

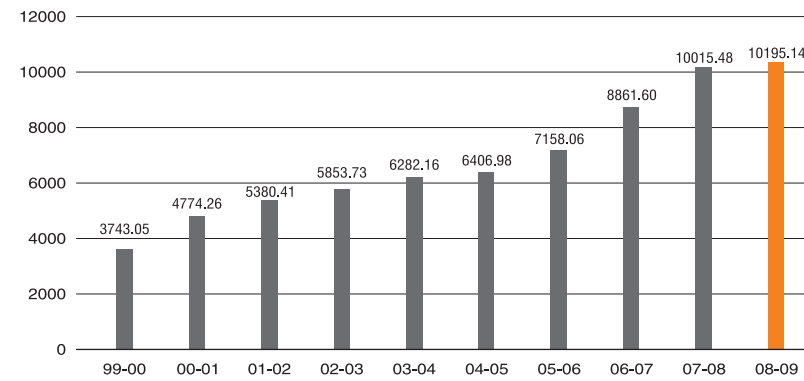
“Tell me, and I'll forget;
show me, and I may remember;
involve me, and I'll understand.”

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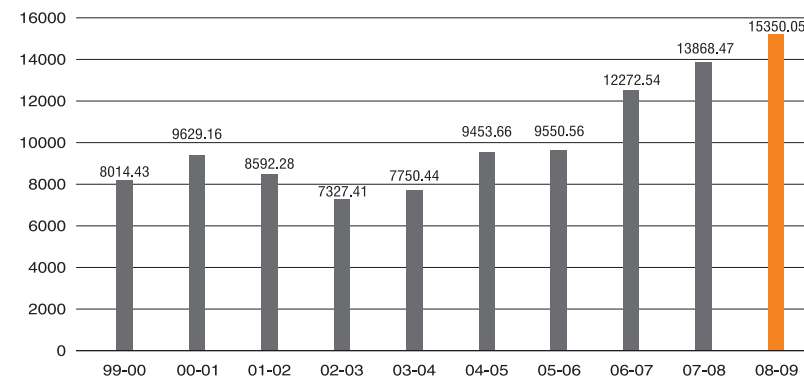
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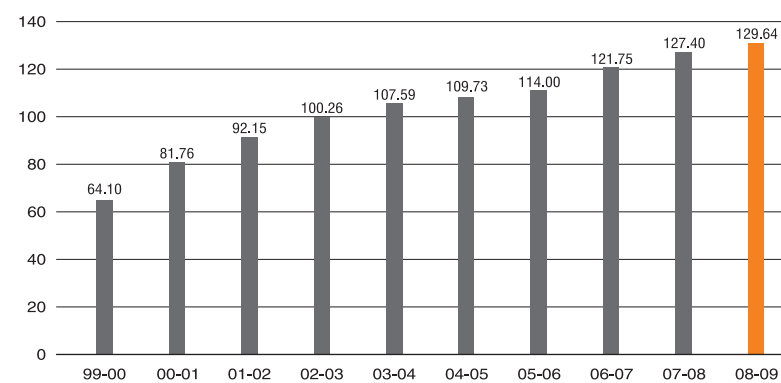
NET WORTH (Rs. in Lacs)



TURNOVER (Rs. in Lacs)



BOOK VALUE (in Rs.)



BOARD OF DIRECTORS

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

AUDITORS

Sushil Poddar & Co., New Delhi

BANKERS

Corporation Bank,
Citibank N.A.,
ABN Amro Bank,
IDBI Bank Ltd.,
ING Vysya Bank Ltd.



REGISTERED OFFICE:

DELHI

E-52, New Manglapuri, Mandi Road
(Mehrauli), New Delhi-110 030, India
Ph.: 0091-11-46002100,
Fax: 0091-11-26803485
Email: bhartiya@bhartiyainternational.com

BANGALORE

Factory (Leather Garments) No. 27/2,
Village Gottigere, Uttarahalli Hobli,
(Bannerghata Road), Bangalore-560 083 India
Tel : 080-43534555, Fax : 080-40955065

CHENNAI

575, EVR Periyar Salai, 3rd Floor, Rakhi Plaza,
Aminji Karai, Chennai-600 029, India
Ph.: 044-26640451/26642452,
Fax : 044-26642692

CHINA

World Fashion Trade Ltd.
Room 301, 1st Units, Tower 28,
Jinzhonglu Garden,
28# Yangpan Road, Hangzhou, China,
Ph.: 0086-571-86584857,
Fax: 0086-571-86585057

HONG KONG

World Fashion Trade Ltd.
Suite 1402, 14/F, 1 Duddell Street,
Central Hong Kong
Ph.: 00852-2376 3611, Fax: 00852-2736 5115

ITALY

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

SWITZERLAND

Ultima S.A., Rochettes 42, 2012 Auvernier,
Switzerland
Ph : 0041-794186706, Fax : 0041-327313042

U.S.A.

BIL Group LLC, 209 West 38th Street (Suite 1010)
New York 10018, USA

FROM THE CHARIMAN'S DESK

INSPIRED BY THE PAST
DRIVEN BY THE FUTURE

"Don't Be Afraid To take A Big Step When
One is Indicated.

You can't cross a chasm in two small steps."
-David Lloyd George

Dear Stakeholders,

Before I recapitulate the milestones created during the last fiscal year by your company and update you about the new, exciting and lucrative directions that Bhartiya envisages taking, it is with immense pride that I request you all to share in my reminiscences. After all, as wise men say, "Whoever wishes to foresee the future must study the past."

Reminiscences

Looking back at the incredible saga of Bhartiya's growth, its integration on the value chain of its core business activities, and its phenomenal transformation from a carpet exporting company to a multi-category, multi-disciplinary, multi-national fashion solutions provider, the reasons for your company's incomparable rise and success become easily apparent to the astute mind.

The most important of the many reasons is that your company has never been afraid to take a big step in a new direction when one has been indicated. That's why when other companies would have hesitated at the idea of moving into leather fashion products manufacturing, from carpet exporting, your company confidently took that big step. When other companies would have been satisfied by merely exporting leather garments, your company envisaged total integration in the value chain, took gigantic steps to establish its tanneries in South India, and expanded its manufacturing capacity. When other Indian manufacturers cowered in the face of China's awesome rise, your company established business and sourcing from that country and set up product design & development offices in Milan and New Delhi. When others started cutting corners and reducing prices, your company innovated on design and created new value benchmarks for buyers. When other

companies started curtailing their operations and reducing their investments, your company went ahead - forward integrating on the value chain by creating its own brands and front-end retail outlets in Europe and USA. When others would have felt satisfied with their company's growth, Bhartiya took big steps to get into non-leather textile based products, set up an office in Hong Kong and tied up with smaller units in other countries. While others would have jumped for joy at the resultant success and rested on their laurels, your company ventured into creation of lifestyle real estate products for the young and upwardly mobile.

Having taken many bold decision over, I am more clear than ever before, the strength of our value innovation, the effectiveness of its strategy and the fantastic energy resulting from the commitment of our teams. With the economic slowdown intensifying, the momentum behind our value innovation has often made the difference.

Our business is sustained by creative drive, the uncompromising quality of our products, the desire to surprise and engage our clients and to offer them a unique experience. All this derives from the talent and application of our employees. The proactivity of everyone in our offices and across our markets worldwide has enabled us to respond rapidly to the unstable environment and to limit its consequences.

I know I can count on the men and women in Bhartiya to meet the numerous challenges ahead and to prepare our group to continue its growth.



MANAGEMENT DISCUSSION & ANALYSIS

Fulfilling The Leather Aspirations

It is an immutable law in business that words are words, explanations are explanations, promises are promises - but only performance is reality. In accordance with this law, your company's leather interests have grown, been consolidated and integrated completely on the value chain.

Even though the global leather industry grew from US\$81 billion to US\$ 120 billion between 2001 and 2007, in terms of exports the Indian leather industry could barely cross the US\$ 3 billion mark. Compared to China, India's leather export turnover is around one tenth. India's leather industry is worth well over Rs. 10,000 crores and employs more than 2.5 million people. The Chinese are still leading, but there is a conspicuous change in the world's attitude towards China and India. There is a growing tribe of European and American companies who are looking at China with growing consternation increasing scepticism due to its reluctance, or inability, to protect Intellectual Property Rights and trade patents, and its scant disregard for human rights. China is faced with anti-dumping duties and hike in import duties on raw materials, which is why the global leather industry is looking at India with renewed and rapidly growing interest as an alternate sourcing location. Many European and American companies, with whom your company is closely associated and who had been sourcing almost 95% of their production from China, are now shifting almost 30% of their sourcing to India in view of its lower perceived risk and favourable costs. Thanks to this favourable trend, the industry's export turnover is expected to cross the US\$ 7 billion by 2010-2011.

Given its distinct advantages in terms of low cost of manufacturing, innate aesthetics and creativity, availability of raw material, propensity for quality, advanced research & development facilities, industry-friendly policies of the government, peace-loving people, a vast skilled workforce and a



dynamic democratic and judicial system, India's leather industry is poised for unprecedented growth. This augurs well for Bhartiya International too. A dream is set to come true, and the coming times will undoubtedly prove it to be true.

Overcoming The Global Economic Recession

While the ongoing economic recession has put a halt to many a company's dreams of growth and development, bankrupted many others and forced almost all of them to reduce staff, decrease salaries and cut corners, your company has continued to strive for growth and invested in raising the level of excellence in tune with its founding vision of quality, growth, consolidation, integration and diversification. Therefore, during the year under review, your company's managerial energy has been focused on strengthening the business model.

Following the wise words of Aristotle, the Greek philosopher and scientist, who lived over 2000 years ago, we at Bhartiya International have learnt a vital lesson: The way to achieve success is first to have a definite, clear, practical ideal - a goal, an objective. Second, have the necessary means to achieve your ends - wisdom, money and methods. Third, adjust all your means to that end. Inspired by the words of the great philosopher, Bhartiya International Ltd. has fared very well, even during the recession.



During the year under review, your company's Chinese operations ran on full steam to take advantage of the favourable cost and efficient production norms in China, which has given BIL significant advantage over other local players. As part of your company's vision of total integration on the value chain, its fashion accessories

business has broken even. Being a design-driven, fashion-centric company, we have employed new Italian designers at our office in Milan and expanded the design office in India, in order to cater to the exclusive design needs of renowned leather goods retailers the world over. Your company remains

committed to innovate and design products not only to match the buyers' needs, but also to make bold and creative fashion statements for the world to emulate.



From Leather Competence To Real Estate Excellence

In tune with its vision, driven by its core competence in design and innovation, and directed by its new age leadership mantra, Bhartiya International has taken strategic steps into the world of real estate. The real estate project is India's first leather & leather products SEZ, which is being developed on a sprawling 250 acres area in Andhra Pradesh, and by using its proximity to Chennai, the project will be able to leverage the infrastructure of Chennai to its own advantage. It will bring together leather experts, creative talent and years of experience in an exciting ambience that will be most conducive to optimisation of resources and removal of obstacles for manufacturing and export. In partnership with Andhra Pradesh Industrial Infrastructure Corporation, the SEZ will be a world class centre of excellence that will combine strategy and execution in unique ways. Your company intends to set up state-of-the-art captive units to produce leather goods in strategic alliance with partners to form joint ventures of global scale.

Creating an urban lifespace is as much about space management as it is about taking into account people's aspirations and lifestyles. Bhartiya City, promoted by your company, takes urbanisation several steps further and higher, by providing space not only to live, work, play and dream, but also to inspire ideas and desires. After all, a real estate development is much more than just bricks, mortar and cutting edge building technology. It is the building of a dream in reality. It is the realization of a vision, a lifestyle.

Converting visions into concrete results is what the Bhartiya Group has been doing for decades. Specialized in creating lifestyle products, your company has always imbued innovation in all of its accomplishments. In fact, the Bhartiya Group continues to develop lifestyle products for top global brands like Hugo Boss, Zara, Massimo Dutti, Marks & Spencer, Trussardi, Replay,



G-Star and many others. It is this expertise in creating lifestyle products, together with an innovative spirit and a sense of design, which Bhartiya brings to the development of urban lifespaces at Bhartiya City.

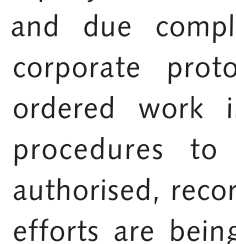
With 122 Acres to Live, Work, Play and Dream in, Bhartiya City is one of the largest and, perhaps, the grandest visionary land development project within the Bangalore Municipal limits. With lush greenery all around to create a breathtaking setting for this dynamic architectural complex, the Bhartiya City will comprise residential and corporate spaces, cater to the hospitality sector, theaters, retail malls and pedestrian shopping streets, schools and healthcare centers. Beautiful parks, bicycle trails, jogging and walking tracks shall form an integral part of the design, demonstrating Bhartiya's diligence in preserving natural resources and the environment.

This visionary lifespace opens a new chapter in the destiny of Bangalore. Those who will experience Bhartiya City will be pleased to discover a place so warm and unique that previously it only existed in their imagination. For the Bhartiya Group, Bhartiya City is yet another testimony of its commitment to excellence and a fulfilment of its entrepreneurial vision.



Internal Systems And Controls

The internal control procedures of the company are sufficient and appropriate with its size and nature of business. It is designed with a view to ensuring competent and most advantageous use and protection of the company's vital resources, accuracy in financial reporting, and due compliance of statutes, procedures and corporate protocol. The existing system imparts ordered work instructions, and clearly laid down procedures to ensure that all transactions are authorised, recorded and reported correctly. Incessant efforts are being made to upgrade the systems and procedures as well as to further improve compliances. Bhartiya's systems and processes across disciplines and departments are re-evaluated by the Audit committee in its periodic meetings.



Risk Management

No enterprise is praiseworthy of mention unless risk management systems are firmly in place. Your company's risk management policy plays a positive role in ensuring that impending vulnerabilities are kept at bay. Proactive and strategic planning is done to battle likely risks coming out due to shifting industrial environment from competition, changing customer needs, outdated and changing technology. Bhartiya's exposure to foreign currency risks comes from its imports and exports. They are determined through far-sighted financial operations, ground-breaking treasury management and efficient use of hedge options.

