,020	-
Preliminary Expenses Written off	155,806	155,806
	188,744	164,432
Operating profit before Working Capital Changes	9,939,253	(141,308)
Adjustment for :		
Inventories	15,260,755	(3,118,790)
Short Term Loans & Advances	59,310	52,853
Trade and Other Payables	(23,280,437)	17,644,794
	(7,960,372)	3,245,393
Cash generated from operations	1,978,881	3,104,085
Taxes Paid	-	-
Financial Expenses (net)	1,918	(8,626)
Cash flow before extra-ordinary items	1,976,963	3,095,459
Extra Ordinary Items	-	-
	1,976,963	3,095,459
NET CASH FROM OPERATING ACTIVITIES	1,976,963	3,095,459
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(9,800)	(126,318)
Addition in Capital Work In Progress	(4,407,740)	(11,333,464)
NET CASH USED IN INVESTMENT ACTIVITIES	(4,417,540)	(126,318)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital Issued	-	78,000,000
Unsecured Loans	-	(78,000,000)
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(2,440,577)	2,969,141
CASH AND CASH EQUIVALENTS - OPENING BALANCE	3,237,263	268,122
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	796,686	3,237,263

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
Proprietor
M.No. 94479
New Delhi, 21st May, 2012

Niraj Jain
Company Secretary

A.P.S. Narag
Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012**

1 SIGNIFICANT ACCOUNTING POLICIES

a) Background :

The Company was promoted by M/s Bhartiya International Limited. The Company is a developer of and in process of setting up 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 financing 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 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) Miscellaneous Expenses

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

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, 2012	As at 31st March, 2011
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 Bhartiya International Ltd, the holding Company		
2.2 The details of Shareholders holding more than 5% shares.		

Name of the share holders	No of equity shares as at 31st March, 2012	No of equity shares as at 31st March, 2011
(a) M/s Bhartiya International Ltd.	12,069,230	12,069,230
(b) M/s Andhra Pradesh Industrial & Infrastructure Corporation Ltd.	1,500,000	1,500,000
	13,569,230	13,569,230

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

PARTICULARS	As at 31st March, 2012 No. of Shares	As at 31st March, 2011 No. of Shares
Numbers of Shares at the begning of the year	13,569,230	5,769,230
Add: Numbers of shares issued during the year	-	7,800,000
Equity Shares at the end of the year	13,569,230	13,569,230

2.4 15,00,000 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 31st March, 2012	As at 31st March, 2011
3 RESERVES & SURPLUS		
(a) Surplus		
As Per last Balance Sheet	(815,068)	(509,328)
Add: Profit/(Loss) for the year	7,892,550	(305,740)
TOTAL	7,077,482	(815,068)
4 LONG TERM PROVISIONS		
(a) Provision for Employee Benefits		
Provision for Gratuity	45,310	5,308
TOTAL	45,310	5,308
5 SHORT TERM BORROWINGS		
(a) Loans/Advances from Related Party (refer note no 20.09)	2,733,271	24,203,271
TOTAL	2,733,271	24,203,271
6 TRADE PAYABLE		
(a) Trade Payable	26,478	1,741,802
TOTAL	26,478	1,741,802
7 OTHER CURRENT LIABILITIES		
(a) Accrued Salaries and Benefits		
Salary & benefits	140,385	203,170
(b) Other Liabilities		
Expenses Payable	34,466	236,240
TDS Payable	66,507	140,091
Creditors for Capital Expenditure	1,046,753	885,542
TOTAL	1,288,111	1,465,043
8 SHORT TERM PROVISIONS		
(a) Provision for Leave Encashment	43,350	1,533
(b) Income Tax	1,857,959	-
TOTAL	1,901,309	1,533

NOTES (CONTD.)

9 FIXED ASSETS

Amount in Rs.

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions/ Adjustment during the Year	Deduction/ Retirement during the Year	As at 31st March, 2012	As at 1st April, 2011	For the year	Deduction/ Adjustments during the year	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012
Tangible Assets :										
Own Assets :										
Computers	157,180	-	-	157,180	26,059	25,479	-	51,538	131,121	105,642
Furniture	69,200	9,800	-	79,000	7,879	4,380	-	12,259	61,321	66,741
Office Equipments	22,428	-	-	22,428	1,576	1,161	-	2,737	20,852	19,691
Total (A)	248,808	9,800	-	258,608	35,514	31,020	-	66,534	213,294	192,074
Previous Year(a)	122,490	126,318	-	248,808	16,189	19,325	-	35,514	106,301	213,294
Capital Work in Progress	11,333,464	4,407,740	-	15,741,204	-	-	-	-	11,333,464	15,741,204
Total (B)	11,333,464	-	-	15,741,204	-	-	-	-	11,333,464	15,741,204
Previous Year(b)	5,274,235	6,059,229	-	11,333,464	-	-	-	-	5,274,235	11,333,464
Total (A+B)	11,582,272	9,800	-	15,999,812	35,514	31,020	-	66,534	11,546,758	15,933,278
Previous Year (a+b)	5,396,725	6,185,547	-	11,582,272	16,189	19,325	-	35,514	5,380,536	11,546,758

Amount in Rs.

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
10 OTHER NON CURRENT ASSETS		
(a) Preliminary Expenses		
Opening Balance	1,054,589	1,210,395
Less Written off during the year	155,806	155,806
TOTAL	898,783	1,054,589
11 INVENTORIES		
(a) Land and Land Development Cost	131,135,514	146,396,269
TOTAL	131,135,514	146,396,269
12 CASH AND CASH EQUIVALENT		
(a) Balances with Banks		
In Current Accounts	622,721	3,160,944
(b) Cash on Hand	173,965	76,319
TOTAL	796,686	3,237,263
13 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Advances with Staff	-	59,310
TOTAL	-	59,310

BHARTIYA INTERNATIONAL SEZ LTD.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
14 REVENUE FROM OPERATION		
(a) Sale under Long Term Lease	30,000,000	-
TOTAL	30,000,000	-
15 OTHER INCOME		
(a) Exchange Fluctuation	3,952	-
TOTAL	3,952	-
16 COST OF SALES		
(a) Cost of Land Given on Long Term Lease	16,977,670	-
TOTAL	16,977,670	-
17 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	2,746,338	72,000
TOTAL	2,746,338	72,000
18 DEPRECIATION AND AMORTISATION EXPENSES		
(a) Depreciation	31,020	-
(b) Preliminary Expenses Written Off	155,806	155,806
TOTAL	186,826	155,806
19 OTHER EXPENSES		
(a) Consultancy Charges	21,298	45,803
(b) Rates Taxes & Duties	21,941	8,505
(c) Auditors Remuneration	15,000	15,000
(d) Bank Charges	1,918	8,626
(e) Business Promotion	78,653	-
(f) Conveyance Expenses	610	-
(g) Exhibition Expenses	33,998	-
(h) Fee & Subscription	23,965	-
(i) Travelling	51,585	-
(j) Postage & Courier	3,637	-
(k) Security Expenses	25,894	-
(l) Misc. Expenses	64,110	-
TOTAL	342,609	77,934

NOTES (CONTD.)

NOTE NO. 20: NOTES TO ACCOUNTS

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

20.02 Estimated value of contract remaining to be executed on capital account and not provided for Rs. 1,553,014/- (Previous year 1,081,545)

20.03 Amounts due from / to Subsidiary Companies and Companies under the same management as under:

PARTICULARS	As at 31st March, 2012 Rs.	As at 31st March, 2011 Rs.
Due to Bhartiya International Ltd.	2,733,271	24,203,271
Due to Itopia Management Private Ltd.	19,466	100,251

20.04 Earning Per Share (EPS)

a) The Following table reconciles the numerators and denominators used to calculate Basic and Diluted Earnings per share for the year ended 31st March, 2012 and the year ended 31st March, 2011 :

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income available to Equity Shareholders	7,892,550	(305,740)
No of Shares at the beginning of the Year (A)	13,569,230	5,769,230
Equity allotted during the year	–	7,800,000
Weighted Average Shares (B)	–	2,991,781
Weighted Average Shares Outstanding (nos) (A+B)	13,569,230	8,761,011
Effect of Dilutive Securities (nos):		
Weighted Average number of equity shares for Diluted EPS	13,569,230	8,761,011
	Rs Per Share	Rs Per Share
Nominal Value per share	10	10
Earnings per share (Basic)	0.58	(0.03)
Earnings per share (Diluted)	0.58	(0.03)

20.05 Auditor's Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	15,000	15,000

20.06 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.

20.07 The company has transferred 20.01 acres of land on Long Term Lease for 49 years to its holding company. The payment received under the above agreement has been treated as an income for the year as Sales Under Long Term Lease. Accordingly cost of above 20.01 acres of land has been charged to income statement.

20.08 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. The income tax liability for the current year is as per the provision of Section 115JB(MAT) of the Income Tax Act, 1961.

BHARTIYA INTERNATIONAL SEZ LTD.

20.09 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

(i) Company under Same management

Itopia Management Services (India) Pvt. Ltd.

(iii) Summary of transactions during the year :	Holding Company	Associate Parties
Sale under Long Term Lease	30,000,000	–
	–	–
Travel Service	–	218,394
	–	(323,981)
(iv) Balances Outstanding at the year end:		
Advances Payable	2,733,271	–
	(24,203,271)	–
Advances Payable	–	19,466
	–	(100,251)

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

20.11 Segment Reporting Disclosure as per Accounting Standard AS -17 are at present not applicable to the Company.

20.12 Foreign Currency Expenditure

- Foreign Traveling	38,867	(Previous year Rs. 120,989)
- Participation Fees	–	(Previous year Rs. 359,942)
- Exhibition Expenses	30,002	(Previous year Rs. Nil)

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Firm Regn No. 014969N

Chartered Accountants

S. K. Poddar

Proprietor

M.No. 94479

New Delhi, 21st May, 2012

For and on behalf of the Board

Niraj Jain
Company Secretary

A.P.S. Narag
Director

Manoj Khattar
Director

DIRECTORS' REPORT

The Directors present their 3rd Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2012

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

PARTICULARS	2011-2012	2010-2011
INCOME	-	-
EXPANDITURE	31,014	22,845
PROFIT/ (LOSS) FOR THE YEAR	(31,014)	(22,845)

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, 2012.

DIRECTORS

Mr. C. L. Handa 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 form 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:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (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, 2012 and of the profit/losses 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.
- (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.

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.

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, 29th May, 2012

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

(A) 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.

(B) Foreign Exchange Earnings & Outgo

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

For and on behalf of the Board

New Delhi, 29th May, 2012

C.L. Handa
Director

Manoj Khattar
Director

AUDITORS' REPORT

The Members of
M/s Bhartiya Fashion Retail Ltd.
New Delhi

1. We have audited the attached Balance Sheet of M/s Bhartiya Fashion Retail Ltd as on 31st March, 2012 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, we give in the annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of the said books;
 - c. The balance sheet and profit and loss account dealt within this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report are in compliance with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e. Based on the representations made by all the Directors of the Company as on 31st March, 2012 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima-facie, have any disqualification as referred to in clause (g) of Sub-Section (1) to Section 274 of the Companies Act, 1956.
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting policies and notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date ; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

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

S.K. PODDAR

Prop
M. No.94479

New Delhi, 29th May, 2012

ANNEXURES TO THE AUDITORS' REPORT

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

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. 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.
- ix. 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, 2012 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 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.
- 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. 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.
- xiii. 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.
- xiv. 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.

BHARTIYA FASHION RETAIL LTD.

- xv. 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.
- xvi. 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.
- xvii. 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.
- xviii. 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.
- xix. 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.
- xx. 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.
- xxi. 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

Prop

M. No.94479

New Delhi, 29th May, 2012

BHARTIYA FASHION RETAIL LTD.**BALANCE SHEET AS AT 31ST MARCH, 2012**

PARTICULARS	Note No.	Amount in Rs.	
		As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves And Surplus	3	(75,883)	(44,869)
2 Current Liabilities			
(a) Other Current Liabilities	4	5,000	5,000
TOTAL		429,117	460,131
II. ASSETS			
1 Non-Current Assets			
(a) Other Non-Current Assets	5	76,380	89,110
2 Current Assets			
(a) Cash And Cash Equivalent	6	340,007	358,291
(b) Other Current Assets	7	12,730	12,730
TOTAL		429,117	460,131

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
Prop.
M.No. 94479
New Delhi, 29th May, 2012

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, 2012**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income:			
Revenue From Operations		-	-
Other income		-	-
Total Revenue		<u>-</u>	<u>-</u>
Expenses:			
Other Expenses	8	31,014	22,845
Total Expenses		<u>31,014</u>	<u>22,845</u>
Profit Before Tax		(31,014)	(22,845)
Tax expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit (Loss) for the period		<u>(31,014)</u>	<u>(22,845)</u>
Earnings Per Equity Share:			
(1) Basic/ Diluted		(0.62)	(0.46)
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
Prop.
M.No. 94479
New Delhi, 29th May, 2012

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

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

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2012	Year Ended 31st March, 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and Extra Ordinary Items		(31,014)	(22,845)
Adjusted for :			
Financial Expenses	125		100
Depreciation / Amortisation Expenses	12,730		12,730
		12,855	12,830
Operating profit before Working Capital Changes		(18,159)	(10,015)
Adjustment for :			
Trade and Other Payables	-		(118,601)
		-	(118,601)
Cash generated from operations		(18,159)	(128,616)
Financial Expenses		(125)	(100)
Cash flow before Extra-Ordinary Items		(18,284)	(128,716)
Extra Ordinary Items		-	-
NET CASH FROM OPERATING ACTIVITIES		(18,284)	(128,716)
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)		(18,284)	(128,716)
Cash and Cash Equivalents – Opening Balance		358,291	487,007
Cash and Cash Equivalents – Closing Balance		340,007	358,291

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Chartered Accountants
Firm Regn. No. 014969N

S. K. Poddar

Prop.
M.No. 94479
New Delhi, 29th May, 2012

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012**

1 SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting

The financial statements are prepared on accrual basis under the historical cost convention in compliance in 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 31st March, 2012	As at 31st March, 2011
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	(44,869)	(22,024)
Add: Net Profit/(Net Loss) For the Current Year	(31,014)	(22,845)
TOTAL	(75,883)	(44,869)

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

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
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)	76,380	89,110
TOTAL	76,380	89,110
6 CASH AND CASH EQUIVALENT		
(a) Balances with banks		
In Current Accounts	329,621	346,291
(b) Cash on hand	10,386	12,000
TOTAL	340,007	358,291
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	125	100
(c) Preliminary Expenses	12,730	12,730
(d) Legal & Professional	11,030	1,500
(e) Rates & Taxes	1,614	3,000
(f) Miscellaneous Expenses	515	515
TOTAL	31,014	22,845

NOTES (CONTD...)

NOTE NO. 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 and 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 31st March, 2012	Year Ended 31st March, 2011
a) Net Profit/(loss) after tax available for equity shareholders	(31,014)	(22,845)
b) Weighted average number of Equity Shares of Rs. 10/- each	50,000	50,000
c) Basic/Diluted Earning per share Rs.(a/b)	(0.62)	(0.46)

- 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 31st March, 2012	Year Ended 31st March, 2011
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
Prop.
M.No. 94479
New Delhi, 29th May, 2012

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

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, 2011.

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, 2011 and the state of its affairs at that date are dealt within the financial statements.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st Decemeber, 2011.

DIRECTORS

The following Directors held office during the year.

Mr. Snehdeep Aggarwal

Mr. Nikhil Aggarwal

Mr. Sanjay Vaze (expired on 8/8/2011)

Miss Divya Vaze (appointed on 8/8/2011)

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, 2011.

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, 16th May, 2012

Chairman

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 Limited which comprise the balance sheet as at 31st December, 2011 and the income statement, statement of changed 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. This 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 of 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, 2010 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, 2011 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, 16th May, 2012

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

BALANCE SHEET AS AT 31ST DECEMBER, 2011

PARTICULARS	Notes	2011 HK\$	2010 HK\$
ASSETS			
Non-current Assets			
Furniture and Fixtures and Motor Vehicles	2(b),7	<u>130,195</u>	<u>197,928</u>
Current Assets			
Utility and Rental Deposits		12,870	12,870
Debtors and Prepayments		5,369,362	1,276,881
Bills Receivable		3,182,400	-
Bills on Collection		390,000	-
Cash at Banks and in Hand		<u>187,309</u>	<u>362,408</u>
		<u>9,141,941</u>	<u>1,652,159</u>
Current Liabilities			
Bank Overdraft (Secured)	15	2,355,884	2,295,945
Creditors and Accrued Charges		6,900,378	1,137,942
Amount due to Holding Company	9	5,682,419	5,407,415
Amount due to Related Companies	10	3,147,201	2,060,413
		<u>18,085,882</u>	<u>10,901,715</u>
NET CURRENT LIABILITIES		<u>(8,943,941)</u>	<u>(9,249,556)</u>
		<u>(8,813,746)</u>	<u>(9,051,628)</u>
CAPITAL AND RESERVES			
Share Capital	8	7,730	7,730
Accumulated Losses		<u>(8,821,476)</u>	<u>(9,059,358)</u>
		<u>(8,813,746)</u>	<u>(9,051,628)</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

PARTICULARS	Notes	2011 HK\$	2010 HK\$
Turnover	3	35,215,095	7,640,541
Other Revenue		1,190,751	2,148,038
Change in Inventories of Finished Goods		(31,683,837)	(6,902,792)
Staff Costs		(1,165,299)	(784,040)
Depreciation Expenses		(91,792)	(122,074)
Other Operating Costs		<u>(2,765,460)</u>	<u>(1,701,489)</u>
Profit/(Loss) from Operations	4	699,458	278,184
Finance Costs	5	<u>(461,576)</u>	<u>(269,278)</u>
Profit/(Loss) before Taxation		237,882	8,906
Income Tax Expenses	6	(-)	(-)
Profit/(Loss) after Taxation		237,882	8,906
Loss on liquidation of subsidiary		(-)	(-)
Accumulated Losses brought forward		<u>(9,059,358)</u>	<u>(9,068,264)</u>
Accumulated Losses carried forward		<u>(8,821,476)</u>	<u>(9,059,358)</u>

There were no recognized gains or losses other than the loss 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, 2011

	2011 HK\$	2010 HK\$
OPERATING ACITIVIES		
Profit/ from operations	237,882	8,906
Adjustment for :		
Bank Charges and Interest Paid	461,576	269,278
Loss on Motor Vehicles Written Off	-	1
Depreciation	91,792	122,074
Operating cash flow before movements in working capital	791,250	400,259
(Increase) Utility and Rental Deposits	(-)	(1,320)
(Increase) in Debtors and Prepayments	(4,092,481)	(1,175,632)
(Increase) in Bills Receivable	(3,182,400)	-
(Increase) in Bills on Collection	(390,000)	-
Increase in Creditors and Accrued Charges	5,762,436	929,300
Cash generated from Operations	(1,111,195)	152,607
Profits Tax Paid	-	-
Net cash (used in)/from operating Activities	(1,111,195)	152,607
INVESTING ACTIVITIES		
Purchase of Furniture and Fixtures	(24,060)	(70,462)
Purchase of Motor Vehicle	-	(174,900)
Net cash (used in) Investing Activities	(24,060)	(245,362)
FINANCING ACTIVITIES		
Decrease in Amount due from a Related Company	1,086,788	566,860
Increase in Bank Overdraft	59,939	48,732
Increase in Amount due to Holding Company	275,005	30,950
Bank Charges and Interest Paid	(461,576)	(269,278)
Net cash from Financing Activities	960,156	377,264
Net increase in cash and cash Equivalents	(175,099)	284,510
Cash and Cash Equivalents at 1 January	362,408	77,898
Cash and Cash Equivalents at 31st December	187,309	362,408

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2011**

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 Voeux 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:-

Sales 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 expense 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.