Human Resource

Your company is a knowledge-driven organisation and, hence, human resource development continues to be a key growth driver for BIL. We believe that people are our greatest resource. Our capability to grow as a company and to surpass customer expectations depends on our people. We look for highly gifted and enthused individuals and endeavour to attract, build and retain an incomparable talent pool. Be it at our design and product development centres in Italy and India; be it is our factories and tanneries; or be it at our warehouses and marketing offices across the world... every possible step is taken to ensure that employees continue to upgrade their skills and get better at their work. Together with BIL's employee-friendly encouragement and reward programmes, the above activities have shaped a work culture that both enthuses the workforce to perform better as well as keeps them contented and stimulated with their work. This, in turn, rubs off positively on our bottomline. BIL's people are full of energy, creativity and commitment. They have passion and courage to look for new ideas beyond existing products, services and ways of



working and, in return, the company promises to give them the tools they need to attain their personal and professional goals.

Cautionary Statements

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



DIRECTORS' REPORT

Your Board of Directors takes pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2009.

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

Sl. No.	Particulars	2008-2009	2007-2008
1.	Net Sales /Income from Operations	15350.05	13868.47
2.	Total Expenditure	13950.67	12872.69
3.	Profit from Operations before other Income, Interest and Exceptional items	1399.38	995.78
4.	Other Income	(171.40)	268.84
5.	Profit before Interest and Exceptional Items	1227.98	1264.62
6.	Interest	605.31	452.88
7.	Profit after Interest but before Exceptional Items	622.67	811.74
8.	Exceptional Items: Provision for diminution in value of Investments	81.25	-
9.	Net Profit before Tax	541.42	811.74
10.	Tax Expense	269.76	189.86
11.	Net Profit after Tax	271.66	621.88
12.	Paid up Equity Share Capital	786.38	786.38
13.	Reserves (Excluding Revaluation Reserves)	9408.76	9229.10
14.	Earning Per Share (Basic) Rs.	3.45	7.91
15.	Earning Per Share (Diluted) Rs.	3.45	7.91
16.	Dividend	10%	15%

PERFORMANCE REVIEW

During the year under review the Company achieved a turnover of Rs. 15,350.05 Lacs as against Rs.13,868.47 Lacs in the previous year and Profit from Operation before Other Income, Interest and exceptional items for the current year has increased to Rs. 1399.38 Lacs as against 995.78 Lacs in the last financial year. However net profit after tax for the year has decreased to Rs. 271.66 Lacs as against Rs. 621.88 Lacs in the previous year due to the provision for diminution in the value of investments and higher provision for taxation.

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 year ended 31st March, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the financial year ended 31st March, 2009.
- 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.
- The annual accounts have been prepared on a going concern basis.

DIRECTORS

Mr. Snehideep Aggarwal, Managing Director and Mr. A.K.Gadhok, Whole –time Director have been re-appointed with effect from April 1, 2009. The approval of the shareholders is being sought to the re-appointment and remuneration payable to them.

Mr. Ramesh Bhatia, Mr. C.L. Handa and Mr. A.K. Gadhok 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 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 Report as required by Clause – 49 of the Listing Agreement is annexed herewith.

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 ACCOUNTS

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 Accounts of the Company and its subsidiaries are annexed and forms part of this Annual Report.

LISTING AGREEMENT

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

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

The Annual Listing fee for the Financial Year 2009-2010 has already been paid to both the above Stock Exchanges.

PUBLIC DEPOSIT

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

CASH FLOW STATEMENT

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

AUDITORS

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 Account 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 forming part of this report.

BHARTIYA INTERNATIONAL LTD.

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 acknowledge with deep sense of appreciation the co-operation and unstinted support received from the valued customers, suppliers, bankers and shareholders whom the Company regards as partners in progress.

Yours Directors also convey their gratitude to all employees for the untiring efforts and contributions made by them at all levels to ensure that the Company continues to grow and excel.

For and on behalf of the Board

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29.06.2009

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO

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

For and on behalf of the Board

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29.06.2009

BHARTIYA INTERNATIONAL LTD.

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

	Bhartiya Global Marketing Ltd., Delhi	Ultima S.A., Switzerland	BIL Group LLC, USA	World Fashion Trade Ltd., Mauritius
(A) Financial year of the subsidiary Company ended on	: 31.03.09	31.03.09	31.12.08	31.12.08
(B) Holding Company's Interest Number of Shares	: 999,020 Equity Shares Rs. 10 each	1000 Shares of CHF 1,000	Members Contribution Rs. 69,471,300 USD\$ 1,531,980	1,000 Shares of US \$ 1.00
Extent of holding	: 100%	100%	100%	100%
(C) The net aggregate amount of profits/ (Losses) so far as it concerns members of the Holding Company				
(i) Not dealt within the Holding Company's accounts				
1. For the Financial year of the subsidiary :	Rs. (1,405,967)	CHF 217,084	USD (652)	HK\$ (882,401)
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary :	Rs. (6,163,921)	CHF 2,255,654	USD (1,530,053)	HK\$ (5,887,542)
(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 Internrtional SEZ Ltd.	(a) J&J Leather Enterprises Ltd. Chennai	(b) Meris XXI, S. L., Spain	(c) Ultima Italia SRL, Italy
(A) Financial year of the subsidiary Company ended on	: 31.03.09	31.03.09	31.12.08	31.03.09
(B) Holding Company's Interest Number of Shares	: 4,269,230 Equity Shares of Rs. 10 each	125,000 Equity Shares of Rs.100 each	3,006 Shares of € 1.00 each	90,000 Shares of € 1.00 each
Extent of holding	: 74%	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				

BHARTIYA INTERNATIONAL LTD.

	Bhartiya Interntional SEZ Ltd.	(a) J&J Leather Enterprises Ltd. Chennai	(b) Meris XXI, S. L., Spain	(c) Ultima Italia SRL, Italy
1. For the Financial year of the subsidiary :	Rs. (166,597)	Rs. 1,191,808	€ (5719.96)	€ (84,797)
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary :	Rs. (37,918)	Rs. 6,629,311	€ (9297.97)	€ (395,847)
(ii) Dealt within the Holding Company's accounts				
1. For the financial year of the subsidiary :	-	-	-	-
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary :	-	-	-	-
(a) This is wholly owned subsidiary of Bhartiya Global Marketing Ltd. Delhi.				
(b) This is wholly owned subsidiary of World Fashion Trade Ltd., Mauritius.				
(c) This is wholly owned subsidiary of Ultima S. A. Switzerland.				

For and on behalf of the Board

New Delhi, 29th June, 2009

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Company's philosophy on Corporate Governance is a commitment to sound Corporate practices based on adoption of highest degree of professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

It is from this philosophy that every aspect of the Company's operations flows and it is with this philosophy that every member of the Company's Board of Directors and Management and each of its employee functions in his/her area of operations .

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	2	-
Mr. A. K. Gadhok	Executive Director (Whole-Time Director)	6	Present	-	-
Ms. Jaspal Sethi	Executive Director (Whole-Time Director)	3	Absent	1	-
Mr. Ramesh Bhatia	Non-Executive Director	3	Present	1	-
Mr. C. L. Handa	Non-Executive Director and Independent	6	Present	3	-
Mr. Sandeep Seth	Non-Executive Director and Independent	5	Present	-	-
Mr. Shashank	Non-Executive Director and Independent	5	Absent	-	-
Mr. A. Sahasranaman	Non-Executive Director and Independent	4	Absent	3	-
Mr. Nikhil Aggarwal	Non-Executive Director	2	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.

Six (6) Board Meetings were held during the financial year and the gap between two meetings did not exceed three months. The dates on which the meetings were held are: 26th May, 2008, 30th June, 2008, 30th July, 2008, 23rd October, 2008, 29th December, 2008 and 30th January, 2009.

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 two third of the Committee members are Independent Directors. Mr. C.L Handa is the Chairman of the Audit Committee. Other members of the Audit Committee are Mr. Ramesh Bhatia and Mr. Sandeep Seth.

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

Five Audit Committee Meetings were held during the financial year.

(C) Meetings and attendance during the financial year 2008-2009

Director	10.04.08	27.06.08	28.07.08	20.10.08	29.01.09
Mr. C.L. Handa	P	P	P	P	P
Mr. Ramesh Bhatia	P	A	P	A	A
Mr. Sandeep Seth	P	P	P	P	P

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:

Shareholders'/Investors' Grievance Committee consist of three Non-Executive Directors and two third of the Committee members are independent Mr. Sandeep Seth is the Chairman of the Shareholders'/ Investors' Grievance Committee. Other members of the Shareholders'/ Investors' Grievance Committee are Mr. Ramesh Bhatia and Mr. C. L. Handa. Ms. Deepti Gambhir, Company Secretary is the Compliance Officer of the Company.

Shareholders'/ Investors' Grievance Committee met quarterly 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 2008-2009

Director	07.04.08	07.07.08	07.10.08	07.01.09
Mr. Sandeep Seth	P	P	P	P
Mr. Ramesh Bhatia	A	P	A	A
Mr. C. L. Handa	P	P	P	P

Total number of complaints/ communications received during the financial year were 86 (Eighty Six 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, 2009.

SUBSIDIARY COMPANY

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

REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee in the Board meeting held on 30.1.2009.

BHARTIYA INTERNATIONAL LTD.

Remuneration Committee consist of three Non-Executive, independent Directors. Mr. Sandeep Seth is the Chairman of the Committee. Other members of the Remuneration Committee are Mr. Shashank and Mr. C. L. Handa. Ms. Deepti Gambhir, Company Secretary act as Secretary of the Remuneration Committee.

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

- To approve the Annual Remuneration Plan of the Company.
- To approve the remuneration payable to the Managing Director.
- To approve the remuneration payable to the Executive Directors of the Company.
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend or approve.

The first meeting of the Remuneration Committee was held on 1st April, 2009 and was attended by all the Committee members.

The Company does not have any Employee Stock Option Scheme.

Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. The Remuneration Committee decides on the remuneration payable to the Managing Director and the executive Directors for the financial year within the Ceilings prescribed under the Companies Act, 1956 based on the performance of the Company as well as that of the Managing Director and Executive Directors.

Directors' remuneration details for the financial year 2008-2009 are as under:

Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Snehdeep Aggarwal	1800000	-	1800000
Ms. Jaspal Sethi	980000	-	980000
Mr. A. K. Gadhok	139200	81600	220800

All Executive Directors are also entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave as per the rules of the Company.

The details of sitting fees paid for attending the Board/ Committee Meetings to the Non-Executive Directors for the financial year 2008-2009 is as under: -

Name of the Director	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)
Mr. C. L. Handa	15000	9000	24000
Mr. Ramesh Bhatia	7500	3000	10500
Mr. A. Sahasranaman	10000	-	10000
Mr. Shashank	12500	-	12500
Mr. Sandeep Sethi	12500	9000	21500
Mr. Nikhil Aggarwal	5000	-	5000

GENERAL BODY MEETINGS

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
19th AGM	29th September, 2006	12.00 Noon	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001	-
20th AGM	27th September, 2007	12.00 Noon	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001	1
21st AGM	22nd September, 2008	12.00 Noon	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001	-

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(i) All resolutions moved at the last Annual 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. Snehdeep Aggarwal , Managing Director and Mr. A.K.Gadhok, Whole –time Director have been re-appointed with effect from April 1,2009.The approval of the shareholders is being sought to the re-appointment and remuneration payable to them.

Mr. A.K. Gadhok, Mr. Ramesh Bhatia and Mr. C.L. Handa 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.. Snehdeep Aggarwal	Mr. A.K. Gadhok	Mr. Ramesh Bhatia	Mr. C.L. Handa
Date of Birth	10.11.1956	10.03.1947	09.12.1946	03.03.1937
Date of Appointment	07.01.1987	01.04.1999	06.09.1987	26.05.2004
Qualifications	MA (Economics)	B.Com	Science Graduate	B.Sc, CAIB
No. of shares held in the Company	11,30,162 Equity Shares	Nil	3,40,250 Equity Shares	Nil
Expertise in Special functional areas	Enterpreneur with more than 25 years of experience in manufacturing, marketing & export of leather garments. He is the main promoter of Bhartiya International Ltd.	A retired Army Major with expertise in the field of Administration	Business Management	Professional with over 30 years' experience in various fields of banking. His specializations are in Credit Management, Foreign Exchange and Merchant Banking.
List of outside Directorships as on 31-03-2009 (in Public Companies and Subsidiary of Public Companies)	1.Bhartiya Global Marketing Ltd. 2. Bhartiya International SEZ Ltd.	Nil	1. Bhartiya Global Marketing Ltd	1.Bhartiya International SEZ Ltd. 2. J & J Leather Enterprises Ltd. 3. International Print-O-Pac Ltd.
Chairman/ Member of the Board committees of the Companies on 31-03-2009	Bhartiya International Ltd. a) Share Transfer Committee.	Bhartiya International Ltd. a) Share Transfer Committee	1.Bhartiya International Ltd. a) Audit Committee. b) Shareholders'/ Investors' Grievance Committee	1.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, 2009.

Sd/-

New Delhi
10th April, 2009

Snehdeep Aggarwal
Managing Director

CEO/CFO CERTIFICATION

The requisite Certificate under clause 49 (V) of the Listing Agreement, duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2009 has been placed before the Board in their meeting held on 29th June, 2009 and forms part of this Annual Report.

MEANS OF COMMUNICATION

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

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

CORPORATE FILING

As required under Clause 51 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.

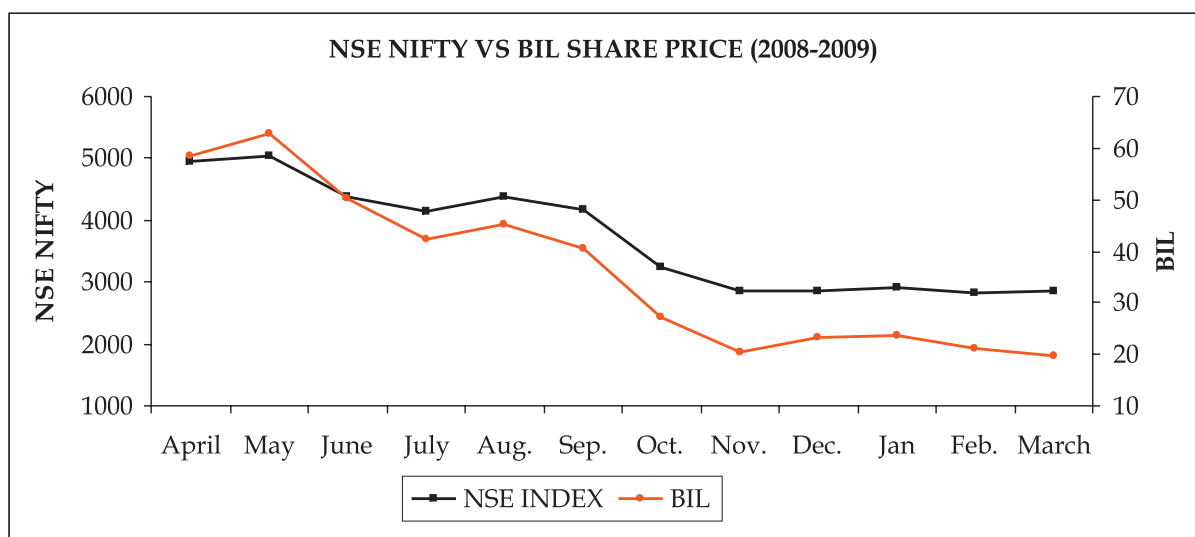
MANAGEMENT DISCUSSION AND ANALYSIS FORMS PART OF THIS ANNUAL REPORT.