3. TURNOVER

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

	2011 HK\$	2010 HK\$
Sales of goods		
- Unrelated party	26,516,348	7,640,541
- Related party	8,698,747	-
	<u>32,215,095</u>	<u>7,640,541</u>

4. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations has been arrived after charging (crediting):-

Depreciation and Amortization	91,792	122,074
Auditor's Remuneration	32,000	29,000
	<u>123,792</u>	<u>151,074</u>

and crediting:-

Provision for Depreciation Written Back	-	320,642
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5. FINANCE COSTS

Bank Charges	268,305	75,452
Bank Interest Paid	193,271	193,826
	<u>461,576</u>	<u>269,278</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

	Furniture & Fixtures HK\$	Motor Vehicles HK\$	Total HK\$
7. NON-CURRENT ASSETS			
AT COST			
At 1/1/2011	724,647	174,900	899,547
Additions	24,060	-	24,060
At 31/12/2011	<u>748,707</u>	<u>174,900</u>	<u>923,607</u>
AGGREGATE DEPRECIATION/ AMORTIZATION			
At 1/1/2011	649,149	52,470	701,619
Charge for the Year	39,322	52,470	91,792
At 31/12/2011	<u>688,471</u>	<u>104,940</u>	<u>793,411</u>
NET BOOK VALUE			
At 31/12/2011	<u>60,235</u>	<u>69,960</u>	<u>130,195</u>
At 31/12/2010	<u>75,498</u>	<u>122,430</u>	<u>197,928</u>
		2011 HK\$	2010 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 1/1/2011		5,407,415	5,376,465
Advances		275,004	30,950
		<u>5,682,419</u>	<u>5,407,415</u>
Repayments		(–)	(–)
Balance at 31/12/2011		<u>5,682,419</u>	<u>5,407,415</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 :-			
Bhartiya International Ltd., Italy			
Balance at 1/1/2011		464,441	464,442
Advances		–	–
		<u>464,441</u>	<u>464,442</u>
Repayments		(464,441)	(–)
Balance at 31/12/2011		<u>(–)</u>	<u>464,442</u>
Bhartiya Global Marketing Ltd., India			
Balance at 1/1/2011		1,029,111	1,029,111
Advances		–	–
		<u>1,029,111</u>	<u>1,029,111</u>
Repayments		(–)	(–)
Balance at 31/12/2011		<u>1,029,111</u>	<u>1,029,111</u>

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	2011 HK\$	2010 HK\$
Ultima Italia Srl, Italy		
Balance at 1/1/2011	566,861	–
Advances	<u>2,517,902</u>	566,860
	3,084,762	566,860
Repayments	<u>(966,672)</u>	(–)
Balance at 31/12/2010	<u>2,118,090</u>	<u>566,860</u>
	Maximum amount	
	Balance at	Balance at
	31/12/2011	31/12/2010
	HK\$	HK\$
Bhartiya International Ltd., Italy	–	464,442
Bhartiya Global Marketing Ltd., India	1,029,111	1,029,111
Ultima Italia Srl, Italy	<u>2,118,090</u>	566,860
	<u>3,147,201</u>	<u>2,060,413</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:

	2011 HK\$	2010 HK\$
Fees	–	–
Other Emoluments	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

12. CONTINGENT LIABILITIES

At 31st December, 2011, there were contingent liabilities in respect of :-

Unutilized Portion of Standby Letter of Credit	<u>2,730,000</u>	2,730,000
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13. RELATED PARTY TRANSACTIONS

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

Related Party	Transaction	2011 HK\$	2010 HK\$
Bhartiya International Ltd., India	Purchases	<u>1,479,120</u>	<u>1,002,300</u>
	Sales	–	–
	Other Income	<u>961,775</u>	<u>2,148,038</u>
		<u>961,775</u>	<u>2,148,038</u>
Ultima Italia Srl, Italy	Advertising and Promotion Expenses	558,780	–
	Agent's	–	–
	Commission	1,453,162	206,360
	Consultancy Fee	505,960	360,500
		<u>2,517,902</u>	<u>566,860</u>
Ultima SA, Switzerland	Sales	<u>8,698,747</u>	–
	Purchases	<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.

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:

	2011 HK\$	2010 HK\$
Lease expiring		
– within one year	94,040	161,783
– in the second to fifth year inclusive	10,800	100,872
– over the fifth year	–	–
	104,840	262,655

15. PLEDGE OF ASSETS

At balance sheet date, the credit facilities was secured by standby letter of credit from ING Vysya Bank, India issued by the company’s holding company, namely Bhartiya International Ltd., India for USD 350,000.

16. 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.

17. 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, 2011**

	2011 HK\$	2010 HK\$
SALES	35,215,095	7,640,541
LESS : COST OF SALES		
Purchases	29,507,069	6,396,041
Add : Direct Expenses		
Agents' Commission	1,588,862	206,360
Bank Charges	268,305	75,452
Certificate and Declaration Charges	9,648	-
Labels	397,432	191,054
Marine Insurance	-	10,352
Samples	180,826	97,651
Testing Charges	-	1,334
	31,952,142	6,978,243
GROSS PROFIT	3,262,953	662,298
Add: Service Charged Received	220,909	-
Other Income	969,841	2,148,038
	1,190,751	2,148,038
	4,453,704	2,810,336
LESS : ADMINISTRATION EXPENSES		
Advertising and Promotion Expenses	630,294	-
Audit Fee	32,000	29,000
Bank Interest Paid	193,270	193,827
Consultancy Fee	722,034	575,399
Depreciation on:-		
Furniture and Fixtures	39,322	69,604
Motor Vehicles	52,470	52,470
Difference in Exchange	37,113	2,868
Electricity and Water	1,680	1,764
Entertainment	-	6,667
Handling Charges	16,605	2,043
Insurance	1,886	1,246
Loss on Motor Vehicles Written Off	-	1.00
Management and Accountancy Fees	218,400	218,400
Mandatory Provident Fund-Staffs	12,000	12,000
Motor Vehicle Expenses	92,015	70,214
Postage and Courier Charges	177,308	129,266
Printing and Stationery	9,125	2,032
Rent and Rates	164,667	149,453
Repairs and Maintenance	83,018	86,870
Secretarial Fee	7,800	7,800
Staff Messing	54,277	22,776
Staff Salaries and Allowances	1,153,299	772,040
Sundry Expenses	164,545	99,583
Telephone and Fax	82,400	67,330
Travelling Expenses-		
Overseas	270,294	228,777
	4,215,822	2,801,430
Profit for the year	237,882	8,906

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, 2011 and 2010, 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 present fairly, in all material respects, the financial position of BIL GROUP LLC as of December 31, 2011 and 2010, 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 , 2012

BALANCE SHEET AS OF DECEMBER 31, 2011 AND 2010

(See accompanying Independent Auditors' Report)

PARTICULARS	2011 US\$	2010 US\$
ASSETS		
Current Assets:		
Cash & Cash Equivalents	4,635	5,000
Total Current Assets	4,635	5,000
Fixed Assets:		
Property and Equipment (Net of accumulated depreciation)	-	-
Total Assets	4,635	5,000
Liabilities and Stockholder's Equity		
Current Liabilities:		
Accrued Expenses	2,100	2,000
Total Current Liabilities	2,100	2,000
Owners Equity:		
Member's Equity	2,535	3000
Total Liabilities	4,635	5,000

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

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

PARTICULARS	SCHEDULE	2011 US\$	2010 US\$
SALES, NET OF DISCOUNTS		-	-
COST OF GOODS SOLD		-	-
GROSS PROFIT		<u>-</u>	<u>-</u>
OPERATING EXPENSES:			
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	A	2,411	2,359
NET INCOME BEFORE TAXES		(2,411)	(2,359)
CITY & STATE INCOME TAXES		(54)	(25)
NET INCOME		<u>(2,465)</u>	<u>(2,384)</u>

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

**STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

PARTICULARS	2011 US\$	2010 US\$
Opening Balance at January 1	3000	384
Capital Contribution	2,000	5,000
Net Income	(2,465)	(2,384)
Closing Balance at December 31	<u>2,535</u>	<u>3,000</u>

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

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

PARTICULARS	2011 US\$	2010 US\$
Cash Flows from Operating Activities		
Net Income	(2,465)	(2,384)
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	(450)
Total Adjustments	(2,365)	(2,834)
Net Cash provided by Operating Activities	(2,365)	(2,834)
Cash Flows from Investing Activities:	-	-
Cash Flow from Financing Activities:		
Capital Contribution	2,000	5,000
Net Cash provided by Financing Activities	2,000	5,000
Net Increase (Decrease) in Cash and Cash Equivalents	(365)	2,166
Cash and cash equivalents, at beginning of the year	5,000	2,834
Cash and Cash equivalents, at End of the year	4,635	5,000
Supplemental Disclosure for Cash flow Information		
Cash paid during the year for Income taxes	54	25

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

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 outerwear. The company has made no imports or sales during the past three years. The company has plans to activate its business of leather & textiles outerwear in United States and is in discussion with various retailers. It is expecting to get some positive responses and start the sales actively in year, 2012.

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 2011 and 2010.

d) Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for both financial reporting and tax purposes in accordance with accelerated methods in amounts sufficient to amortize the cost of the related assets over their estimated useful lives.

e) 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.

f) 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, 2011 and 2010.

g) 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 2011 and 2010. The past accounts receivable had been realized.

Note 3 Property and Equipment

Prior to year 2011, the business had Property and Equipments worth \$ 9,244 that were fully depreciated. During the year 2011, the same 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 2011 and 2010 and all payables were paid off in the previous years.

BIL GROUP LLC, N.Y.

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 \$ 2,000 for the year 2011 and a sum of \$ 5,000 for 2010.

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 2011 and 2010.

SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

PARTICULARS	2011 Amount	2010 Amount
Bank & Credit card Charges	311	359
Professional Fees	2,100	2,000
Dues	25	–
Total	2,436	2,359

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, 2012.

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, 2012 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, 2012.

DIRECTORS

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

Director

25th May, 2012

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, 2011 to 31st March, 2012.

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

A. Mazenauer
(Auditor in charge)

Christian Erard

Neuchâtel, 25th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	31.03.2012 CHF	31.03.2011 CHF
ASSETS		
Short Term Assets		
Bank Accounts	579,657.21	58,826.90
Debtors Ultima Italia S.r.l.	832,896.29	2,799,416.62
Other debtors	1,098,482.79	70,654.13
Stock of goods	600,927.00	663,771.00
Transitional and other debtors	1,231.47	1,222.42
Total Short Term Assets	3,113,194.76	3,593,891.07
Fixed Assets		
Loan Ultima Italia S.r.l.	150,991.95	807,859.94
Investment Ultima Italia S.r.l.	2,438,000.00	138,612.00
TOTAL FIXED ASSETS	2,588,991.95	946,471.94
TOTAL ASSETS	5,702,186.71	4,540,363.01
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Creditors	791,575.60	34,661.39
Bank Accounts	1,184,045.50	324,333.22
C/A Bhartiya International Ltd.	94,222.22	46,718.83
Transitional and other Liabilities	32,795.00	97,460.00
TOTAL CURRENT LIABILITIES	2,102,638.32	503,173.44
TOTAL LIABILITIES	2,102,638.32	503,173.44
Equity		
Share Capital	1,000,000.00	1,000,000.00
General Reserve	150,000.00	140,000.00
Retained Earnings	2,288,870.27	2,667,781.50
Net Income of the Year	160,678.12	229,408.07
Total Equity	3,599,548.39	4,037,189.57
TOTAL LIABILITES AND EQUITY	5,702,186.71	4,540,363.01

INCOME STATEMENT

	2011-2012 CHF	2010-2011 CHF
Revenues		
Sales to Foreign Customers	7,342,024.80	9,294,993.59
Total Revenues	<u>7,342,024.80</u>	<u>9,294,993.59</u>
Merchandises Costs		
Costs of goods	6,432,696.18	8,307,150.31
Variation of stock	62,844.00	(174,160.00)
Total Merchandises Costs	<u>6,495,540.18</u>	<u>8,132,990.31</u>
Other Expenses		
Design and Consultancy	186,237.71	296,839.44
Domiciliation and Directors	50,506.50	42,852.30
Audit and Lawyers	7,884.00	7,209.20
Marketing, Representation, Travel Expenses	50,594.20	107,470.68
Various Administration Overheads	533.80	1,053.40
Total Other Expenses	<u>295,756.21</u>	<u>455,425.02</u>
Result Before Interests and Taxes	<u>550,728.41</u>	<u>706,578.26</u>
Financial Incomes and Charges		
Interests and bank fees (net)	94,818.67	103,755.37
Exchange rate difference	281,963.02	348,443.12
Total Financial Incomes and Charges	<u>376,781.69</u>	<u>452,198.49</u>
Result Before Taxes	<u>173,946.72</u>	<u>254,379.77</u>
Taxes		
Federal tax	9,967.60	18,275.00
Canton and commune tax	3,301.00	6,696.70
Total Taxes	<u>13,268.60</u>	<u>24,971.70</u>
Net Income of the year	<u>160,678.12</u>	<u>229,408.07</u>

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31.03.2012 CHF	31.03.2011 CHF
Profit available to the Annual General Meeting		
Retained earnings at the beginning of the year	2,887,189.57	2,667,781.50
Past accumulated losses of subsidiary company accounted	(598,319.30)	-
	<u>2,288,870.27</u>	<u>2,667,781.50</u>
Net Income	160,678.12	229,408.07
	<u>2,449,548.39</u>	<u>2,897,189.57</u>
Proposal of Board of Directors		
Attribution to general reserve	10,000.00	10,000.00
Carried forward	2,439,548.39	2,887,189.57
	<u>2,449,548.39</u>	<u>2,897,189.57</u>

NOTES TO THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2012

	31.03.2012 CHF	31.03.2011 CHF
Information 1:		
Essential Investments		
Ultima Italia S.r.l.	2,438,000.00	138,612.00
(Share Capital EUR 2,000,000) Interest of	100.00%	100.00%

Information 2:

On the 25th May, 2012, the Board of Directors has analysed the principal risks which could have an incidence on the financial statements.

Information 3:

The past accumulated losses of subsidiary company accounted for CHF 598,319.30 were booked direct in deduction of the retained earnings instead of booked in the income statement.

The retained earnings at the beginning at the year of CHF 2,887,189.57 is reduce to CHF 2,288,870.27.

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, 2012 and of the results of its operation for the period ended on that date.

Dr. Enrico Cantoni
22nd June, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Expressed in Euro)

	As at 31st March, 2012	As at 31st March, 2011
ASSETS		
Fixed Assets, net of depreciation	243,440	204,166
CURRENT ASSETS		
Inventories	503,271	453,929
Accounts receivables	2,763,206	2,142,021
Deposits	3,310	5,834
Cash at bank	77,493	170,535
TOTAL ASSETS	3,590,720	2,976,485
LIABILITIES		
Share Capital	2,000,000	90,000
Loan from holding.co	125,378	622,197
Profit/(- Loss) for the previous year	80,736	-426,055
Profit/(- Loss) for the period	11,327	9,972
Bank Overdraft/Limit		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	1,235,096	2,486,106
Other Creditors	138,183	194,265
TOTAL LIABILITIES	3,590,720	2,976,485

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

(Expressed in Euro)

	2011-2012	2010-2011
INCOME		
Sales	2,668,957	2,819,840
Extraordinary Income	15,000	
TOTAL INCOME	2,683,957	2,819,840
COSTS AND EXPENSES		
Costs of Goods Sold	1,277,996	1,562,099
Selling, General and Administrative	1,283,025	1,136,387
Depreciation	53,204	58,017
Financial Charges	20,140	11,868
TOTAL COSTS	2,634,365	2,768,371
Profit/(- Loss) before taxes	49,592	51,490
Taxes	38,265	34,449
Deferred taxes	7,069	
Profit/(- Loss) for the period	11,327	9,972

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2012

PRELIMINARY REMARKS

Dear Members,

The financial statement as of 31st March, 2012, that recorded a profit of € 11,327, after having deducted the taxes amounting to € 38,265 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 constitute an integral part of the financial statement.

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 which requires entering the relevant operational data as well as the information sheet pertaining to article 2428, second paragraph, item 3 and 4 of the Civil Code in the present notes.

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 cost of 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 additional charges of direct allocation/imputation and 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 following 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.

Whereas 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); since this entry is the same as balance, it is itemised with an appropriate schedule within these notes for a better understanding of events as suggested by the OIC 1.

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 variances detected are expounded in the following.

C) CURRENT ASSETS

I. Stocks

Closing balance	503,271		
Opening balance	453,929		
Variation	49,342		
Closing stock	Value year N. 0	Value N.+1	Variation
Raw materials	50,478	76,133	25,655
Goods	403,451	427,138	23,687
Total	453,929	503,271	49,342

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

II. Credits

Closing balance	2,738,379		
Opening balance	2,116,828		
Variation	621,551		
Credits payable within 12 months	Value year N. 0	Value N.+1	Variation
Accounts receivables within 12 months	2,059,018	2,718,326	659,308
Credits for prepaid taxes within 12 months	23,847	7,939	-15,908
Other credits within 12 months	25,583	3,734	-21,849
Total credits within 12 months	2,108,448	2,729,999	621,551
Credits payable after 12 months			
Credits for prepaid taxes after 12 months	8,380	8,380	-
Total credits after 12 months	8,380	8,380	-
Total Credits	2,116,828	2,738,379	621,551

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 31/03/11	Balance as on 31/03/12
Italian Clients	457,910	575,779
EU Clients	46,677	20,671
Non EU Clients	1,554,431	2,121,876
Total	2,059,018	2,718,326

IV. Liquidity position

Closing balance	77,493		
Opening balance	170,535		
Variation	-93,042		
	Value year N. 0	Value N.+1	Variation
Bank	161,242	39,125	-122,117
Cash	9,293	38,368	29,075
Total within	170,535	77,493	-93,042

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	2,217,441		
Opening balance	296,114		
Variation	1,921,327		
Net Equity	Value year N. 0	Value N.+1	Variation
Capital	90,000	2,000,000	1,910,000
Legal reserves	2,730	3,229	499
Rounding off in Euro	-	1	1
Other reserves (members/shareholders) contribution to capital account)	622,197	125,377	-496,820
Retained earnings/accumulated losses	-428,785	77,507	506,292
Profits/losses in financial year	9,972	11,327	1,355
Total	296,114	2,217,441	1,921,327

As agreed in the company meeting, the "accumulated losses" existing in the beginning of the year have been fully covered using - for a corresponding amount - the item net equity "shareholders contribution to capital account".

In addition, on March 29, 2012, the increased paid-up share capital of € 2,000,000 had been paid and made official in an emergency meeting at the notary public's office.