GENERAL INFORMATION FOR SHAREHOLDERS

1. **AGM: Date, Time and Venue** : Friday, 25th September, 2009, 11.00 a.m. at FICCI, Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi-110 001.
2. **Financial Calendar for 2009-2010**
 Financial year – April to March
 Results for Quarter ending 30th June, 2009 : End of July, 2009
 Results for Quarter ending 30th Sep., 2009 : End of Oct., 2009
 Results for Quarter ending 31st Dec., 2009 : End of Jan., 2010
 Year ending 31st March, 2010, : End of June, 2010
3. **Book Closure** : Monday the 21st September, 2009 to Friday the 25th September, 2009 (both days inclusive)
4. **Dividend Payment** : On or after 25th September, 2009 (within the statutory time limit of 30 days), subject to Shareholder’s approval
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 2009-2010 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 2008	65.95	51.00	October 2008	33.00	21.40
May 2008	68.20	57.45	November 2008	22.70	18.00
June 2008	57.45	43.00	December 2008	26.85	20.00
July 2008	46.00	38.50	January 2009	26.20	21.00
August 2008	48.10	42.15	February 2009	23.80	18.70
September 2008	45.00	36.00	March 2009	21.55	17.10

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



BHARTIYA INTERNATIONAL LTD.

8. Share Transfer System

To expedite the share transfer process in physical segment, authority has been delegated to Share Transfer Committee which consist of two members i.e. Mr. Snehdeep Aggarwal & Maj. A. K. Gadhok, Directors of the Company. Share transfer/transmissions approved by the Committee are placed at the Board Meeting from time to time. Company Secretary of the Company acts as Secretary of the Committee. Committee meetings are held monthly to approve the share transfers. As on 31st March, 2009 there was no Equity Share pending for Transfer, also there was no Demat Request pending as on 31st March, 2009.

9. Distribution of Shareholding as on 31st March, 2009

No. of Shares	SHAREHOLDERS		SHAREHOLDING	
	Number	% to total	Number	%
Upto – 250	5578	84.044	425541	5.411
251 – 500499	7.518	198437	2.523	
501 – 1000	279	4.204	220866	2.809
1001 – 2000	128	1.929	194053	2.468
2001 – 3000	46	0.693	115769	1.472
3001 – 4000	17	0.256	61354	0.780
4001 – 5000	20	0.301	94009	1.195
5001 – 10000	22	0.332	155988	1.984
10001 & above	48	0.723	6397831	81.358
	6637	100.000	7863848	100.000

10. Shareholding Pattern as on 31st March, 2009

Category	No. of Shares held	% of Paid up Capital
Promoters Holding	1470412	18.70
Persons acting in concert	1762224	22.41
Mutual Funds	3300	0.04
Banks	300	0.00
NRIs/OCBs	178553	2.27
Indian Corporate Bodies	2695932	34.28
Indian Public	1753127	22.30
Total	7863848	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, 2009 44.82% of
the Paid-up share capital has been dematerialized.
13. **Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity** : -
14. **Plant Locations** : Bangalore and Chennai.
15. **Address for Correspondence** : Bhartiya International Ltd.
E-52, New Manglapuri, Mandi Road
(Mehrauli) New Delhi – 110 030.
Tel No.: 26808177, 26803201, 26803202,46002100
Fax No.: 26803485
E-mail: shares@bhartiya.com

BHARTIYA INTERNATIONAL LTD.

To
The Board of Directors
Bhartiya International Ltd.

CEO/CFO CERTIFICATION

We Snehdeep Aggarwal, Managing Director & Sanjay Govil, Vice President (Finance) of the Company to the best of our knowledge and belief, certify that:-

- (a) We have reviewed the Balance sheet as at March 31, 2009, Profit and Loss Account, Cash Flow Statement and the Directors' Report for the Financial Year 2008-09 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 2008-2009 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.

Sd/-

Sd/-

Snehdeep Aggarwal
Managing Director

Sanjay Govil
Vice President (Finance)

New Delhi, 29th June, 2009

AUDITOR'S CERTIFICATE

To the members of BIL

We have examined the compliance of Conditions of Corporate Governance by Bhartiya International Ltd. ("the Company") for the year ended on 31st March, 2009 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 have explained that no investor grievances are pending for a period exceeding one month, as at 31st March, 2009, against the Company as per the records maintained by the Company.

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.
Chartered Accountants

Sd/-

S. K. Poddar

Prop.

M. No. 94479

New Delhi, 29th June, 2009

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, 2009, and the Profit and Loss Account and also 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 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 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 Account 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, 2009 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. 12 in Schedule 19 regarding non provision for diminution in value of Long Term Investments including 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 to the accounts in Schedule 19 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, 2009.
- 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.**
Chartered Accountants

S. K. Poddar

Prop.

M. No. 94479

New Delhi, 29th June, 2009.

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 regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
 - (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- ii.
 - (a) As explained to us, physical verification of inventory, except material lying with third parties and in transit, has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii.
 - (a) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 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 78,171,352/- and the year end balance of loan granted to them was Rs. 78,171,352/-.
 - (c) The company has granted an interest free unsecured loan of Rs 78,171,352/- to its wholly owned subsidiaries. In our opinion, having regard to the long term involvement with the wholly owned subsidiaries and according to the explanations given to us in this regard, the terms and conditions of the loans granted are prima facie not prejudicial to the interest of the company.
 - (d) There is no stipulation as to the repayment of the principal amount and the interest thereon.
 - (e) In view thereof the clause pertaining to the overdue amount being more than Rs 1 Lakh is not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v.
 - (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

BHARTIYA INTERNATIONAL LTD.

- 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 2009 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)	12,269,295	A.Y2003-04 & 2004-05	ITAT

- 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 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. In our opinion and according to the information and explanations given by the management, the company is not a dealer or trader in shares, securities, debentures and other investments. However in respect of transactions relating to investment in shares/ mutual funds. The company has maintained proper records and timely entries have been made and the investments are held in the name of the company
- xv. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by its wholly owned subsidiaries from banks or financial institutions are not prima-facie prejudicial to the interest of the company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- xviii. In our opinion and based on the information and explanations given to us, during the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- xix. The company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are applicable to the company.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

For **Sushil Poddar & Co.**
Chartered Accountants

S. K. Poddar
Prop.
M. No. 94479
New Delhi, 29th June, 2009

BHARTIYA INTERNATIONAL LTD.**BALANCE SHEET AS AT 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUND			
Shareholder's Funds			
Share Capital	1	78,638,480	78,638,480
Reserves and Surplus	2	<u>940,875,602</u>	<u>922,909,724</u>
		1,019,514,082	1,001,548,204
Loan Funds			
Secured Loan	3	560,091,986	479,170,927
Deferred Tax Liability(Net)		8,878,497	9,757,889
		<u>1,588,484,565</u>	<u>1,490,477,020</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	296,494,387	185,831,910
Less: Depreciation		<u>66,828,959</u>	<u>57,298,758</u>
Net Block		229,665,428	128,533,152
Add: Capital Work in Progress		<u>44,612,148</u>	<u>37,705,141</u>
		274,277,576	166,238,293
Investments	5	703,627,778	624,477,813
Current Assets, Loans & Advances			
Inventories	6	511,431,320	368,067,739
Sundry Debtors	7	67,907,713	100,922,791
Cash & Bank Balances	8	134,489,830	64,003,357
Loans & Advances	9	286,283,987	374,289,437
		<u>1,000,112,850</u>	<u>907,283,324</u>
Less: Current Liabilities & Provisions			
Current Liabilities		350,356,337	171,199,133
Provisions		<u>39,177,302</u>	<u>36,323,277</u>
		389,533,639	207,522,410
Net Current Assets		610,579,211	699,760,914
		<u>1,588,484,565</u>	<u>1,490,477,020</u>

Notes on accounts and Significant Accounting Policies 19
Schedule referred to above form an integral part of the Balance sheet

As per our report of even date attached for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

BHARTIYA INTERNATIONAL LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		1,401,922,589	1,285,238,564
Export Incentives		133,082,126	101,608,320
Other Income	12	(17,140,015)	26,883,879
Increase/(Decrease) in Stock	13	69,309,819	(28,644,736)
		1,587,174,519	1,385,086,027
EXPENDITURE			
Raw Material Consumption	14	904,877,676	635,819,974
Purchase For Resale		58,644,346	217,097,928
Manufacturing Expenses	15	251,854,726	180,015,149
Personnel Expenses	16	44,590,313	32,832,210
Administrative & Selling Expenses	17	155,242,046	194,794,123
Financial Expenses	18	99,916,233	35,060,690
Depreciation		9,782,746	8,291,745
		1,524,908,086	1,303,911,819
Profit before extraordinary items		62,266,433	81,174,208
- Provision for diminution in value of investment (Refer Note no. 12 in Schedule 19)		8,124,756	-
		54,141,677	81,174,208
Profit before Taxes			
Provision for Taxes			
- Income Tax		25,713,682	19,696,525
- Fringe Benefits Tax		2,141,200	4,337,696
- Deferred Tax		(879,392)	(5,047,682)
Profit after Taxes		27,166,187	62,187,669
Balance brought Forward		477,493,491	449,106,285
Add:-Transferred from Debenture Redemption Reserve		43,500,000	-
Balance available for appropriation		548,159,678	511,293,954
APPROPRIATIONS			
Proposed Dividend		7,863,848	11,795,772
Provision for Dividend Tax		1,336,461	2,004,691
General Reserve		10,000,000	10,000,000
Debenture Redemption Reserve		-	10,000,000
Surplus Carried to Balance Sheet		528,959,369	477,493,491
Earnings Per Share (face value of Rs. 10 each)			
- Basic		3.45	7.91
- Diluted		3.45	7.91
(Refer to Note No. 19 on schedule 19)			
Notes on accounts and Significant Accounting Policies	19		
Schedule referred to above form an integral part of the Balance sheet			

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	54,141,677	81,174,208
Adjusted for :		
Depreciation	9,782,746	8,291,745
Financial expenses (net)	99,916,233	35,060,690
Loss (Profit) on sale of fixed assets	171,311	640,215
Loss (Profit) on sale of Investments	18,350,401	(18,541,421)
Dividend Income	(687,504)	(8,342,458)
Provision for Dimunition in value of Investments	8,124,756	-
	<u>135,657,943</u>	<u>17,108,771</u>
	189,799,620	98,282,979
Operating profit before working capital change		
Adjustment for :		
Inventories	(143,363,581)	(93,811,194)
Sundry Debtors	33,015,078	1,096,253
Loans and Advances	89,648,384	106,737,371
Sundry Creditors	180,184,942	(11,760,329)
	<u>159,484,823</u>	<u>2,262,101</u>
Cash generated from operations	349,284,443	100,545,080
Taxes paid	(23,238,369)	(14,488,244)
Financial expenses	(61,957,835)	(3,889,861)
Cash flow before extra-ordinary items	<u>264,088,239</u>	<u>82,166,975</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	264,088,239	82,166,975
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/Purchases of Investment (Net)	(105,625,122)	65,263,466
Dividend received	687,504	8,342,458
Sale of Fixed Assets	24,944	128,300
Purchase of fixed assets/Capital W.I.P.	(118,018,284)	(42,228,153)
NET CASH USED IN INVESTMENT ACTIVITIES	(222,930,958)	31,506,071
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loan	80,921,059	(71,747,941)
Unsecured Loan	-	(200,000,000)
Interest Paid	(37,958,398)	(31,170,829)
Share Capital Issue Procees (Including Share Premium)	-	58,500,000
Advance Subscription Received (Net)	-	(5,850,000)
Share Allotment Money Received	-	(52,650,000)
Dividend paid (including dividend tax)	(13,633,469)	(13,831,735)
NET CASH USED IN FINANCING ACTIVITIES	29,329,192	(316,750,505)

BHARTIYA INTERNATIONAL LTD.**CASH FLOW STATEMENT (CONTD.)**

	CURRENT YEAR	PREVIOUS YEAR
	Rs.	Rs.
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	64,003,357	267,080,816
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	134,489,830	64,003,357

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Prop.
M.No.94479

Deepthi Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

SCHEDULES' FORMING PART OF THE ACCOUNTS

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1: SHARE CAPITAL		
i) Authorised		
a) 12,000,000 (Previous year 12,000,000) Equity shares of Rs.10/- each	120,000,000	120,000,000
b) 500,000 (Previous year 500,000) Preference shares of Rs 100/- each	50,000,000 170,000,000	50,000,000 <u>170,000,000</u>
ii) Issued, Subscribed and paid up 7,863,848 (Previous Year 7,863,848) equity shares of Rs.10/- each fully paid up.	78,638,480	78,638,480
of these :	78,638,480	<u>78,638,480</u>
a) 2,089,308 equity shares of Rs. 10/- each were allotted as bonus shares by capitalisation the General Reserve		
SCHEDULE 2: RESERVES & SURPLUS		
i) General Reserves		
As per last year Balance Sheet	139,851,233	129,851,233
Add: Transferred from Profit & Loss A/c	10,000,000	10,000,000
	149,851,233	139,851,233
ii) Share Premium A/c		
As per last year Balance Sheet	253,565,000	200,915,000
Add : Additions during the year on fresh issue of Shares.	-	52,650,000
	253,565,000	253,565,000
iii) Surplus in Profit & Loss a/c	528,959,369	477,493,491
iv) Debenture Redemption Reserve		
As per last year Balance Sheet	43,500,000	33,500,000
Add: Transferred from Profit & Loss A/c	43,500,000	10,000,000
Less:- Transferred to Profit & Loss Account	-	43,500,000
v) Preferential Share Warrant Forfeited	8,500,000	8,500,000
	940,875,602	<u>922,909,724</u>
SCHEDULE 3: SECURED LOANS		
i) Working Capital Loans from Banks	474,633,540	308,118,787
ii) Term Loans from Banks	83,666,479	18,539,705
iii) Vehicle Loans from Bank	1,791,967	2,512,435
iv) Debentures	-	150,000,000
	560,091,986	<u>479,170,927</u>

Notes:

- i) Working Capital facilities are secured against hypothecation of stocks of raw - materials, stock in process, finished goods, specified immovable property, plant and machinery, lien on fixed deposits, exports bills and personal guarantees of two Directors.
- ii) Term Loans are secured by exclusive charge on specific assets purchased out of Term Loans and parri passu charge on fixed assets.
- iii) 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.
- iv) Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.
- v) Debentures were secured by way of mortgage of specified land situated at Irana Taluka kadi, District Mehsana in the state of Gujrat.