It may be appropriate to show in the following 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	3,229	AB	
- Rounding off in Euro	1		
Retained earnings/accumulated losses	77,507	ABC	77,507
Profits/losses in financial year	11,327	ABC	10,761
Total	2,217,441		88,268

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	18,231		
Opening Balance	47,323		
Variation	-29,092		
	Balance Financial	Balance Financial	Variation
	Year N. 0	Year N.+ 1	
Provisions for contractual risks	15,000	-	-15,000
Customer suppl. benefit provisions	32,323	18,231	-14,092
Total	47,323	18,231	-29,092

C) Employees' Severance Indemnity Fund [TFR]

Closing Balance	113,784	
Opening Balance	139,643	
Variation	-25,859	
TFR Opening Balance		139,643
Increment in Amount		31,538
Decrement in Use/Substitute Tax		-57,397
TFR Closing Balance		113,784

D) Debits

Closing Balance	1,235,096		
Opening Balance	2,486,106		
Variation	-1,251,010		
Accounts payable within 12 months	Value Year N. 0	Value Year N.+ 1	Variation
To Banks	0	100,000	100,000
To Suppliers	2,369,871	1,018,144	-1,351,727
To Treasury (tax)	24,165	12,982	-11,183
To Social Security Agencies	8,545	14,028	5,483
To Others	83,525	89,942	6,417
Total debits within 12 months	2,486,106	1,235,096	-1,251,010
Accounts payable after 12 months			
Total debits after 12 months	-	-	-
Total Debits	2,486,106	1,235,096	-1,251,010

Classification of Clients (Suppliers) According to Geographical Areas

The countries mentioned indicate the supplier's registered office

Countries	Balance as on 31st March, 2011	Balance as on 31st March, 2012
Suppliers ITALY	204,656	254,771
Non-EU suppliers	2,165,215	763,271
EU suppliers	-	102
Total	2,369,871	1,018,144

INCOME STATEMENT

A) Value of Production

Year N. + 1	2,668,957		
Year N. 0	2,819,840		
Variation	-150,883		
Value of Production	Year N. 0	Year N. + 1	Variation
Revenue from Sale of Goods and Services	2,817,551	2,571,682	-245,869
Increase of Non-Current Assets from in-house Production	-	75,672	75,672
Other Revenues and proceeds	2,289	21,603	19,314
Total	<u>2,819,840</u>	<u>2,668,957</u>	<u>-150,883</u>

B) Cost of Production

Year N. + 1	2,614,167		
Year N. 0	2,756,405		
Variation	-142,238		
Cost of Production	Year N. 0	Year N. + 1	Variation
Raw Materials and Goods	1,551,992	1,327,337	-224,655
Cost of Purchase of Services	569,699	572,463	2,764
Lease and Rental Expenses	69,757	65,846	-3,911
Personnel Costs	515,584	609,107	93,523
Amortisation and Depreciation	58,017	53,204	-4,813
Variation in Stock	-35,275	-49,341	-14,066
Funds/Reserves to Cover Risks	-	-	-
Miscellaneous Operating Costs	26,631	35,551	8,920
Total	<u>2,756,405</u>	<u>2,614,167</u>	<u>-142,238</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.

Other Operating Costs

Year N. + 1	35,551		
Year N. 0	26,631		
Variation	8,920		
	Year N. 0	Year N. + 1	Variation
Taxes/Duties Other than Income Tax	5,644	5,412	-232
Capital Losses	-	111	111
Overestimated Operating Liabilities	213	254	41
Loss on Credits	-	12,307	12,307
Fines and Penalties	488	921	433
Other Costs	20,286	16,545	-3,741
Total	26,631	35,550	8,919

C) Revenues and Charges

Year N. + 1	-20,140		
Year N. 0	-11,868		
Variation	-8,272		
	Year N. 0	Year N. + 1	Variation
Financial Income	2,482	3,258	776
Interests and Charges	-14,033	-23,463	-9,430
Profits/losses on Foreign Exchange Transactions	-317	65	382
Total	-11,868	-20,140	-8,272

Revenues and Charges

	Year N. 0	Year N. + 1	Variation
Financial Income			
Interest Receivable from Bank	24	522	498
Other Interest Receivable	2,458	2,736	278
Total Financial Income	2,482	3,258	776
Interests and Other Charges			
Interest Payable	-14,033	-21,428	-7,395
Commercial Interest Payable	-	-	-
Interest Payable on Loans	-	-2,035	-2,035
Total Interests and Charges	-14,033	-23,463	-9,430
Profit/loss on Foreign Exchange Transactions			
Profit on Foreign Exchange Transactions	10,211	66	-10,145
Loss on Foreign Exchange Transactions	-10,528	-1	10,527
Total Profit/Loss on Foreign Exchange Transactions	-317	65	382
Total Revenues and Charges	-11,868	-20,140	-8,272

Corporate Taxes

	Year N. 0	Year N. + 1	Variation
Current taxes			
IRES	16,260	15,887	-373
IRAP	18,189	22,378	4,189
Total	34,449	38,265	3,816

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.)

The company does not have any existing financial lease.

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

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

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

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

OTHER INFORMATION

MANAGEMENT FEE

In accordance with legal provisions the management fee of the order of € 45,760 was disbursed.

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 in accordance with and for the purpose of 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 Members of
Bhartiya International Ltd.

1. We have audited the attached Consolidated Balance Sheet of Bhartiya International Ltd. and its subsidiary companies (collectively referred to as "the Group") as at 31st March, 2012, and also the consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material mis-statements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 739,769,007/- as at 31st March, 2012 and Rs. 501,875,309/- as at 31st March, 2011 and a total revenue of Rs. 876,226,506/- for the year ended 31st March, 2012 and Rs. 709,013,480/- for the year ended 31st March, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements, have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Bhartiya International Ltd. and its subsidiaries included in the consolidated financial statements.
5. Based on our audit and on the consideration of reports of other auditors on separate financial statements and on other financial information of the components, and to the best of information and according to explanations given to us, we are of the opinion that the attached Consolidated financial statements read together with the Significant Accounting policies and notes thereon give true and fair view in conformity with accounting principles generally accepted in India:
 - a. in case of the Consolidated Balance Sheet, of the state of affairs of Group as at 31st March, 2012
 - b. in case of the Consolidated Profit and Loss account, of the profit of the Group for the year ended on that date ;
and
 - c. in case of the Consolidated Cash Flow Statement, of the cash flows of Group for the year ended on that date

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

S. K. Poddar
Prop.
M. No. 094479
New Delhi, 30th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

				Amount in Rs.	
PARTICULARS	Note No.	As at 31st March, 2012	As at 31st March, 2011		
I. EQUITY AND LIABILITIES					
1 Shareholders' Funds					
(a) Share Capital	2	104,638,480	94,638,480		
(b) Reserves and Surplus	3	1,200,726,399	1,059,722,816		
2 Minority Interest		15,706,251	14,833,776		
3 Share Application Money/Share Warrants					
Pending Allotment	4	9,000,000	25,800,000		
4 Non-Current Liabilities					
(a) Long-Term Borrowings	5	88,754,093	62,099,926		
(b) Deferred Tax Liabilities	6	17,091,581	13,464,328		
(c) Other Long-Term Liabilities	7	14,526,000	14,526,000		
(d) Long-Term Provisions	8	10,915,030	5,764,222		
5 Current Liabilities					
(a) Short-Term Borrowings	9	656,966,922	563,414,590		
(b) Trade Payable	10	264,543,538	151,741,559		
(c) Other Current Liabilities	11	70,683,358	78,414,855		
(d) Short-Term Provisions	12	49,359,299	61,881,110		
TOTAL		2,502,910,951	2,146,301,662		
II. ASSETS					
1 Non-Current Assets					
(a) Fixed Assets	13				
(i) Tangible Assets		477,529,842	453,880,363		
(ii) Intangible Assets		4,349,460	4,446,896		
(iii) Capital Work In Progress		91,085,917	32,368,364		
(b) Non Current Investments	14	400,077,401	403,245,134		
(c) Long Term Loans and Advances	15	17,601,045	13,386,653		
(d) Other Non-Current Assets	16	1,252,957	1,091,893		
(e) Goodwill on Consolidation		2,525,000	2,525,000		
2 Current assets					
(a) Current Investments	17	13,731,462	24,355,148		
(b) Inventories	18	948,632,653	765,903,198		
(c) Trade Receivables	19	249,455,287	134,600,158		
(d) Cash & Cash Equivalents	20	113,802,922	96,367,400		
(e) Short Term Loans and Advances	21	182,645,269	213,949,919		
(f) Other Current Assets	22	221,736	181,536		
TOTAL		2,502,910,951	2,146,301,662		

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
Prop.
M.No.94479

Deepthi Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31ST MARCH, 2012**

PARTICULARS	Note No.	Amount in Rs.	
		Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income:			
Revenue From Operations	23	2,506,731,691	1,952,301,800
Other income	24	23,191,970	24,616,071
Total Revenue		2,529,923,661	1,976,917,871
Expenses:			
Cost of Raw Material Consumed	25	930,000,000	863,081,287
Purchases of Stock In Trade		453,214,928	301,453,866
Changes in Inventories of Finished Goods	26	46,953,030	(89,798,065)
Employee Benefits Expenses	27	152,240,092	112,783,382
Finance Cost	28	103,163,570	81,992,625
Depreciation and Amortization Expense	29	28,870,044	28,125,096
Other Expenses	30	654,528,590	579,119,459
Total Expenses		2,368,970,254	1,876,757,650
Profit Before Tax		160,953,407	100,160,221
Tax Expense:	31		
Current Tax		41,752,238	28,918,566
Deferred Tax		3,627,253	4,849,379
Profit/(Loss) Before Minority Interest and share in Profit/(Loss) of Associates		115,573,916	66,392,276
Less : Minority Interest		872,475	(33,798)
Less : Share of Loss of Associate		182,106	2,638,055
Profit/(Loss) for the period		114,519,335	63,788,019
Earnings Per Equity Share:			
(1) Basic		11.39	7.36
(2) Diluted		11.39	7.15

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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.			
PARTICULARS	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxes		160,953,407	100,160,221
Adjusted for :			
Depreciation /Amortisation	28,870,044	28,125,096	
Financial Costs	86,573,817	61,238,231	
Loss / (Profit) on sale of fixed assets (net)	435,800	459,300	
Loss / (Profit) on sale of Investments (net)	(2,260,078)	(10,476,480)	
Dividend Income	(908,294)	(994,256)	
Rental Income	(20,023,598)	-	
Effect of Exchange rate change	16,589,753	20,754,394	
		<u>109,277,444</u>	<u>99,106,285</u>
Operating profit before working capital change		270,230,851	199,266,506
Movements in working Capital :			
Decrease/(Increase) in Inventories	(182,729,455)	(261,580,906)	
Decrease/(Increase) in Trade Receivables	(114,855,129)	(30,424,199)	
Decrease/(Increase) in long-term loans and advances	(2,118,642)	(277,909)	
Decrease/(Increase) in short-term loans and advances	4,497,854	(31,266,744)	
Increase/(Decrease) in Trade & Other Paybles	123,962,978	51,543,078	
		<u>(171,242,394)</u>	<u>(272,006,680)</u>
Cash generated from operations		98,988,457	(72,740,174)
Income Tax Paid (net of refund)		(31,576,485)	(37,793,622)
Financial Costs		(46,184,322)	(44,718,687)
Currency Fluctuation reserve on Consolidation		(457,071)	22,124,291
Cash flow before Extra-Ordinary Items		20,770,579	(133,128,192)
Extra Ordinary Items		-	-
NET CASH FROM OPERATING ACTIVITIES		<u>20,770,579</u>	<u>(133,128,192)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
Sale/(Purchases) of Investment (Net)		15,869,391	29,584,678
Dividend received		908,294	994,256
Rent Received		20,023,598	-
Proceeds from Sale of Fixed Assets		1,845,010	814,693
Purchase of fixed assets/Capital W.I.P.		(113,198,715)	(87,842,512)
Preliminary Expenses Incurred		(402,000)	(130,000)
NET CASH USED IN INVESTMENT ACTIVITIES		<u>(74,954,422)</u>	<u>(56,578,885)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Secured Loan (Net)		107,320,011	166,693,019
Share Capital Issue Proceeds (Including Share Premium)		49,800,000	34,400,000
Advance Subscription Adjusted (Net)		(16,800,000)	10,750,000
Dividend paid (including dividend tax)		(11,721,398)	(10,162,499)
Finance Cost Paid		(56,979,248)	(37,273,938)
NET CASH USED IN FINANCING ACTIVITIES		<u>71,619,365</u>	<u>164,406,582</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)			
Cash and Cash Equivalents-Opening Balance		96,367,400	121,667,895
Cash and Cash Equivalents- Closing Balance		113,802,922	96,367,400