SCHEDULES' (CONTD.)

SCHEDULE 4: FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	ADDITION	SALE DURING YEAR	AS ON 31.03.09	UP TO 31.03.08	FOR THE YEAR	SALES ADJUST-MENT	UPTO 31.03.09	AS AT 31.03.09	AS AT 31.03.08
Land	22,149,466	-	22,149,466	1,018,372	101,837	-	1,120,209	21,029,257	21,131,094
Building	69,077,334	44,082,458	113,159,792	15,347,295	2,216,326	-	17,563,621	95,596,171	53,730,039
Machinery	21,673,655	62,019,956	83,693,611	8,650,805	1,768,680	-	10,419,485	73,274,126	13,022,850
Vehicles	24,288,365	2,715,546	26,555,111	10,730,918	2,340,957	252,545	12,819,330	13,735,781	13,557,447
Furniture	21,127,024	410,154	21,537,178	7,592,500	1,314,215	-	8,906,715	12,630,463	13,534,524
Office Equipment	13,160,120	617,767	13,777,887	4,562,480	616,554	-	5,179,034	8,598,853	8,597,640
Computers	14,355,946	1,265,396	15,621,342	9,396,388	1,424,177	-	10,820,565	4,800,777	4,959,558
Total	185,831,910	111,111,277	296,494,387	57,298,758	9,782,746	252,545	66,828,959	229,665,428	128,533,152
Previous Year	179,246,453	7,901,224	1,315,767	185,831,910	49,554,265	8,291,745	547,252	57,298,758	128,533,152

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
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SCHEDULE 5: INVESTMENT

(a) Government Securities

1	Indra Vikas Patra	—	6,500	—	6,500
	Total Government Securities	—	6,500	—	6,500

(b) Non- Trade Investments

(i) Long -Term (Quoted)

Mutual funds

1	Birla FTP - Series O Growth			1,000,000	10,000,000
2	Birla Sunlife Equity Fund-Growth	21,678	5,000,000	-	-
3	DSPML India T.I.G.E.R Fund-Growth	118,509	5,000,000	-	-
4	DSPML Small & Midcap Fund	244,499	2,500,000	244,499	2,500,000
5	DWS Alpha Equity Fund-Growth Option	72,738	5,000,000	-	-
6	GFRG IDFC Money Manager Fund	85,246	1,200,000	-	-
7	HDFC FMP 26M Aug 2006- Growth	-	-	1,000,000	10,000,000
8	HSBC Equity Fund-Growth	52,828	5,000,000	-	-
9	ING Vysya CUB Fund-Dividend	250,000	2,500,000	250,000	2,500,000
10	ING Vysya Fixed Maturity Fund Series XXII-Growth	-	-	1,000,000	10,000,000
11	J.M. Basic Fund-Growth Plan	183,255	5,000,000	183,255	5,000,000
12	Kotak 8% Guranted NLD-debunture	-	2,000,000	-	-
13	Kotak 30 Equity Scheme-Growth	55,240	3,000,000	-	-
14	Kotak Global Emerging Market Fund-Growth	100,000	1,000,000	100,000	1,000,000
15	Optimix Dynamic Fof Scheme-Div	-	-	200,000	2,000,000
16	Principal Floating Rate Fund FMP	132,046	1,320,987	123,112	1,231,635
17	SBI Magnum Multiplier Plus Scheme 93-Growth	28,928	2,500,000	28,928	2,500,000
18	Tata SIP Fund Growth	500,000	5,000,000	500,000	5,000,000
19	Reliance LIQ Fund REAS Plan Wkly. Div	85,282	1,305,635	84,961	1,300,870

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
20 K Liquid (G)	-	-	1,406,120	2,258,262
21 Reliance LIQ Fund REAS Plan IP Growth	101,136	1,548,936	6,999	137,589
22 Reliance Vision Fund-Retail Plan-Growth Plan	19,308	2,500,000	-	-
23 Prinicpal Cash Mgnt Fund	-	-	11,350	150,728
Total Mutual Funds	-	51,375,558	-	55,579,083
(Aggregate NAV of Mutual Funds - Rs. 35,231,007/- Previous Year Rs. 59,780,286/-)				
(ii) Current Investments (Quoted)				
Equity Shares				
1 Aban Offshore Ltd	-	-	165	704,197
2 Adani Enterprises Ltd	-	-	659	637,362
3 Adlabs Films Ltd	-	-	594	690,209
4 Aia Engineering Ltd	-	-	244	407,960
5 Amara Raja Batteries Ltd	6,450	738,078	4,601	818,288
6 Aventis Pharma	168	117,835	-	-
7 Arrow Webtex Ltd	-	-	4,230	141,047
8 Asian Elec. Ltd	-	-	1,430	599,878
9 Axis Bank Ltd	-	-	484	392,129
10 Balaji telefilms Ltd	-	-	2,630	420,879
11 Bank of Baroda	-	-	325	105,759
12 Bartronics India Ltd	-	-	2,778	496,084
13 BASF India Ltd	-	-	1,346	443,716
14 Bata India Ltd	-	-	3,410	470,443
15 BEML Limited	-	-	392	653,765
16 Bharat Bijlee Ltd	-	-	70	119,008
17 Bharat Electronics	439	505,860	-	-
18 Bharat Heavy Electricals Ltd	164	293,906	158	303,971
19 Bharati Shipyard Ltd	861	708,422	1,381	1,028,151
20 Bharti Airtel Ltd	-	-	399	365,210
21 Bharti Tele-Vent	892	698,254	-	-
22 Bombay Dyeing Manufacturing Co Ltd	-	-	514	410,849
23 Chambal Fertilizers & Chemicals Ltd	-	-	3,933	274,630
24 Ciba Specialty	1,147	263,982	-	-
25 Container Corporation of India Ltd	-	-	230	442,947
26 Core Projects & Technologies Ltd	5,000	706,866	1,250	521,201
27 Coromandel Fertilizers Ltd	-	-	2,494	345,788
28 Cromtton Greaves Ltd	-	-	1,208	469,700
29 Dena Bank-	-	2,780	184,233	-
30 Divis Laboratories Ltd	257	347,093	251	340,180
31 DLF Ltd	-	-	396	340,901
32 Everest Kanto Cylinder Ltd	434	61,318	-	-
33 Excel Crop Care	3,912	613,784	-	-

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
34 Federal Bank Ltd	-	-	1,625	542,409
35 Fulford India Ltd	1,052	506,740	1,133	541,678
36 Gammon India Ltd	-	-	857	590,326
37 Ganesh Housing Corporation Ltd	1,065	754,926	-	-
38 Gabesh Housing Corporate Ltd	-	-	1,065	754,925
39 GEI Industrial Systems Ltd	-	-	3,488	298,387
40 Genus Power Infrastructures	-	-	706	293,271
41 Genus Power Infrastructures Ltd	-	-	653	404,801
42 Goldstone Technologies Ltd	-	-	1,014	140,684
43 Great Offshore Ltd	-	-	467	479,714
44 Greaves Cotton Ltd	-	-	1,691	460,303
45 GTL Infrastructure Ltd	-	-	1,580	134,779
46 GTL Ltd	-	-	2,126	491,028
47 GVK Power & Infrastructure Ltd	-	-	1,620	136,488
48 HPCL Ltd	1,911	497,949	-	-
49 HDFC Bank	583	551,414	-	-
50 HDFC Ltd	494	941,181	-	-
51 Hikal Ltd	2,264	964,957	987	384,614
52 Hinduja Ventures Ltd	-	-	1,002	780,989
53 Hindustan Construction Company Ltd	-	-	2,384	527,104
54 Hindusthan Dorr- Oliver Ltd	-	-	3,540	642,812
55 Housing Development and Infrastructure Ltd	-	-	668	553,325
56 Housing Development Finance Corporation Ltd	-	-	212	617,707
57 ICICI Bank Ltd	497	414,906	1,400	1,588,252
58 ICSA (India) Ltd	-	-	600	302,101
59 IDFC Ltd	4,000	585,096	4,621	728,217
60 India Infoline Ltd	-	-	441	718,462
61 Indiabulls Financial Services	-	-	192	168,796
62 Indiabulls Real Estates Ltd	-	-	187	134,478
63 Industrial Development Bank of India	-	-	942	127,916
64 Indoco Remedies	16	2,517	-	-
65 Infosys Technologies Ltd	119	166,372	366	550,797
66 ITC Ltd	2,698	456,868	2,715	402,799
67 Jai Corp Ltd	-	-	327	378,859
68 Jaiprakash Associates Ltd	-	-	4,130	953,117
69 JBF Industries Ltd	3,599	666,602	3,158	650,706
70 Jindal Saw Ltd	-	-	135	157,155
71 KEC International Ltd	524	400,454	413	355,186
72 Khoday India Ltd	-	-	937	227,265
73 Kirloskar Pneumatic Company Ltd	-	-	1,554	497,114
74 KLG Systel Ltd	-	-	171	174,038

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
75 Larsan & Toubro Ltd	1,090	780,823	384	1,494,899
76 Maharashtra Seamless Ltd	-	-	287	160,685
77 Marico Ltd	5,000	306,440	-	-
78 Maruti Suzuki India Ltd	-	-	843	691,642
79 Mcleod Russel India	1,764	153,041	-	-
80 Mic Electronics Ltd	-	-	770	352,036
81 Moneet Ispat Energy Ltd	-	-	656	330,304
82 Moser Baer India Ltd	-	-	1,931	583,361
83 M Phasis BFL	396	66,708	-	-
84 MTNL Ltd	5,000	332,153	-	-
85 Nava Bharat Ventures Ltd	1,463	452,202	2,469	785,512
86 Navin Fluorine International Ltd	-	-	1,136	470,751
87 NELCO Ltd	-	-	2,777	318,261
88 Network 18 Media & Investments Ltd	-	-	2,074	820,454
89 Network 18 Media & Investments Ltd - PCCPS	-	-	415	-
90 NIIT Ltd	-	-	3,088	194,877
91 NIIT Technologies	-	-	499	170,294
92 NTPC Ltd	4,000	651,842	4,000	651,842
93 Numeric Power Systems	195	88,469	-	-
94 Octav Investmetns Ltd	-	-	33	-
95 ONGC Ltd 1,434	898,576	750	438,450	
96 Orbit corporation Ltd	-	-	206	66,514
97 Opto Circuits (India) Ltd	1,649	135,509	-	-
98 Patel Engineering Ltd	-	-	441	317,129
99 Petronet LNG Ltd	-	-	1,285	144,980
100 Pfizer Ltd	581	348,129	785	470,364
101 Praj Industries Ltd	-	-	1,174	219,491
102 Pratibha Industries Ltd	-	-	545	129,999
103 Punj Lloyd Ltd	-	-	2,272	807,164
104 Ranbaxy Laboratories Ltd	2,500	623,155	1,685	658,780
105 Ratnamani Metals And Tubes	1,596	211,093	-	-
106 Reliance Capital Ltd	-	-	286	115,334
107 Reliance Comm Ventures Ltd	2,590	1,868,155	-	-
108 Reliance Communications Ltd	-	-	5,433	3,528,035
109 Reliance Enerry Ltd	-	-	1,169	2,143,790
110 Reliance Narural Resources Ltd	-	-	2,357	453,919
111 Relaince Industries Ltd	1,023	2,060,325	1,523	3,414,044
112 Reliance Infrastructue Ltd	360	419,169	-	-
113 Rural Electification Corporation	1,366	92,993	-	-
114 RTS Power Corporation	-	-	645	135,137
115 Sai Rayalaseem Paper Mills Ltd	31,792	386,273	31,792	386,273

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
116 SKF India Ltd	2,109	649,804	2,109	649,804
117 State Bank of India	1,000	1,118,387	-	-
118 Sterlite Industries (India) Ltd	495	361,451	1,101	1,125,021
119 Sun Pharmaceuticals Industries Ltd	154	181,631	-	-
120 Suzlon Energy Ltd	3,199	264,571	3,345	993,111
121 Syndicate Bank	-	-	1,515	179,942
122 Tata Chemicals Ltd	1,618	596,436	1,730	568,973
123 Tata Communications Ltd	-	-	199	110,839
124 Tata Consultancy Services Ltd	91	45,898	229	33,879
125 Tanla Solutions Ltd	1,868	685,162	934	685,164
126 Tata Steel Ltd	2,500	500,353	-	-
127 Tata Teleservices Ltd	5,000	116,350	5,000	116,350
128 Union Bank of India	-	-	327	49,577
129 United Phosphorous Ltd	712	65,912	-	-
130 Utv Software Communications	-	-	130	123,123
131 Vishal Retail Ltd	-	-	170	160,571
132 Voltamp Transformers Ltd	-	-	123	113,073
133 Welspun Guj Stahl Rohren Ltd	-	-	735	338,598
134 Zee Entertainment Ent. Ltd	-	-	1,328	419,011
Total Equity Shares		26,426,390		55,140,444
(Market Value of Shares as on 31.03.2009 was Rs. 18,894,676/- (Previous Year Rs. 55,630,241/-)				
(c) Trade Investments-Long Term (Unquoted at cost)				
Investment in Subsidiary Companies				
1 Equity share in Bhartiya Global Marketing Ltd	999,020	9,990,200	999,020	9,990,200
2 Member's Contribution in B I L Group LLC	-	69,471,300	-	69,471,300
3 Equity Shares in Ultima S.A. Switzerland (having par value of SFR 1,000)	1,000	33,785,508	1,000	33,785,508
4 Equity Shares in World Fashion Trade Ltd (having par value of \$ 1.)	1,000	44,780	1,000	44,780
5 Equity Shares in Bhartiya International SEZ Ltd.	4,269,230	42,692,300	50,000	500,000
6 Fully convertible Debentures in Bhartiya International SEZ Ltd.	7,800,000	78,000,000	-	-
Total Investments in Subsidiary Companies		233,984,088		113,791,788
Investment in Associate Companies				
1 Equity Shares in Bhartiya Urban infrastructure & Land Development Co Pvt Ltd	11,200,000	280,000,000	11,200,000	280,000,000
2 Compulsory Convertible Preference Shares 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
Less:- Provision for diminution in Market Value of Investments		8,124,756		-
Grand Total		703,627,778		624,477,813