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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012

CONSOLIDATED NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES:

1.1 GROUP STRUCTURE

The consolidated Financial statements present the consolidated accounts of Bhartiya International Ltd with its following subsidiaries:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership	Year Ending	Audited By
Indian Subsidiaries				
Bhartiya Global Marketing Ltd	India	100%	31.03.2012	Sushil Poddar & Co.
J&J Leather Enterprises Ltd	India	100%	31.03.2012	Padmanabhan, Ramani & Ramanujam
Bhartiya International Sez Ltd	India	89%	31.03.2012	Sushil Poddar & Co.
Bharatiya Fashion Retail Ltd	India	100%	31.03.2012	Sushil Poddar & Co.
Foreign Subsidiaries				
World Fashion Trade Ltd.	Mauritius	100%	31.12.2011	Phillip C.C Hau & Co.
BIL Group LLC	USA	100%	31.12.2011	S. Grover & Co., LLC
Ultima SA	Switzerland	100%	31.03.2012	Revifidu SA
Ultima Italia Srl	Italy	100%	31.03.2012	Dr. Enrico Cantoni

- 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 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 differences 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 financial 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 applicable based on estimated useful life of the asset. Depreciation on fixed asset of subsidiary Company J&J Leather Enterprises Limited 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.

1.4 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 Fluctation 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, 2012	As at 31st March, 2011
2 SHARE CAPITAL		
Authorised Share Capital		
a) 20,000,000 (Previous Year 12,000,000) Equity Shares of Rs. 10/- each	200,000,000	120,000,000
b) 500,000 (Previous Year 500,000) Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	250,000,000	170,000,000
Issued, Subscribed & Paid up :		
a) 10,463,848 (Previous Year 94,63,848) equity shares of Rs.10/- each fully paid Up.	104,638,480	94,638,480
	104,638,480	94,638,480

2.1 The details of Shareholders holding more than 5% shares

Name of the share holders	As at	As at	As at	As at
	31st March, 2012 No. of Shares	31st March, 2012 % of Holding	31st March, 2011 No. of Shares	31st March, 2011 % of Holding
(a) Snehdeep Aggarwal	1,136,162	10.86	1,130,162	11.94
(b) Bharitya Infotech Pvt Ltd	1,000,000	9.56	800,000	8.45
(c) Bhartiya Global Holdings Pvt Ltd	850,000	8.12	550,000	5.81
(d) Bhartiya Finstock Pvt Ltd	550,000	5.26	550,000	5.81
(e) Quantum Securities Pvt Ltd	–	–	521,125	5.51
(f) Spirit Impex Pvt Ltd.	1,200,000	11.47	800,000	8.45
(g) Arjun Aggarwal	496,150	4.74	496,150	5.24

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

PARTICULARS	As at	As at
	31st March, 2012 No. of Shares	31st March, 2011 No. of Shares
Shares outstanding at the beginning of the year	9,463,848	8,663,848
Shares Issued during the year	1,000,000	800,000
Shares outstanding at the end of the year	10,463,848	9,463,848

2.3 2,089,308 equity shares of Rs. 10/- each were allotted as bonus shares by capitalisation the General Reserve.

2.4 200,000 equity shares of Rs. 10/- each at a premium of Rs. 33/- each and 300,000 equity Shares of Rs. 10/- each at a premium of Rs. 50/- to promoters associate companies on conversion of preferential share warrants.

2.5 400,000 equity shares of Rs. 10/- each at a premium of Rs. 33/- each and 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.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
3 RESERVES & SURPLUS		
Capital Reserves		
As Per last Balance Sheet	4,621,283	4,621,283
Add: Transferred from Profit and Loss A/c	–	–
	<u>4,621,283</u>	<u>4,621,283</u>
i) Share Premium A/c		
As Per last Balance Sheet	306,365,000	279,965,000
Add: Additions during the year on fresh issue of shares	39,800,000	26,400,000
	<u>346,165,000</u>	<u>306,365,000</u>
Currency Fluctuation Reserve		
As Per last Balance Sheet	33,218,138	11,093,847
Add: Addition During The year	(457,071)	22,124,291
	<u>32,761,067</u>	<u>33,218,138</u>
ii) Prferential Share Warrant Forfeited	8,500,000	8,500,000
iii) General Reserves		
As Per last Balance Sheet	171,351,330	160,864,730
Add: Transferred from Profit and Loss A/c	10,566,500	10,486,600
	<u>181,917,830</u>	<u>171,351,330</u>
iv) Surplus in Statement of Profit & loss		
As Per last Balance Sheet	535,667,065	493,364,767
Add: Profit for the Year	114,519,335	63,788,019
	<u>650,186,400</u>	<u>557,152,786</u>
Less : Appropriations		
– General Reserve	10,566,500	10,486,600
– Proposed Dividend	10,463,848	9,463,848
– Tax on Dividend	1,697,498	1,535,273
	<u>627,458,554</u>	<u>535,667,065</u>
Less : Dividend Paid on Fresh issue of Shares	600,000	–
Less : Dividend Tax on Fresh issue of Shares	97,335	–
	<u>626,761,219</u>	<u>535,667,065</u>
TOTAL	<u>1,200,726,399</u>	<u>1,059,722,816</u>

- 3.1 Foreign currency transactions are translated as per the accounting policy referred to in item 3 (f) above. Foreign exchange gain / loss on account of income and expenditure in consolidation is included in the profit and loss, and foreign exchange fluctuation credit of Rs. (457,071) (Previous year Rs.22,124,291/–) on account of consolidation of assets and liabilities of subsidiaries have been transferred to currency fluctuation reserve account.

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
4 SHARE APPLICATION MONEY/WARRANTS PENDING FOR ALLOTMENTS/CONVERSIONS		
a) Preferential Share Warrant :		
6,00,000 (Previous year 14,00,000) Preferential Share warrant paid up Rs. 10.75/- each.	6,450,000	15,050,000
Add :10,00,000(Previous Year Nil) Preferential Shares Warrant issued paid up Rs. 15/- each.	15,000,000	-
	21,450,000	15,050,000
Less : 600,000 (Previous Year 800,000) Preferential Warrant Converted into Equity Shares paid up Rs. 10.75/- each.	6,450,000	8,600,000
Less : 400,000 (Previous Year Nil) Preferential Warrant Converted into Equity Shares paid up Rs. 15/- each.	6,000,000	-
Total	9,000,000	6,450,000
b) Share Application Money	-	19,350,000
Total	-	19,350,000
TOTAL	9,000,000	25,800,000
 4.1 The Company has allotted 800000 warrants to promoters associate company & 200,000 warrants to non-promoter on 14th February, 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 50/- with in a period of 18 months from the date of allotment. Against this the company has received Rs 15/- per warrant.		
 5 LONG TERM BORROWINGS		
Secured		
- Term Loans from Banks	85,561,283	60,917,260
- Vehicle Loans from Banks	3,192,810	1,182,666
TOTAL	88,754,093	62,099,926
 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 June 2013 quarter.		
5.2 Term Loans from IDBI Bank is secured by exclusive charge on specific movable and immovable properties & second parri passu charge on the entire current assets of the Company and personal guarantee of one Director. This loan is repayable in twenty equal quarterly instalment beginning from April 2010.		
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	29,881,111	26,060,873
b) Deferred Tax Assets		
Related to Capital Losses	(5,489,607)	(5,534,817)
Related Carried Forward losses	(6,967,637)	(6,803,324)
Related Provision for Gratuity /bonus	(332286)	(258404)
TOTAL	17,091,581	13,464,328

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
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	10,915,030	5,764,222
TOTAL	10,915,030	5,764,222
9 SHORT TERM BORROWINGS		
Secured		
- Working Capital Loans From Banks	656,966,922	563,414,590
TOTAL	656,966,922	563,414,590
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	240,586,767	123,547,665
(b) Acceptance	23,956,771	28,193,894
TOTAL	264,543,538	151,741,559
11 OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Borrowings	21,528,729	34,415,217
(b) Unclaimed Dividend	1,369,348	1,394,291
(c) Statutory Dues Payable	3,380,258	2,172,396
(d) Other Current Liabilities	44,405,023	40,432,951
TOTAL	70,683,358	78,414,855
12 SHORT TERM PROVISIONS		
(a) Provision for Employees Benefits	2,588,328	1,758,071
(b) Provision for Income Tax	34,609,625	49,123,918
(c) Proposed Dividend	10,463,848	9,463,848
(d) Tax on Proposed Dividend	1,697,498	1,535,273
TOTAL	49,359,299	61,881,110

NOTES (CONTD.)

13 FIXED ASSETS

Amount in Rs.