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 6: INVENTORY		
(as taken, valued and certified by the Directors)		
i) Raw-Materials	389,936,926	308,261,910
ii) Finished Goods	110,896,787	41,586,968
iii) Consumable Stores	10,597,607	18,218,861
	<u>511,431,320</u>	<u>368,067,739</u>
SCHEDULE 7: SUNDRY DEBTORS		
(Unsecured considered good)		
i) above 6 months	34,601,330	26,678,133
ii) others	33,306,383	74,244,658
	<u>67,907,713</u>	<u>100,922,791</u>
SCHEDULE 8: CASH & BANK BALANCES		
i) Cash in hand	2,047,650	3,024,048
ii) Balance with scheduled Banks		
- in current a/c's	99,440,253	28,465,454
- in fixed deposits	30,962,655	30,679,557
iii) Balance with non scheduled bank -in current A/c's (See Note no 16 in Schedule 19)	407,232	370,270
iv) Share Application Money Refundable	2,170	2,895
v) Dividend Account	1,629,870	1,461,133
	<u>134,489,830</u>	<u>64,003,357</u>
SCHEDULE 9: LOANS & ADVANCES		
(unsecured, considered good unless otherwise stated)		
i) Advance for Immovable Property	7,300,000	7,300,000
ii) Advances Recoverable in cash or in kind or for value to be received	130,967,126	112,338,089
iii) Loan to Subsidiary Companies (See Note no 15 in Schedule 19)	78,171,352	60,866,555
iv) Advances to Subsidiary Companies (See Note no 15 in Schedule 19)	41,530,883	165,953,698
v) Tax Deducted at source & Advance Taxes	21,089,524	19,446,590
vi) Advances to Staff	1,270,518	2,075,517
vii) Security Deposits	5,355,796	5,214,604
viii) Prepaid Expenses	598,788	1,094,384
	<u>286,283,987</u>	<u>374,289,437</u>

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 10: CURRENT LIABILITIES		
i) Acceptances	10,421,928	16,462,267
ii) Sundry Creditors		
- Micro, Small and Medium Enterprises	-	-
- Others	160,853,007	135,230,324
iii) Share Application Money Refundable	4,120	4,120
iv) Unpaid Dividend	1,621,909	1,454,915
v) Other Liabilities	177,455,373	18,047,507
	<u>350,356,337</u>	<u>171,199,133</u>
SCHEDULE 11: PROVISIONS		
i) Proposed Dividend	7,863,848	11,795,772
ii) Income Tax/Fringe Benefit Tax	27,969,447	21,710,000
iii) Dividend Tax	1,336,461	2,004,691
iv) Provision for Gratuity & Leave Encashment	2,007,546	812,814
	<u>39,177,302</u>	<u>36,323,277</u>
SCHEDULE 12: OTHER INCOME		
i) Dividend Income	687,504	8,342,458
ii) Profit (Loss) on sale of investments	(18,350,401)	18,541,421
iii) Miscellaneous income	522,882	-
	<u>(17,140,015)</u>	<u>26,883,879</u>
SCHEDULE 13: INCREASE / (DECREASE) IN STOCK		
Opening Stock (Finished Goods)	41,586,968	70,231,704
Closing Stock (Finished Goods)	110,896,787	41,586,968
Increase/(Decrease) in Stock	<u>69,309,819</u>	<u>(28,644,736)</u>
SCHEDULE 14: RAW MATERIAL CONSUMPTION		
Opening Stock	326,480,771	204,024,841
Add: Purchases	978,931,438	758,275,904
	1,305,412,209	962,300,745
Less: Closing Stock	400,534,533	326,480,771
Raw Material Consumption	<u>904,877,676</u>	<u>635,819,974</u>
SCHEDULE 15: MANUFACTURING EXPENSES		
i) Wages	1,224,402	1,472,551
ii) Fabrication Expenses	215,736,276	153,997,095
iii) Other Manufacturing Expenses	17,700,668	10,964,531
iv) Freight & Cartage	17,193,380	13,580,972
	<u>251,854,726</u>	<u>180,015,149</u>

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 16: PERSONNEL EXPENSES		
i) Salary, Allowance & Bonus	38,067,938	28,214,265
ii) Welfare Expenses	4,370,434	3,460,200
iii) Contribution to Provident & Other funds	2,151,941	1,157,745
	44,590,313	32,832,210
SCHEDULE 17: ADMINISTRATIVE & SELLING EXPENSES		
i) Rent	5,616,417	4,543,256
ii) Travelling & Conveyance	23,934,788	27,955,780
iii) Power & Fuel	4,681,879	4,073,342
iv) Insurance	1,327,148	1,606,640
v) Freight on Exports	39,427,809	64,561,418
vi) Commission, Brokerage & Discount	24,515,465	40,671,993
vii) Repair & Maintenance		
- Building	702,781	3,963,787
- Plant & Machinery	769,111	615,806
- Others	1,792,085	1,631,502
viii) Miscellaneous Expenses	23,071,383	17,255,747
ix) Communication Cost	5,216,598	5,578,395
x) Consultancy Charges	13,427,609	12,912,081
xi) Rates Taxes & Duties	627,641	447,326
xii) Auditors Remuneration	200,000	200,000
xiii) Loss on Sale of Fixed Assets	171,311	640,215
xiv) Directors Meeting Fee	83,500	96,000
xv) Packing Expenses	9,676,521	8,040,835
	155,242,046	194,794,123
SCHEDULE 18: FINANCIAL EXPENSES		
i) Interest -Net	37,958,398	31,170,829
ii) Other Financial Charges	22,572,469	14,116,449
iii) Foreign Exchange Fluctuation -Net	39,385,366	(10,226,588)
	99,916,233	35,060,690

SCHEDULE 19: NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

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) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties, taxes and incidental expenses related to acquisition. 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.

SCHEDULES' (CONTD.)**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. Leasehold land is amortised over the period of the lease. Depreciation on assets at the overseas branches are as per the rates applicable / levied therein.

d) Inventories

- Raw materials and consumables 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) 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.

f) 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 as per the actuarial valuation on the fund maintained at the ING Vysya life Insurance Group Gratuity Scheme. Provision is made for value of unutilised leave due to employees at the end of the year.

g) 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.

h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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 coincides with dispatch of goods to customers.

Dividend

Dividend Income is recognised when the right to receive dividend is established

i) Investment

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

SCHEDULES' (CONTD.)

j) Taxation

Provision for tax for the year comprises current Income Tax, Fringe benefit 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.

k) 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.

l) 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.

	Current Year Rs.	Previous Year Rs.
2. (a) Estimated value of contract remaining to be executed on capital Account and not provided for	10,304,269	2,501,250
(b) Contingent liabilities not provided for		
i) Letter of Credit outstanding	71,318,298	156,830,694
ii) Standby Letter of credit (SBLC) issued by companies bankers in favor of the bankers of its subsidiaries		
- Ultima Italia S.r.l.	47,593,000	40,680,500
- Ultima S.A.	54,392,000	59,346,000
- WFT Ltd	17,913,000	15,309,000
iii) Bills discounted with banks -	60,290,443	76,741,562
iv) Other Guarantee given by bank -with Corporation Bank	155,000	100,000
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	55,000,000
Ultima Italia S.r.l.	44,193,500	35,132,500
vi) Income Tax Demand under dispute	12,269,295	12,269,295
3. Investment in the Wholly Owned Subsidiaries, Ultima S.A, Switzerland and Bhartiya Global Marketing Ltd. Include 1 equity share of the nominal value of SFR 1000 (Rs. 33,785/-) and 6 equity shares (Rs. 60) held in the name of a Director / nominees in fiduciary capacity for the company .		
4. Investment in the subsidiary Bhartiya International SEZ Ltd. Include 6 equity shares (Rs. 60) held in the name of a Director / nominees in fiduciary capacity for the company.		
5. Fixed deposits of Rs. 23,362,363/- (previous year Rs. 23,614,653/-) are pledged with the banks for various limits and facilities granted. Indira Vikas Patra totaling to Rs. 6,500/- each are given as security both to Sales Tax Department. and RTO.		
6. Registration formalities in respect of properties purchased for Rs.1,850,000/- (Previous year Rs. 1,850,000/-) are pending.		
7. 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.		

SCHEDULES' (CONTD.)

8. 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	13,049.75 (11,414.59)	706.68 (1,552.44)	1,593.62 (901.44)	(268.84)	15,350.05 (14,137.31)
b.	Segment Results	2,114.77 (1,424.95)	218.57 (345.72)	(77.85) (-204.42)	(171.40) (268.84)	2,084.09 (1,835.09)
c.	Less: Unallocable expenses net of Income	-	-	-	937.36 (570.47)	937.36 (570.47)
d.	Operating Profit	-	-	-	-	1,146.73 (1,264.62)
e.	Less:- Interest	-	-	-	-	605.31 (452.88)
f.	Profit before Tax	-	-	-	-	541.42 (811.74)
g.	Provision for taxation (Current Tax, deferred and fringe benefit tax	-	-	-	-	269.76 (189.87)
h.	Profit after Tax	-	-	-	-	271.66 (621.87)
i.	Capital Employed	2,638.78 (2,639.69)	14.02 (117.40)	415.37 (697.03)	7,126.97 (6,561.36)	10,195.14 (10,015.48)

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

10. 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. Previous year expenses debited to profit & loss account Rs. 937,613 /- (Previous Year Rs. 1,018,119/-)

12. The Company has not provided for the diminution in the value of long term investments including investments in its subsidiary companies and loans / advances given to them, 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 investees' assets and expected future cash flow from such investments.

13. The company has a wholly owned subsidiary by the name of BIL Group LLC in USA. As per the incorporation documents of this Limited liability company, 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 and it has reported a loss of USD 652/- (Rs. 33,369/-) in its financial year ended 31st December 2008. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 652/- (Rs. 33,369/-) in BIL Group LLC and shall claim deduction of this loss against its Income Tax liability in India.

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

- 14 a) Provisions for Income tax includes Rs. NIL (Previous Year Rs. 896,525/-) being taxes paid for earlier years.
 b) Provisions for Fringe Benefits Tax includes Rs. NIL (Previous year Rs. 1,427,696/-) being FBT paid for earlier years.
 c) In compliance with the Accounting Standard on "Taxation on Income" (AS-22) issued by Institute of Chartered Accountants of India., the breakup of net deferred tax assets as on 31.3.2009 and the deferred tax Assets for the year is provided below :

Particulars	Deferred Tax Liability / (Deferred Tax Assets)		
	As On 1.4.2008	For The Year	As On 31.3.2009
Depreciation	15,403,647	1,926,341	17,329,988
Capital Loss	(5,645,758)	(2,805,733)	(8,451,491)
Net Deferred Tax Liability	9,757,889	(879,392)	8,878,497

- 15 Sundry Debtors, Loans & Advances, Sundry Creditors include amounts due from / to subsidiaries companies as under:

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
i) Sundry Debtors		
- World Fashion Trade Ltd.	3,160,979	2,946,175
- BIL Group LLC	-	3,860,388
- Ultima S.A.	559,376	-
ii) Loans		
- Bhartiya Global Marketing Ltd	43,750,000	33,750,000
- World Fashion Trade Ltd	34,421,352	27,116,555
iii) Advances		
- Bhartiya Global Marketing Ltd	34,718,233	32,879,078
- Ultima S.A Switzerland	4,579,737	18,360,186
- Ultima Italia S.r.l.	-	667,101
- World Fashion Trade Ltd	680,073	384,247
- Bil Group LLC	228,225	228,225
- Bhartiya International SEZ Ltd.	1,324,615	113,434,861
iv) Sundry Creditors		
- Ultima Italia S.r.l.	39,489,696	21,962,703
- J & J Leather Enterprises Ltd	1,275,088	12,458,475
- Ultima S.A.	93,244	-

- 16 Balances with non-scheduled Bank are as under :

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.	Maximum amount outstanding at any time during the year Rs.	Maximum amount outstanding at any time during the previous year Rs.
a) Casa Risparia Di Pisa, Italy	407,232	370,270	1,561,011	1,635,679
	407,232	370,270	1,561,011	1,635,679

17. Details of Managerial Remuneration to Managing Director & Whole Time Directors

	Current Year Rs.	Previous Year Rs.
a) Salary	2,919,200	2,556,000
b) Contribution to Provident Fund	9,360	9,360
c) Allowances & Perquisites	81,600	85,050
	3,010,160	2,650,410

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.

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

18. 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) Relationship:

i) Subsidiary Companies

Domestic

Bhartiya Global Marketing Ltd
J&J Leather Enterprises Ltd
Bhartiy International SEZ Ltd

Overseas

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

ii) Associate Parties

Bhartiya Prakash Leather
Bhartiya Urban Infrastructure & Land development Co. Pvt Ltd
Itopia Management Services (India) Pvt. Ltd

iii) Key Management Personnel:

Board Of Directors

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

iv) Relatives Of Key Management Personnel

Kanwal Aggarwal
Arjun Aggarwal

v) Summary of transactions during the year :	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
a) Sales	105,791,373 (134,643,604)	-	-	-
b) Interest Income	-	2,521,774 (28,223,949)	-	-
c) Purchases / Job Work	58141418 (53,111,653)	-	-	-
d) Ticketing	-	617,616 (-)	-	-
e) Salaries	-	-	3,010,160 (2,650,410)	360,000 (360,000)
f) Sitting fees	-	-	83,500 (96,000)	-
g) Lease Rent / Rent	50,000 (-)	-	-	480,000 (480,000)
h) Commission expense	16,147,054 (21,419,060)	-	-	-
i) Balances Outstanding at the year end: Loans Given	78,171,352 (60,866,555)	21,950,340 (23,740,000)	-	-

SCHEDULES' (CONTD.)

Sundry Creditors	40,858,028 (34,421,178)	484,784 (75,755)	43,258 (66,261)	33,820 (67,700)
Advances Recoverable	41,530,883 (165,953,698)			
Sundry Debtors	3,720,355 (6,806,563)			

19. 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, 2009 and the year ended 31st March, 2008 :

	Current Year Rs.	Previous Year Rs.
Income available to Equity Shareholders	27,166,187	62,187,669
No of Shares at the beginning of the Year (A)	7,863,848	7,278,848
Equity allotted during the year	-	585,000
Weighted Average Shares (B)	-	585,000
Weighted Average Shares Outstanding (Nos)(A+B)	7,863,848	7,863,848
Weighted Average number of equity shares for Diluted EPS	7,863,848	7,863,848
Nominal Value per share	10.00	10.00
Earnings per share (Basic)	3.45	7.91
Earnings per share (Diluted)	3.45	7.91

20. Auditor's Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	200,000	200,000
Certification	71,000	62,500
Tax & Consultancy	42,500	40,000
Reimbursement of Expenses	25,000	25,000

21. Additional information (Pursuant to the provision of paragraph 3, 4C and para II of schedule VI) to the Companies Act, 1956.

A. LICENSE CAPACITIES AND PRODUCTION

The company has been issued a letter of intent by secretariat of industrial approvals, Department of Industrial development, Ministry of Industry for manufacture of Leather Garments with capacity of 54,000 Nos. per Annum at their current factory in Bangalore. In view of the nature of the garments industry the installed capacity with specific reference to numbers of garments pieces is not ascertainable.

B. PRODUCTION/PURCHASE, TURNOVER & STOCK

Product	UNIT	Opening Stock		Purchase		Production		Sales		Closing Stock	
		Qty	Value(Rs)	Qty	Value(Rs.)	Qty	Value(Rs)	Qty	Value(Rs)	Qty	Value(Rs)
LEATHER GARMENTS	PCS	17,175	36,392,006	60,878	18,558,191	302,535	-	337,507	1,048,748,421	43,081	105,731,175
	PCS	(11,789)	(27,026,891)	(355,337)	(152,373,995)	(283,093)	-	(633,044)	(1,002,779,267)	(17,175)	(36,392,006)
FINISHED LEATHER	DCM	-	-	-	-	24,267,227	-	24,267,227	181,346,405	-	-
	DCM	(4,862,051.00)	(37,742,343)	-	-	(15,677,856)	-	(20,539,907)	(120,678,686)	-	-
OTHERS		-	5,194,962	-	40,086,155	-	-	-	171,827,766	-	5,165,612
		-	(5,462,470)	-	(64,723,933)	-	-	-	(161,780,610)	-	(5,194,962)

SCHEDULES' (CONTD.)

C. CONSUMPTION OF RAW MATERIAL

Product	UNIT	Current Year		Previous Year	
		Qty	Value in (Rs.)	Qty	Value in (Rs.)
Leather	DCM	119,433,088	723,454,697	105,554,689	534,353,399
Consumables/Others			181,422,979	-	101,466,575
		119,433,088	904,877,676	105,554,689	635,819,974

D. CONSUMPTION OF IMPORTED & INDIGENOUS RAW MATERIAL

	%	Current Year Rs.	%	Previous Year Rs.
Indigenous	55	499,255,605	34	215,137,716
Imported	45	405,622,071	66	420,682,258
	100	904,877,676	100	635,819,974

E. VALUE OF IMPORTS ON CIF BASIS

	Current Year Rs.	Previous Year Rs.
Raw Material	414,045,886	375,575,995
Capital Goods	5,137,984	29,028,205
Purchase under Merchandise Trade	18,522,922	163,547,991

F. EXPENDITURE IN FOREIGN CURRENCY (on payment basis)

	Current Year Rs.	Previous Year Rs.
Agent Commission	10,427,601	32,050,923
Foreign Travelling	4,272,128	4,795,492
Overseas marketing consultancy	1,908,115	1,552,291
Others	1,462,491	2,250,419
Interest on Import Bills	1,052,886	3,293,962
Administration ,selling and other expenses at Overseas Trading Offices(on accrual basis)	833,458	1,789,315

G. EARNING IN FOREIGN CURRENCY

	Current Year Rs.	Previous Year Rs.
FOB Value of Sales	1,194,299,631	942,044,470
Export Under merchandising Trade	23,665,775	215,482,789

H. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	Current Year Rs.	Previous Year Rs.
a) Year to which the dividend relates	2007-08	2006-07
b) Number of non-resident shareholders to whom remittances were made	40	30
c) No of shares on which remittances were made.	170,784	166,955
d) Amount remitted in Rs.	256,176	250,432

SCHEDULES' (CONTD.)

22. Following Non Trade Investment have been Purchased and Sold during the Year.

Equity Shares

Particulars	Units	Rs.	Sold Qty.	Sale Cons
Aban Offshore Ltd	175	466,541	175	307,792
Abb Ltd	216	168,546	216	187,498
Adani Enterprises Ltd	17	7,884	17	4,482
Adlabs Films Ltd	312	193,289	312	51,330
Axis Bank Ltd	2,071	1,271,583	2,071	1,309,832
Bank Of India	2,175	551,044	2,175	587,069
Bartronics India Ltd	3,013	552,536	3,013	235,617
Beml Ltd	144	90,949	144	50,889
BGR Energy Systems Ltd	32	10,136	32	10,227
Bharat Bijlee Ltd	46	100,021	46	19,614
Bharat Heavy Electricals Ltd	805	1,308,847	805	1,244,492
Bharti Airtel Ltd	502	406,553	502	300,322
Bombay Dyeing And Mfg. Co. Ltd	155	119,572	155	78,737
Crompton Greaves Ltd	2,036	379,224	2,036	261,704
Delta Corp Ltd	337	14,904	337	9,721
Dena Bank	1,439	66,786	1,439	50,615
Development Credit Bank Ltd	3,704	198,431	3,704	70,940
Elecon Engineering	391	40,456	391	12,967
Entertainment Network (India) Ltd	1,186	491,623	1,186	320,384
Everest Kanto Cylinder Ltd	2,045	495,464	2,045	326,527
Excel Crop Care	55	8,766	55	9,062
Exide Industries Ltd	6,300	477,928	6,300	266,972
Gammon India Ltd	132	57,010	132	10,368
Gas Auth. Of India Ltd	2,500	781,450	2,500	755,208
Glenmark Pharmaceuticals Ltd	710	486,025	710	170,159
GMR Infrastructure Ltd	3,375	458,674	3,375	312,197
Goldstone Technologies Ltd.	808	170,097	808	69,977
Greaves Cotton	13	2,107	13	971
GTL Infrastructure Ltd	319	16,307	319	12,387
GVK Power & Infrastructure Ltd	564	25,039	564	10,630
HCL Technologies	60	12,842	60	12,156
Hero Honda Motors Ltd	486	389,951	486	361,979
Hindustan Dorr-Oliver Ltd	173	17,469	173	4,279
Housing Development & Infra Ltd	70	33,604	70	13,799
Housing Development Finance Corporation Ltd	273	444,813	273	482,472
ICICI Bank Ltd	943	657,211	943	376,766
Infrastructure Development Finance Company Ltd	9,966	981,982	9,966	796,089
India Cements Ltd	550	63,674	550	58,284
India Infoline Ltd	327	100,428	327	13,997

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

Particulars	Units	Rs.	Sold Qty.	Sale Cons
Indiabull Securities Ltd	1,582	156,671	1,582	46,796
Indiabulls Real Estate Ltd	154	32,645	154	15,421
Indian Bank	493	54,191	493	61,307
Indoco Remedies Ltd	628	123,241	628	70,267
Indusind Bank Ltd	420	23,633	420	14,022
Infotech Enterprises Ltd	987	113,892	987	89,917
IRB Infrastructure Developers Ltd	2,000	369,865	2,000	285,250
IVRCL Infrastructures & Projects Ltd	1,637	557,292	1,637	207,737
Jain Irrigation Systems Ltd	1,045	499,338	1,045	349,496
Jaiprakash Associates Ltd	615	69,510	615	52,316
Jindal Saw Pipe Ltd	994	555,803	994	461,895
Khoday India Ltd	121	14,723	121	3,573
KLG Systel Ltd	83	39,927	83	5,659
Kotak Mah Bank Cd 10-Nov-08	3	297,312	3	297,312
Kotak Mahindra Bank Ltd	362	201,186	362	129,727
Lanco Infratech Ltd	136	58,335	136	15,523
Larsen & Toubro Ltd - Fv Rs 2	144	139,809	144	89,164
Larsen & Toubro Ltd Future Nov 2008	99	76,162	99	86,345
Larsen & Toubro Ltd	362	472,805	362	250,450
Marico Industries Ltd	7,500	483,613	7,500	367,305
ING Maruti Suzuki Ltd	385	244,253	385	256,211
McLeod Russel India Ltd	442	38,753	442	28,309
Mercator Lines Ltd	645	67,846	645	40,069
Moser Bear India Ltd	473	75,435	473	27,371
Nagarjuna Construction Co. Ltd	723	68,533	723	45,230
Navin Flourine International Ltd	111	24,468	111	8,856
Neo Corp International Ltd	216	14,126	216	3,686
Nestle India Ltd	226	368,993	226	332,762
Nifty Future Dec 2008	189	503,801	189	530,597
Nifty Future Jan 2009	127	355,731	127	334,596
Nifty Future Nov 2008	365	969,423	365	1,032,084
Oil And Natural Gas Corporation Ltd	745	588,422	745	605,088
Onmobile Global Ltd	710	478,720	710	165,512
Oracle Financial Services Software Ltd	229	302,097	229	98,915
Patel Engineering Ltd	114	35,667	114	16,750
Power Finance Corporation Ltd	2,110	286,404	2,110	281,252
Punj Lloyds Ltd	4,968	997,538	4,968	1,068,272
Punjab National Bank Ltd	369	167,060	369	167,230
Rajesh Exports Ltd	428	35,202	428	20,539
Ranabaxy Laboratories Ltd	654	288,143	654	300,239
Ratnamani Metals and Tubes Ltd	2,664	352,351	2,664	97,521

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

Particulars	Units	Rs.	Sold Qty.	Sale Cons
Reliance Capital Ltd	345	361,486	345	239,570
Reliance Communication Ltd	1,440	453,660	1,440	296,664
Reliance Communications Ltd Future Nov 2008	597	139,448	597	134,133
Reliance Industries Ltd Futures Nov 2008	47	53,413	47	66,998
Reliance Industries Ltd	523	1,079,818	523	669,746
Reliance Infrastructure Ltd	1,002	838,660	1,002	720,192
RTS Power Corporation Ltd	74	12,647	74	11,409
Rural Electrification Corportion Ltd	2,615	245,138	2,615	223,086
Sesa Goa Ltd	3,668	460,509	3,668	246,895
Sintex Industries Ltd	31	5,060	31	5,665
State Bank Of India	277	304,418	277	308,350
Sun Pharmaceuticals Industries Ltd	320	467,192	320	347,142
Suzlon Energy Ltd	574	54,010	574	24,266
Tata Power Company Ltd	421	428,243	421	315,673
Tata Steel Ltd	1,565	585,371	1,565	368,231
The Federal Bank Ltd	387	61,192	387	53,456
Titan Industries Ltd	380	439,573	380	357,168
TRF Ltd	390	387,378	390	129,370
Union Bank Of India Ltd	780	122,149	780	116,426
United Phosphorous Ltd	4,117	600,625	4,117	453,548
Voltamp Transformers Ltd	447	432,195	447	160,334
Welspun Guj Stahl Rohren Ltd Fv Inr 5	235	66,561	235	22,034
Welspun Guj Stahl Rohren Ltd	91	27,757	91	6,218
Wipro Ltd	3,798	1,716,072	3,798	1,722,191
Yes Bank Ltd	3,300	518,222	3,300	393,795

23) Previous year figures are shown in brackets and have been regrouped wherever necessary so as to make them comparable with current year figures.

24) Figures have ben rounded off to the nearest rupee.

Schedule referred to above form an integral part of the Balance sheet

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K. Poddar
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' CONTD.**

25. Information Pursuant to part IV to the schedule-VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE**1 REGISTRATION DETAILS**

Registration No.

2	6	6	0	7
---	---	---	---	---

 Balance Sheet Date

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

 State Code

5	5
---	---

2 CAPITAL RAISED DURING THE YEAR (Amount in Rs.)

N	I	L
---	---	---

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities

1	5	8	8	4	8	5
---	---	---	---	---	---	---

 Total Assets

1	5	8	8	4	8	5
---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid Up Capital

	7	8	6	3	8
--	---	---	---	---	---

 Reserves and Surplus

9	4	0	8	7	6
---	---	---	---	---	---

 Secured Loans

5	6	0	0	9	2
---	---	---	---	---	---

 Unsecured Loans

-	-	-	-	-	-
---	---	---	---	---	---

 Net Deferred Tax Liability

		8	8	7	9
--	--	---	---	---	---

 Advance Subscription

-	-	-	-	-	-
---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

2	7	4	2	7	8
---	---	---	---	---	---

 Investments

7	0	3	6	2	8
---	---	---	---	---	---

 Net Current Assets

6	1	0	5	7	9
---	---	---	---	---	---

 Mis. Expenditure

-	-	-	-	-	-
---	---	---	---	---	---

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other Income

1	5	1	7	8	6	5
---	---	---	---	---	---	---

 Total Expenditure

1	4	6	3	7	2	3
---	---	---	---	---	---	---

 Profit before Tax

		5	4	1	4	2
--	--	---	---	---	---	---

 Profit after Tax

		2	7	1	6	6
--	--	---	---	---	---	---

 Earning per Share

			3	-	4	5
--	--	--	---	---	---	---

 Dividend Rate

				1	0	%
--	--	--	--	---	---	---

5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No.