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1st April, 2011	Additions/ Adjustments during the year	Deduction/ Retirement during the year	As at 31st March, 2012	For the year	Deduction/ adjustments during the year	As at 31st March, 2011	As at 31st March, 2012
Tangible Assets :								
Own Assets :								
Land	23,169,997	242,404	-	23,412,401	(1,122,500)	-	22,047,497	23,412,401
Building	294,122,518	18,215,998	-	312,338,516	8,909,872	-	250,174,579	259,480,705
Machinery	179,400,668	10,795,946	-	190,196,614	10,231,979	-	124,266,106	124,830,073
Vehicles	38,101,036	5,530,710	6,141,032	37,490,714	2,887,974	3,942,602	14,746,763	15,191,069
Furniture	51,475,094	8,014,037	82,380	59,406,751	4,528,943	-	24,446,728	27,849,442
Office Equipments	21,386,347	9,505,583	-	30,891,930	1,037,019	-	13,354,955	21,823,519
Computers	16,215,779	1,541,484	-	17,757,263	1,442,586	-	4,843,735	4,942,633
Total (A)	623,871,439	53,846,162	6,223,412	671,494,189	27,915,873	3,942,602	453,880,363	477,529,842
Previous Year	464,240,452	162,782,959	3,151,972	623,871,439	27,058,890	1,877,979	319,430,287	453,880,363
Intangible Assets :								
Computer Software	4,110,879	635,000	-	4,745,879	138,071	-	666,959	1,163,888
Goodwill	25,352,636	-	-	25,352,636	594,365	-	3,779,937	3,185,572
Total (B)	29,463,515	635,000	-	30,098,515	732,436	-	4,446,896	4,349,460
Capital work in Progress	32,368,364	79,752,453	21,034,900	91,085,917	-	-	32,368,364	91,085,917
Total (C)	32,368,364	79,752,453	21,034,900	91,085,917	-	-	32,368,364	91,085,917
Total (A+B+C)	685,703,318	134,233,615	27,258,312	792,678,621	28,648,309	3,942,602	490,695,623	572,965,219
Previous Year	593,393,599	315,376,635	223,066,916	685,703,318	27,962,886	1,877,979	424,470,811	490,695,623

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

13.2 The Company has purchased under Long Term Lease for 49 years, 20.01 acres of Land from its subsidiary Company for setting up a SEZ unit. Since operations at SEZ unit has not been commenced as on date of balance sheet, cost of leasehold land, building construction expenses and other related revenue expenditure shown as Capital Work in Progress.

13.3 During the year Company has written back depreciation of Rs 1,122,500/- as it was wrongly charged in earlier years.

NOTES (CONTD.)

PARTICULARS	No. of Shares/Units	As at 31st March, 2012	No. of Shares/Units	As at 31st March, 2011
14 NON CURRENT INVESTMENTS				
Trade Investments–Long Term (Unquoted at Cost)				
(a) Capital in Firm “Bhartiya Prakash Leathers”		50,000		50,000
b) Investment in Associate Company				
Equity Shares #	11,200,000	244,584,253	11,200,000	244,766,359
Preference Shares	2,796,865	119,960,000	2,796,865	119,960,000
		<u>364,594,253</u>		<u>364,776,359</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 SELECTED FOCUS FUND–GROWTH	–	–	195,599	2,000,000
7 KOTAK 50 EQUITY SCHEME–GROWTH	21,795	2,004,366	–	–
8 RELIANCE RSF–EQUITY PLAN–GROWTH	176,805	5,000,000	176,805	5,000,000
9 RELIGARE PSU EQUITY FUND–GROWTH	250,000	2,500,000	250,000	2,500,000
10 RELIANCE LIQ FUND REAS PLAN WKLY. DIV	–	–	250,138	2,502,651
11 RELIANCE LIQ FUND REAS PLAN IP GROWTH	–	–	98,684	987,342
12 TATA PURE EQUITY FUND–GROWTH	66,488	5,972,282	66,488	5,972,282
		<u>32,976,648</u>		<u>36,462,275</u>
B) Investments in Debenture (Unquoted)				
1 KOTAK 8% GURANTED NLD–DEBUNTURE	–	–	–	2,000,000
2 REDEEMABLE NCD OF CITICORP FINANCE INDIA	–	2,500,000		
		<u>2,500,000</u>		<u>2,000,000</u>
C) Other Investments				
1 Indra Vikas Patra	–	6,500	–	6,500
	–	6,500	–	6,500
Gross Total		<u>400,077,401</u>		<u>403,245,134</u>
Particulars of Investment in associate company				
Name of Associate Company				
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		(35,415,747)		(35,233,641)
Carrying Value		<u>244,584,253</u>		<u>244,766,359</u>

BHARTIYA INTERNATIONAL LTD.

NOTES (CONTD.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
15 LONG TERM LOANS & ADVANCES (Unsecured & Considered Good)		
(a) Security and Other Deposits	9,198,179	6,086,653
(b) Other Advances	8,402,866	7,300,000
TOTAL	17,601,045	13,386,653
16 OTHER NON-CURRENT ASSETS		
(a) Preliminary Expenses (to the extent not written off)	1,231,957	1,091,893
(b) Other Advances	21,000	-
TOTAL	1,252,957	1,091,893

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2012	NO OF SHARES/UNITS	As at 31 st March, 2011
17 Current Investments				
I) In Equity Shares Quoted, Fully Paid Up				
1 Aries Agro Ltd	-	-	4,058	686,339
2 Axis Bank Ltd	400	493,968	-	-
3 Astral Poly Technik Ltd	-	-	3,013	512,771
4 Balmer Lawrie Co. Ltd	-	-	437	292,790
5 Bayer Cropscience Ltd	1,000	546,878	1,000	546,878
6 Bharat Earthmovers Ltd	-	-	645	391,978
7 Bharat Electronics Ltd	-	-	353	406,762
8 Bharat Heavy Electricals Ltd	500	1,195,933	500	1,195,933
9 Bharat Petroleum Corporation Ltd	-	-	1,500	770,135
10 Bharati Shipyard Ltd	2,500	711,886	2,500	711,886
11 Bharti Airtel Ltd	-	-	4,000	1,378,735
12 Century Textiles Ltd	1,500	532,345	-	-
13 Cairn India Ltd	-	-	4,440	1,301,703
14 City Union Bank Ltd	11,778	221,141	11,778	221,141
15 Cipla Ltd	-	-	423	129,516
16 Clariant Chemicals (India) Ltd	-	-	960	648,102
17 Deepak Fert & Petrochem Corp Ltd	-	-	1,247	215,836
18 DLF Ltd	1,730	761,576	1,730	761,576
19 Dr. Reddy Laboratories	315	499,322	-	-
20 Everest Inds. Ltd	-	-	2,297	558,233
21 Excel Crop Care	-	-	1,090	251,119
22 HPCL Ltd	-	-	2,204	579,459

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2012	NO OF SHARES/UNITS	As at 31 st March, 2011
23 HDFC Bank	–	–	495	467,850
24 HDFC Ltd	–	–	1,676	646,910
25 HEG Ltd	–	–	136	54,465
26 Hindustan Zinc Ltd	4,000	503,299	4,000	503,299
27 ICICI Bank Ltd	1,000	787,000	1,000	787,000
28 IDFC Ltd	5,000	723,986	5,000	723,986
29 Indiabulls Power Ltd	20,000	618,127	20,000	618,127
30 Infosys Technologies Ltd	500	1,471,355	–	–
31 Indian Oil Corp Ltd	–	–	1,601	340,540
32 Indoco Remedies Ltd	–	–	1,172	472,465
33 ISMT Ltd	–	–	5,644	307,760
34 Jindal Steel & Power Ltd	1,000	611,801	1,000	611,801
35 KCP Sugar & Industries Corporation Ltd	16,000	498,073	16,000	498,073
36 Karur Vysya Bank Ltd	2,092	742,708	1,470	649,408
37 Larsan & Toubro Ltd	1,000	715,570	1,408	1,415,160
38 Maharashtra Seamless Ltd.	–	–	1,350	499,308
39 Max India Ltd	–	–	3,500	546,749
40 Neyveli Lignite Corporation Ltd	3,250	502,040	3,250	502,040
41 NHPC Ltd	20,000	669,801	20,000	669,801
42 NTPC Ltd	5,000	1,032,922	5,000	1,032,922
43 ONGC Ltd	–	–	2,712	782,658
44 Oil India Ltd	–	–	789	960,848
45 Pfizer Ltd	–	–	750	535,153
46 Patni Computers Ltd	–	–	335	157,153
47 Raymond Ltd	2,500	573,747	2,500	573,747
48 Reliance Capital Ltd	1,000	811,186	1,000	811,186
49 Reliance Industries Ltd	475	499,159	475	499,159
50 Reliance Infrastructure Ltd	350	350,903	350	350,903
51 Standard Chartered Idr	–	–	4,626	499,072
52 State Bank Of India	500	1,378,233	–	–
53 Sterlite Industries (India) Ltd	4,000	769,386	4,000	769,386
54 Tata Communications Ltd	2,500	934,944	2,500	934,944
55 Tata Motors Ltd	2,500	512,902	–	–
56 Tata Consultancy Services Ltd.	–	–	1,116	730,124
57 Tata Steel Ltd.	3,100	1,799,754	1,500	859,017
58 Venkys India Ltd.	–	–	836	275,316
59 Zensar Technologies Ltd	–	–	2,002	283,620
60 Zuari Industries Ltd	–	–	216	162,789
Total		21,469,945		32,093,631

NOTES (CONTD.)

PARTICULARS	NO OF SHARES/UNITS	As at 31 st March, 2012	NO OF SHARES/UNITS	As at 31 st March, 2011
ii) In Equity Shares Unquoted, Fully Paid Up				
1 Sai Royalaseem Paper Mills Ltd	31,792	386,273	31,792	386,273
Total		386,273		386,273
Grand Total		21,856,218		32,479,904
Less:- Provision for Diminution in the value of Investments		8,124,756		8,124,756
Total Current Investments		13,731,462		24,355,148
Aggregate Amount of Quoted Investments		13,345,189		23,968,875
Market Value of Quoted Investments		18,566,012		35,109,233
Aggregate Amount of Unquoted Investments		386,273		386,273

Amount in Rs.