4	2	0	3	1	0
---	---	---	---	---	---

 Product Description

L	E	A	T	H	E	R
---	---	---	---	---	---	---

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Prop.
M.No.94479

Deepthi Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

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

PARTICULARS	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Equity Share Capital	583.88	583.88	583.88	583.88	583.88	583.88	627.88	727.88	786.38	786.38
Reserves & Surplus	3159.17	4191.63	4796.53	5269.85	5698.28	5823.10	6530.18	8133.72	9229.10	9408.75
Net Worth	3743.05	4774.26	5380.41	5853.73	6282.16	6406.98	7158.06	8861.60	10015.48	10195.14
Capital Employed	5875.59	7238.83	7353.81	8087.30	8451.85	7410.92	12128.48	17040.80	14807.19	15796.06
Gross Fixed Assets	765.59	1124.52	1172.20	1359.20	1438.65	1640.12	1732.49	1792.46	1858.32	2964.94
Net Fixed Assets	670.35	988.03	993.46	1131.69	1150.80	1290.55	1311.05	1296.92	1285.33	2296.65
Export Sales including Export Incentives	8014.43	9629.16	8592.28	7327.41	7750.44	9453.66	9550.56	12272.54	13868.47	15350.05
Other Income	9.47	26.77	48.12	118.29	29.93	44.62	43.58	214.64	268.84	-171.40
Total Income	8194.43	9649.94	8621.04	7464.87	7971.25	9498.28	9594.14	12487.19	14137.31	15178.65
EBDIT	1371.79	1542.53	1320.37	890.45	692.33	835.29	921.09	1032.38	1245.27	1638.41
EBDIT to Turnover (%)	17.12	16.02	15.37	12.15	8.93	8.84	9.64	8.41	8.98	10.67
Depreciation	25.01	42.49	50.98	56.73	64.73	68.25	74.68	79.23	82.92	97.83
EBIT	1346.78	1500.04	1269.39	833.72	627.60	767.04	846.41	953.15	1162.35	1540.58
EBIT to Turnover (%)	16.80	15.58	14.77	11.38	8.10	8.11	8.86	7.76	8.38	10.03
Profit before Tax	1159.37	1238.14	1030.06	731.91	583.08	609.79	616.45	694.43	811.74	541.42
Provision for Tax	0.51	21.61	133.02	126.86	55.84	110.71	197.98	194.33	189.86	269.76
Profit after Tax	1158.86	1216.53	897.04	605.05	527.24	499.08	418.47	500.11	621.88	271.66
Equity Dividend (%)	27%	27%	20%	20%	15%	15%	15%	15%	15%	10%
EPS (Basic)Rs.	19.85	20.84	15.36	10.36	9.03	8.54	7.08	7.33	7.91	3.45
EPS(Diluted)Rs	19.85	20.84	15.36	10.36	9.03	8.54	6.90	7.17	7.91	3.45
DEBT to Equity (Times)	0.57	0.52	0.37	0.38	0.35	0.16	0.68	0.84	0.48	0.55
Book Value (Rs.)	64.10	81.76	92.15	100.26	107.59	109.73	114.00	121.75	127.40	129.64

DIRECTORS' REPORT

The Directors present their 13th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2008-2009	2007-2008
Sales	56.18	83.57
Share of Profit from firm	(0.02)	(0.05)
Other Income	1.44	27.54
Increase/Decrease in Stock	(0.31)	(5.60)
Total Income	57.29	105.46
Total Expenditure	75.83	139.21
Profit/ (Loss) before Tax	(18.54)	(33.75)
Provision for Tax	4.48	9.80
Profit/ (Loss) after Tax	(14.06)	(23.95)

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, 2009 as well as the statement under Section 212 of the Companies Act, 1956, is annexed herewith.

DIRECTORS

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

FIXED DEPOSITS

The Company did not accept any fixed deposit during the year under review. No deposits were outstanding as on 31st March, 2009.

AUDITORS

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 Accounts which from 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 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, 2009 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 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.

OTHER MATTERS

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, 27th June, 2009

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, 27th June, 2009

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

BHARTIYA GLOBAL MARKETING LTD.

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

		J & J Leather Enterprises Ltd.	
A.	Financial year of the Subsidiary Company ended on	:	31-03-2009
B.	Holdings Company's Interest		
	Number of shares	:	125,000 Equity Shares of Rs. 100/- each
	Extent of holding	:	100%
C.	The net aggregate amount of the subsidiary's 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 years of the Subsidiary	:	Rs. 1,191,808
	2. For the previous financial years of the Subsidiary since it become the Holding Company's Subsidiary	:	Rs. 6,629,311
(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, 27th June, 2009

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

COMPLIANCE CERTIFICATE

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, 2009. 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 are not required.
4. The Board of Directors duly met 08 times on 01.04.2008, 12.06.2008, 28.06.2008, 21.07.2008, 12.09.2008, 18.10.2008, 29.12.2008 and 31.03.2009 in respect of which proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended 31st March, 2008 was held on 20th September, 2008 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. One Extra Ordinary General Meeting was held during the financial year 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.
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. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
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. The Company was not required to obtain any approvals of Board of Directors, Members or Central Government pursuant to the provisions of Section 314 wherever applicable.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company has
 - (i) not allotted/ transfer/ transmission any of shares as there was no case in this regard during the financial year.
 - (ii) not deposited any amount in the separate Bank Account as no dividend was declared during the financial year.
 - (iii) company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) 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.

BHARTIYA GLOBAL MARKETING LTD.

17. The Company was not required to obtain any approvals of the Central Government, CLB, 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 issued any shares/ debentures or other securities 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 made borrowings during the financial year and complied with the provision of the Act.
25. The Company has given guarantees or provided securities to other bodies corporate in compliance with provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered provisions of memorandum with respect to situation of Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
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 created any trust under section 418, however company has been depositing both employee's and employer's contribution to provident fund with prescribed authorities regularly.

R. S. M. & Co.

Company Secretaries

RAVI SHARMA

Partner (C. P. No. – 3666)

New Delhi, 27th June, 2009

BHARTIYA GLOBAL MARKETING LTD.

ANNEXURE – A

Registers as maintained by the Company

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

ANNEXURE – B

Forms and Returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2009.

Forms/ Returns	Under Section	For
Form 20 B (Annual Return)	159	the AGM held on 20.09.2008 filed on Dt. 04.11.2008
Form 23AC (Annual Report)	220	the financial year 2007-08 filed on Dt.17.10.2008
Form 66(Compliance Certificate)	383A	the financial year 2007-08 filed on Dt. 17.10.2008
Din-3	266E	Intimation of DIN 2 Filed on 31.10.2008
Form-23	192	Registration of Special Resolution filed on 16.07.2008

R. S. M. & Co.

Company Secretaries

RAVI SHARMA

Partner (C. P. No. – 3666)

New Delhi, 27th June, 2009

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, 2009, 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 mis-statement. 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, 2009 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 other notes to the accounts in Schedule 16 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, 2009.
 - 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 flow for the year ended on that date.

For **Sushil Poddar & Co.**
Chartered Accountants

S. K. Poddar
Prop.

M. No: 94479

New Delhi, 27th June, 2009

ANNEXURE TO THE AUDITORS' REPORT

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
(c) In our opinion and according to explanations given to us, no fixed assets has been disposed off during the year.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The Company has taken an interest free unsecured loans from its holding Company M/s Bhartiya International Limited for Rs 43,750,000/- It has also given an interest free unsecured loan to its wholly owned subsidiary for Rs 43,750,000/-.
(b) As per the information & explanation given to us by the management and in view of the long term involvement with the above companies , we are of the opinion that the terms & conditions of the above loans are prima facie not prejudicial to the interest of the company.
(c) There are no stipulations as to the repayment of the principal amount of the above interest free loans.
(d) in view of our observation in sub clause (c) above there are no overdue amounts more than Rs 1 Lakh.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 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.

BHARTIYA GLOBAL MARKETING LTD.

- (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 2009 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 more than fifty percent of its net worth. The company has incurred cash losses of Rs. 1,595,970/- during the current financial year and Rs. 3,001,147/- immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution , bank or debenture holders.
- xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
- xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. The Company has given guarantees for loans taken by its subsidiary from bank. According to the 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 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. 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.**
Chartered Accountants

S. K. Poddar

Prop.

M. No:94479

New Delhi, 27th June, 2009

BHARTIYA GLOBAL MARKETING LTD.**BALANCE SHEET AS AT 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUNDS			
Shareholder's Funds	1		
Share Capital		9,990,200	9,990,200
Loan Funds	2		
Unsecured Loan		43,750,000	33,750,000
		53,740,200	43,740,200
APPLICATION OF FUNDS			
Fixed assets	3		
Gross Block		5,029,240	5,029,240
Less: Depreciation		3,154,706	2,834,844
Net Block		1,936,707	2,194,396
Investments	4	15,075,000	15,075,000
Current Assets, Loans & Advances			
Inventories	5	1,818,576	1,849,841
Sundry Debtors	6	14,839,109	17,143,535
Cash & Bank Balances	7	1,574,521	1,761,413
Loans & Advances	8	46,475,122	36,790,280
		64,707,328	57,545,069
Less: Current Liabilities & Provisions			
Current Liabilities	9	39,084,009	40,256,705
Provisions		29,715	69,074
Net Current Assets		39,113,724	40,325,779
Deferred Tax Assets(Net)		3,565,001	3,087,593
Profit & loss A/c		7,569,888	6,163,921
		53,740,200	43,740,200

Notes on accounts and Significant Accounting Policies 16
Schedule referred to above form an integral part of the Balance sheet

As per our report of even date attached for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Prop.
M.No. 94479

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

New Delhi, 27th June, 2009

BHARTIYA GLOBAL MARKETING LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Export sales		5,482,798	6,294,190
Local Sales		135,793	2,062,500
Share of Profit From Firm		(2,094)	(5,628)
Other Income	10	144,249	2,754,822
Increase /(Decrease) in stock	11	(31,265)	(560,429)
		<u>5,729,481</u>	<u>10,545,455</u>
EXPENDITURE			
Raw Material Consumed	12	-	-
Purchases For Resale		4,350,939	6,646,407
Personnel Expenses	13	3,756,353	4,958,304
Administrative & Selling Expenses	14	682,600	1,322,624
Financial Expenses	15	(1,464,441)	619,267
Depreciation		257,690	374,304
		<u>7,583,142</u>	<u>13,920,906</u>
Profit /(Loss) before Taxes		(1,853,660)	(3,375,451)
Provision for Taxes			
- Income Tax		-	-
- Fringe Benefits Tax		(29,715)	(69,074)
- Deferred Tax		477,408	1,049,406
Profit after Taxes		(1,405,967)	(2,395,119)
Balance brought Forward		(6,163,921)	(3,768,802)
Balance carried over to Balance Sheet		<u>(7,569,888)</u>	<u>(6,163,921)</u>
Basic/Diluted Earnings Per Share(Rs.)		(1.41)	(2.40)
Notes on accounts and Significant Accounting Policies	16		
Schedule referred to above form an integral part of the Balance sheet			

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S.K.Poddar
Prop.
M.No. 94479

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

New Delhi, 27th June, 2009

BHARTIYA GLOBAL MARKETING LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(1,853,660)	(3,375,451)
Adjusted for :		
Depreciation	257,690	374,304
Financial Expenses	(1,464,441)	619,267
	(1,206,751)	993,571
Operating profit before working capital changes	(3,060,411)	(2,381,880)
Adjustment for :		
Inventories	31,265	560,428
Sundry Debtors	2,304,426	2,207,476
Loans and Advances	(9,683,917)	(153,124)
Sundry Creditors	(1,172,696)	735,447
	(8,520,922)	3,350,227
Cash generated from operations	(11,581,333)	968,347
Taxes paid	(70,000)	(236,148)
Financial expenses (net)	1,464,441	(619,267)
Cash flow before extra-ordinary items	(10,186,892)	112,932
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(10,186,892)	112,932
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale / Purchase of Investment	-	-
Sale/Purchase of Fixed Assets	-	-
NET CASH USED IN INVESTMENT ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	10,000,000	(83,524)
NET CASH USED IN FINANCING ACTIVITIES	10,000,000	(83,524)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,761,413	1,732,005
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1,574,521	1,761,413

As per our report of even date attached
for **SUSHIL PODDAR & CO.**

Chartered Accountants

For and on behalf of the Board

S.K. Poddar

Prop.

M.No. 94479

New Delhi, 27th June, 2009

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

SCHEDULES' FORMING PART OF THE ACCOUNTS

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised 1,000,000 (Previous year 1,000,000) Equity shares of Rs. 10/- each	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed and paid up 999,020 (Previous year 999,020) Equity Shares of Rs. 10/-, each fully paid up	<u>9,990,200</u>	<u>9,990,200</u>
	<u>9,990,200</u>	<u>9,990,200</u>
SCHEDULE 2 :		
Loan from M/s Bhartiya International Ltd -Holding Company	<u>43,750,000</u>	<u>33,750,000</u>
	<u>43,750,000</u>	<u>33,750,000</u>

SCHEDULE 3 : FIXED ASSETS

PARTI- CULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALE DURING THE YEAR	AS ON 31.3.2009	UP TO 31.3.2008	FOR THE YEAR	SALE ADJUST- MENTS	UP TO 31.3.2009	UP TO 31.3.2009	AS AT 31.3.2008
Land	492,800	-	-	492,800	-	-	-	-	492,800	492,800
Vehicles	1,686,455	-	-	1,686,455	1,157,859	67,577	-	1,225,436	461,019	528,596
Computer	952,186	-	-	952,186	689,544	74,490	-	764,034	188,152	262,642
Office Equipments	285,274	-	-	285,274	74,771	13,551	-	88,321	196,953	210,503
Furniture & Fixture	1,612,525	-	-	1,612,525	912,670	102,073	-	1,014,743	597,782	699,855
Total	5,029,240	-	-	5,029,240	2,834,844	257,690	-	3,092,534	1,936,706	2,194,396
Previous Year	5,029,240	-	-	5,029,240	2,460,540	374,304	-	2,834,844	2,194,396	2,568,699

SCHEDULE 4 : INVESTMENT

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
UNQUOTED - TRADE		
a) Equity Shares		
Investment in Subsidiary Company 125,000 (Previous Year 125000)equity shares of Rs.100/- each of J & J Leather Enterprises Ltd	<u>15,025,000</u>	<u>15,025,000</u>
b) Partnership		
Capital in Firm Bhartiya Prakash Leathers	<u>50,000</u>	<u>50,000</u>
	<u>15,075,000</u>	<u>15,075,000</u>

SCHEDULE 5 : INVENTORY

(as taken, valued and certified by management)

Finished Goods	<u>1,094,443</u>	<u>1,125,708</u>
Leather	<u>724,133</u>	<u>724,133</u>
	<u>1,818,576</u>	<u>1,849,841</u>

BHARTIYA GLOBAL MARKETING LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 6 : SUNDRY DEBTORS (unsecured , considered good)		
— more than six months	14,744,860	12,824,990
— others	94,249	4,318,545
	<u>14,839,109</u>	<u>17,143,535</u>
SCHEDULE 7 : CASH & BANK BALANCES		
Cash in hand	62,770	176,755
Balances with scheduled bank:Current A/c	1,511,750	1,584,658
	<u>1,574,520</u>	<u>1,761,413</u>
SCHEDULE 8 : LOANS & ADVANCES		
Advances recoverable in cash or in Kind	1,525,501	1,525,501
Current A/c Balance in Bhartiya Prakash Leather - Partnership Firm	630,173	632,267
Security Deposits	59,057	59,057
AdvanceTax/TDS	307,896	306,970
Advances to Staff	196,680	507,393
Loans To Subsidiary-J&J Leather Ent Ltd.	43,750,000	33,750,000
Prepaid Expenses	5,815	9,092
	<u>46,475,122</u>	<u>36,790,280</u>
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors		
-Micro ,Small and Medium Enterprises	-	-
-Others	2,942,907	6,233,796
Other Liabilities	1,422,868	1,143,832
Due to Holding Co.-Bhartiya International Ltd	34,718,234	32,879,077
	<u>39,084,009</u>	<u>40,256,705</u>
B. Provisions		
Income Tax/Fringe Benefit Tax	29,715	69,074
	<u>29,715</u>	<u>69,074</u>
SCHEDULE 10 : OTHER INCOME		
Overseas Service Charges	94,249	895,037
Other Income	50,000	1,859,785
	<u>144,249</u>	<u>2,754,822</u>