PARTICULARS	As at 31 st March, 2012	As at 31 st March, 2011
18 INVENTORIES		
As Valued and Certified by the management		
(a) Raw Materials	708,970,186	466,214,053
(b) Finished Goods	108,526,953	153,292,876
(c) Work In Progress	131135514	146,396,269
TOTAL	948,632,653	765,903,198
19 TRADE RECEIVABLES		
(a) Unsecured, Considered Good	249,455,287	134,600,158
TOTAL	249,455,287	134,600,158
19.1 The Company has filed legal Suit for recovery of Rs. 6,712,337/- 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	77,906,336	62,538,746
-In Fixed Deposits	31,214,017	29,114,881
(b) Cash on Hand	4,682,569	4,713,773
TOTAL	113,802,922	96,367,400

20.1 Balances with bank Includes Unclaimed Dividend of Rs. 1,369,348/- (Previous year Rs. 1,394,261/-)

20.2 Fixed deposits of Rs. 29,070,242/- (Previous year Rs 27,001,778/-) are pledged with the banks for various limits and facilities granted.

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NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	As at 31st March, 2012	As at 31st March, 2011
21 SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
(a) Advance Tax / TDS	19,704,449	46,511,245
(b) VAT Receivable	28,304,295	18,690,766
(c) Prepaid Expenses	1,476,862	3,624,751
(d) Export Incentive Receivable	43,744,241	39,165,303
(e) Other Advances	89,415,422	105,957,854
TOTAL	182,645,269	213,949,919
22 OTHER CURRENT ASSETS		
(a) Preliminary Expenses	221,736	181,536
(to be written off in next year)		
TOTAL	221,736	181,536
		Amount in Rs.
PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
23 REVENUE FROM OPERATION		
(a) Sales	2,324,442,242	1,793,229,379
(b) Export Incentive	182,289,449	159,072,421
TOTAL	2,506,731,691	1,952,301,800
24 OTHER INCOME		
(a) Dividend Income	908,294	994,256
(b) Profit on sale of Investments	2,260,078	10,476,480
(c) Rental Income	20,023,598	13,145,335
TOTAL	23,191,970	24,616,071
25 RAW MATERIAL CONSUMPTION		
Opening Stock	466,005,925	308,833,465
Add : Purchases	1,174,995,333	1,020,253,747
	1,641,001,258	1,329,087,212
Less : Closing Stock	711,001,258	466,005,925
RAW MATERIAL CONSUMPTION	930,000,000	863,081,287

NOTES (CONTD.)

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
26 CHANGE IN INVENTORIES OF FINISHED GOODS		
(a) Opening Stock	153,292,876	63,494,811
(b) Closing Stock	106,339,846	153,292,876
Decrease/(Increase)	46,953,030	(89,798,065)
27 EMPLOYEE BENEFITS EXPENSES		
(a) Salary & Allowances	138,285,926	105,156,594
(b) Contribution to Provident & Other Fund	7,286,301	3,780,557
(c) Staff Welfare Expenses	6,667,865	3,846,231
TOTAL	152,240,092	112,783,382
28 FINANCE COST		
(a) Interest & Other Financial Charges	86,573,817	61,238,231
(b) Loss on Foreign Currency Transactions	16,589,753	20,754,394
TOTAL	103,163,570	81,992,625
29 DEPRECIATION AND AMORTISATION		
(a) Depreciation	28,648,308	27,943,560
(b) Preliminary Expenses W/off	221,736	181,536
TOTAL	28,870,044	28,125,096
30 OTHER EXPENSES		
(I) Manufacturing Expenses		
Job work/ Fabrication Charges	404,934,316	348,161,792
Wages	1,317,833	1,276,852
Freight & Cartage	16,585,379	17,641,815
Other Manufacturing Expenses	6,596,969	11,185,531
(II) Selling & Administrative Expenses		
Rent	13,417,722	13,751,810
Travelling	36,896,896	33,898,376
Power & Fuel	16,424,375	13,490,324
Insurance	2,512,983	1,462,854
Freight Outward	38,119,310	29,106,771
Commission, Brokerage & Discount	18,900,946	16,677,679
Repair & Maintenances	11,092,553	10,338,544
Miscellaneous Expenses	29,269,167	24,982,852
Communication Cost	6,862,618	6,606,415
Consultancy Charges	34,842,443	34,947,374
Rates, Taxes & Duties	3,421,643	2,609,190
Auditors Remuneration	1,100,434	894,732
Loss on sale of Fixed Assets	435,800	459,300
Directors Meeting Fees	99,500	70,000
Packing Expenses	11,697,703	11,557,248
TOTAL	654,528,590	579,119,459

BHARTIYA INTERNATIONAL LTD.

PARTICULARS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
31 TAX EXPENSE		
I) Current Tax		
(a) Current Year Tax	37,672,363	25,160,137
(b) Tax for Earlier Year	4,079,875	3,758,429
	41,752,238	28,918,566
II) Deferred Tax		
(a) Related To Fixed Assets	3,820,238	4,050,358
(b) Related To Capital Losses	45,210	358,981
(c) Related To Losses	(164,313)	698,444
(d) Related to Gratuity/Bonus	(73,882)	(258,404)
	3,627,253	4,849,379

NOTE NO. 32: NOTES TO ACCOUNTS

32.1 Previous Year figures has been re-grouped/reclassified wherever necessary to conform to the Present Period Presentation.

32.2 CONTINGENT LIABILITIES AND COMMITMENTS

PARTICUALRS	Amount in Rs.	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	65,915,484	2,866,469
2 Contingent liabilities not provided for		
a) Letter of Credit outstanding –	23,956,771	46,541,894
b) Standby Letter of Credit (SBLC) issued by company's banker in favour of the bankers of its subsidiaries		
– Ultima Italia Srl	41,304,000	44,611,000
– Ultima SA	55,072,000	50,984,000
– World Fashion Trade Ltd. Hongkong	17,986,500	15,655,500
c) Bills discounted with banks	16,605,219	12,025,386
d) Other Guarantee given by banks (with corporation Bank)	550,000	1,699,717
e) Corporate Guarantee given by the companies to banks against facilities granted by that bank to its wholly owned subsidiaries		
– J & J Leather Enterprises ltd	–	85,200,000
– Ultima Italia Srl	41,424,500	41,424,500
f) Corporate Guarantee given by subsidiaries companies to banks against facilities given by banks to its holding companies	455,000,000	455,000,000
g) Income tax matters under dispute	12,225,782	11,639,722
h) Corporate Guarantee given by subsidiaries companies to banks against facilities given by banks to its fellow subisdairy company	45,000,000	45,000,000

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, 2012	Year Ended 31st March, 2011
i)	Purchase	3,040,544	392,770
ii)	Sales	3,744,839	8,405,239
iii)	Other Expenses	342,250	4,089,639
iv)	Advances	–	1,380,300
v)	Debtors	14,408,136	333,749
vi)	Creditors	–	93,930

32.4 Transactions with related parties during the financial year and outstanding balances as on 31st March 2012.

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.
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
3	Relatives of Key Management Personnel	Kanwal Aggarwal Arjun Aggarwal

RELATED PARTY DISCLOSURE

Transactions with related parties during the financial year and outstanding Balance as on 31st March, 2012

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
	–	–	(480000)	–	(480000)
Ticketing	7,108,458 (4117334)	–	–	–	7,108,458 (4117334)
Sitting Fees	–	99,500 (70000)	–	–	99,500 (70000)

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
Salaries	–	9,434,092	360,000	–	9,794,092
	–	(8232381)	(360000)	–	(8592381)
Lease Rent Received	19,368,000	–	–	–	19,368,000
	(807000)	–	–	–	(807000)
Outstanding Balance					
in capital a/c partnership	50,000	–	–	–	50,000
	(50,000)	–	–	–	(50,000)
in current a/c –partnership	626,681	–	–	–	626,681
	(628,389)	–	–	–	(628,389)
Trade Payables	242,678	100,258	36,000	–	378,936
	(594,124)	(67,758)	(36,000)	–	(697,882)
Loan Given	1,950,340	–	–	–	1,950,340
	(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, 2011 and it has reported a loss of USD 2384/- (Rs.126,072/-) in its financial year ended 31st December, 2011. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 2,384/- (Rs126,072/-) 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, 2012	Year Ended 31st March, 2011
a) Salary & Allowances		9,211,444	8,034,069
b) Contribution to Provident Fund		9,360	9,360
c) Other Emoluments		222,648	188,952
		9,443,452	8,232,381

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, 2012 and the year ended 31st March, 2011:

BHARTIYA INTERNATIONAL LTD.

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income available to Equity Shareholders	114,519,335	63,788,019
No of Shares at the beginning of the Year (A)	9,463,848	8,663,848
Equity allotted during the year	1,000,000	800,000
Weighted Average Shares (B)	592,896	8,767
Weighted Average Shares Outstanding (nos)(A+B)	10,056,744	8,672,615
Add: adjustment for warrants convertible into Equity Shares	–	253,830
Weighted Average number of equity shares for Diluted EPS	10,056,744	8,926,445
Nominal Value per share	10	10
Earnings per share (Basic)	11.39	7.36
Earnings per share(Diluted)	11.39	7.15

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	22,669.83 (18000.57)	2,097.45 (1433.82)	300.04 (88.63)	231.92 (246.16)	25,299.24 (19769.18)
b.	Segment Results	2,740.88 (2434.51)	240.16 (198.41)	28.62 (-61.76)	231.92 (246.16)	3,241.58 (2817.32)
c.	Less: Unallocable Expenses net of Income					766.31 (1203.34)
d.	Operating Profit					2,475.27 (1613.98)
e.	Less:- Interest					865.74 (612.38)
f.	Profit before Taxes					1,609.53 (1001.60)
g.	Provision for taxation (Current Tax & Deferred Tax)					453.79 (337.68)
h.	Profit after Taxes					1,155.74 (663.92)
i.	Capital Employed	5,887.83 (4847.29)	234.01 (122.34)	14.87 (149.28)	7,006.93 (6,682.7)	13,143.64 (11,801.61)

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
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 30th May, 2012



Corporate office, Gurgaon

BHARTIYA

Bhartiya International Limited

E-52, New Manglapuri, Mandi Road (Mehrauli), New Delhi-110 030. INDIA
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