BHARTIYA GLOBAL MARKETING LTD.**SCHEDULES' (CONTD.)**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 11 : INCREASE IN STOCK		
Opening Stock	1,125,708	1,686,137
Closing Stock	1,094,443	1,125,708
Increase / (Decrease) in stock	<u>(31,265)</u>	<u>(560,429)</u>
SCHEDULE 12 : RAW MATERIAL CONSUMED		
Opening Stock	724,133	724,133
Purchases	-	-
	<u>724,133</u>	<u>724,133</u>
Less : Closing Stock	<u>724,133</u>	<u>724,133</u>
Raw Material Consumption	<u>-</u>	<u>-</u>
SCHEDULE 13 : PERSONNEL EXPENSES		
Salary , Allowances and Bonus	3,248,832	4,447,493
Staff Welfare	145,625	180,081
Contribution to PF and Other Funds	361,896	330,730
	<u>3,756,353</u>	<u>4,958,304</u>
SCHEDULE 14 : ADMINISTRATION & SELLING EXPENSES		
Printing & Stationery	25,441	44,853
Business Promotion	-	110,010
Travelling & Conveyance	303,399	554,548
Legal & Professional	37,354	67,158
Miscellaneous Expenses	24,729	35,896
Electricity Charges	43,790	107,950
Insurance	10,589	45,537
Auditors Remuneration	25,000	25,000
Sampling Expenses	153,279	93,449
Repair & Maintenance -Others	-	9,700
Rates & Taxes	9,030	5,562
Telephone	37,289	111,191
Fees & Subscription	12,700	11,962
Postage & courier	-	13,073
Bad debts	-	86,735
	<u>682,600</u>	<u>1,322,624</u>
SCHEDULE 15 : FINANCIAL EXPENSES		
Bank charges	22,214	20,970
Foreign Exchange Fluctuation	(1,486,655)	595,421
Interest on car loan	-	2,876
	<u>(1,464,441)</u>	<u>619,267</u>

SCHEDULES' (CONTD.)**SCHEDULE 16 : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES****1. Significant Accounting Policies****a) System of Accounting :**

The financial statements are prepared on accrual basis under the historical cost convention 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 costs during the period of construction/ acquisition are added to the cost of 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.

Insurance Policy taken. 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.

2. Contingent Liabilities not provided for
- a. Corporate Guarantee given by the company to a bank against facilities granted by that bank to its wholly owned subsidiary. M/s. J&J Leather Enterprises Ltd Rs. 5,50,00,000/- (Previous year Rs. 5,50,00,000/-).
 - b. Land and building at Chennai of Rs. 4,92,800/- (Previous year Rs. 492,800) is pledged with bank for various limits and facilities granted to its holding company and subsidiary company.
3. The Company is a subsidiary of Bhartiya International Ltd. by virtue of Section 4 (1) (b) of the Companies Act, 1956
4. The export sales undertaken by the company comprise domestic merchandising export and overseas trading and the incentives under the EXIM Policy have been generally passed to the supporting manufacturers / Vendors.
5. The Company is a partner in Bhartiya Prakash Leather and has 60% share in profit/Loss and accordingly the share of profit as per the audited balance sheet of M/s Bhartiya Prakash Leathers as at 31.3.2009 has been taken in the books of accounts of the company. The details of the partners and their profit sharing ratio is as under.
- | | |
|-----------------------------------|-----|
| M/s Prakash Overseas | 40% |
| M/s Bhartiya Global Marketing Ltd | 60% |
6. 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 two nominees of the company.
7. a) As per the information available with the Management there are no outstanding dues of small scale industrial undertaking for more than 30 days as at the balance sheet date current year Rs. Nil (Previous Year Nil)
- b) 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
8. Registration formalities in respect of land situated at Chennai for Rs. 492,800/- is pending.
9. 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 loss during the year. Adequate provision in respect of Fringe Benefit Tax has been made.
- b) In compliance with the Accounting Standard on "Taxation on Income" (AS-22) issued by Institute of Chartered Accountants of India., the break-up of net deferred tax assets as on 31.3.2009 and the deferred tax liability for the year is provided below :

Particulars	Deferred Tax Liability/ (Deferred Tax Asset)		
	1.4.2008	for the year	31.3.2009
Depreciation	92,841	(65,720)	158,561
Carried Forward Losses	(3,180,434)	(543,128)	(3,723,562)
Net Deferred Tax Asset	(3,087,593)	(477,408)	(3,565,001)

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.

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

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
Sundry Debtors-World Fashion Trade Ltd.	7,328,736	5,655,330
Loans- J & J Leather Enterprises Ltd.	43,750,000	33,750,000
Advances - Bhartiya Prakash Leather	630,173	632,267
Sundry Creditor -Ultima Italia	2,719,600	2,534,800

11. 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.

	Current Year Rs.	Previous Year Rs.
a) Net Profit/(Net Loss) after tax available for Equity Shareholders	(1,405,967.11)	(2,395,119)
b) Weighted Average no of equity shares outstanding during the year	999,020	999,020
c) Basic/Diluted earnings per share Rs.(a/b)	(1.41)	(2.40)

BHARTIYA GLOBAL MARKETING LTD.

12. Auditor's Remuneration

Audit Fees	25,000	25,000
Tax & Consultancy	20,000	20,000

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

14. Quantitative Details pursuant to the provision of paragraph 3, 4 C & 4 D of part-II of Schedule VI of the Companies Act, 1956

a) Production / Purchase, Turnover & Stocks

Product (Retail Trade)	Unit	Opening Stock		Purchase		Production		Sales/Samples		Closing Stock	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Garments	Pcs	572	543,400	10,729	4,350,939	-	-	10,761	5,618,591	540	513,000
	Pcs	(872)	(1,105,337)	(16,518)	(5,199,511)	-	-	(16,818)	(6,579,190)	(572)	(543,400)
Shawls	Pcs	-	-	-	-	-	-	-	-	-	-
	Pcs	-	-	-	-	-	-	-	-	-	-
Others	Pcs	3,195	580,600	-	-	-	-	-	-	3,195	580,600
	Pcs	(3,195)	(580,600)	-	-	-	-	(3,195)	(580,600)	-	-
Leather	DCM	495	1,708	-	-	-	-	251	-	244	843
	DCM	-	-	(322,808)	(1,446,896)	-	-	(322,313)	(1,777,500)	(495)	(1,708)

b) Value of Import on CIF basis

Purchase Under Merchandising Trade Rs. NIL- (Previous Year Rs. 4,949,674/-)

c) Earning in Foreign Currency

- Direct Export (FOB value Rs. NIL (Previous Year Rs.-NIL)
- Exports under Merchandising Trade Rs. 5,482,798 /-(Previous Year Rs. 6,294,190/-)
- Sampling Charges Rs. NIL- (Previous Year 616,503/-)
- Commission -Rs. 94,298/- (Previous Year 895,037/-)

d) Expenditure in Foreign Currency — Foreign Travelling Rs. 96,244/- (Previous Year Rs. 344,133/-)

- Sampling Charges Rs. NIL- (Previous Year Rs. 4,410/-)

15. Figures has been rounded off to the nearest rupee.

16. Previous years figure have been re-grouped wherever necessary.

As per our report of even date attached
for **SUSHIL PODDAR & CO.**

Chartered Accountants

For and on behalf of the Board

S.K. Poddar

Prop.
M.No. 94479

New Delhi, 27th June, 2009

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

BHARTIYA GLOBAL MARKETING LTD.

Information pursuant to part IV to the schedule -VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.
Balance Sheet Date State Code

2 CAPITAL RAISED DURING THE YEAR -

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid Up Capital Reserves and Surplus
Secured Loans Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments
Net Current Assets Mis. Expenditure
Net Deferred Tax Asset Profit & Loss Account

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income
Total expenditure
Profit/(-)Loss Before Tax (-)
Profit/(-)Loss After Tax (-)
Earning Per Share (-)
Dividend Rate

5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No.
Product Description

As per our report of even date attached
for **SUSHIL PODDAR & CO.**

Chartered Accountants

S.K.Poddar

Prop.

M.No. 94479

New Delhi, 27th June, 2009

For and on behalf of the Board

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 Balance Sheet of the Company for the year ended 31st March, 2009, the Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.

FINANCIAL RESULTS:

PARTICULARS	(Rs. in Lacs)	
	2008-2009	2007-2008
INCOME	499.82	533.35
EXPENDITURE	431.12	456.84
PROFIT BEFORE TAX	20.45	38.75

DIRECTORS

Mr. Manoj Khattar and Mr. A. P. S. Narag, Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible themselves for reappointment

DEPOSITS

Your Company has not accepted deposits falling within the purview of Section 58A of the Companies Act, 1956.

AUDITORS

M/s. Padmanabhan, Ramani & Ramaniyam, Chartered Accountants, Chennai retire at the conclusion of the Annual General Meeting. They are eligible for re-appointment. You are requested to appoint the Auditors and fix their remuneration.

COMPLIANCE CERTIFICATE

A copy of the Secretarial Compliance Certificate received from Mrs. B. Chitra for the financial year ended 31st March, 2009 is annexed herewith for circulation to the Members.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. That in the preparation of the annual accounts, the applicable Accounting Standards had been followed.
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That 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.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

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 and particulars relating to the conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are set out in the Annexure.

ACKNOWLEDGEMENTS

The Directors also wish to thank the shareholders who have supported the Company during this period. Our Directors look forward to receiving continued support from them. The Directors also wish to thank 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, 26th June, 2009

A.P.S. Narag
Director

Manoj Khattar
Director

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE – A

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 2009.

1. CONSERVATION OF ENERGY

Not applicable to the company due to the nature of business.

2. TECHNOLOGY ABSORPTION

Not applicable.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings	Nil
Outgo	Nil

For and on behalf of the Board

A.P.S. Narag
Director

Manoj Khattar
Director

Chennai, 26th June, 2009

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, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies under the Act and the rules made there under.
3. The Company being Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors met Ten (10) times on 02.05.2008, 28.05.2008, 10.06.2008, 27.06.2008, 21.07.2008, 19.09.2008, 20.09.2008, 20.10.2008, 19.12.2008 and 31.03.2009 in respect of which Meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not opted to close its Register of Members during the financial year under review.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 19.09.2008 and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year ended 31.03.2009.
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, 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 Whole-time Director/ Managing 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 are within the borrowing limits of the Company.
25. The Company has not made loans and investments, 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 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.

Chennai, 26th June, 2009

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, 2009.

1. Form No. 20B
2. Form No. 23AC and 23ACA
3. Form No. 66
4. Form No.8

B. Chitra

Parc. Company Secretary

C.P No. - 2928

Chennai, 26th June, 2009

AUDITORS' REPORT

We have audited the attached Balance Sheet of J&J Leather Enterprises Limited as at 31st March 2009 and the Profit and Loss Account for the year ended on that date annexed thereto. Here 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 standard 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, 2009 and taken on record by the Board, we report that none of the Directors are disqualified as on 31st March, 2009 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 2009 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**
Chartered Accountants

(N. Ramani)

Partner

M. No. 22438

Chennai, 26th June, 2009

**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 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 terms and conditions on which the Company has given guarantees for loans taken by the holding Company from a bank 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**

Chartered Accountants

(N. Ramani)

Partner

M. No. 22438

Chennai, 26th June, 2009

J & J LEATHER ENTERPRISES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SHAREHOLDERS FUNDS:			
Share capital	1	12,500,000	12,500,000
Reserve & Surplus	2	10,466,719	9,274,911
Loan Funds :			
Secured Loans	3	17,574,435	19,000,000
Unsecured Loans	4	43,750,000	33,750,000
Deferred Tax Liability (Net)		2,215,116	2,251,528
		<u>86,506,270</u>	<u>76,776,439</u>
APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block	5	114,185,739	61,637,310
Less Depreciation		40,130,096	35,706,570
Net Block		<u>74,055,643</u>	<u>25,930,740</u>
Add : Capital Work In Progress		4,487,791	78,543,434
		<u>78,543,434</u>	<u>25,859,638</u>
			51,790,378
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	3,702,384	3,640,383
Sundry Debtors	7	2,136,487	13,520,105
Cash & Bank Balance	8	1,894,711	5,558,173
Loans & Advances	9	6,985,646	11,151,757
		<u>14,719,228</u>	<u>33,870,418</u>
LESS: CURRENT LIABILITIES			
Current liabilities	10	5,973,829	6,972,186
Provisions	10	782,563	1,912,171
Net Current Assets		<u>7,962,836</u>	<u>24,986,061</u>
		<u>86,506,270</u>	<u>76,776,439</u>

Notes on accounts and significant Accounting Policies 17

Schedule referred to above form an integral part of the Balance Sheet

As per our report of even date annexed
For **Padmanabhan Ramani & Ramanujam**
Chartered Accountants

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438
Chennai, 26th June, 2009

A. P. S. Narag
Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		-	10,150,157
Job Work		49,639,605	41,835,655
Other Income	16	342,869	1,349,387
		<u>49,982,474</u>	<u>53,335,199</u>
EXPENDITURE			
Material Cost	11	2,047,012	10,811,022
Manufacturing Expenses	12	28,233,188	22,538,756
Personnel Expenses	13	4,480,137	3,400,720
Administrative Expenses	14	6,083,096	7,555,057
Financial Charges	15	2,268,247	1,378,400
		<u>43,111,680</u>	<u>45,683,955</u>
Profit /(Loss) before Depreciation & Taxes		6,870,794	7,651,244
Depreciation		4,825,595	3,775,394
Profit/(Loss) before taxes		2,045,199	3,875,850
Provision for Tax:			
Income Tax Earlier Years		502,223	1,679,997
Income Tax		355,210	1,607,000
Fringe Benefit Tax		32,370	105,000
Deferred Tax		-36,412	-168,100
Profit after tax		1,191,808	651,953
Balance brought Forward		6,629,311	5,977,358
Profit/(Loss) carried to Balance Sheet		7,821,119	6,629,311
Basic/ Diluted Earning Per Share(Rs.)		9.53	5.22

Notes on accounts and significant Accounting Policies 17

Schedule referred to above form an integral part of the Balance Sheet

As per our report of even date annexed
For **Padmanabhan Ramani & Ramanujam**
Chartered Accountants

N. Ramani
Partner
M.No. 22438
Chennai, 26th June, 2009

For and on behalf of the Board

A. P. S. Narag
Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	2,045,199	3,875,850
Adjusted for :		
Depreciation	4,825,595	3,775,394
Financial Expenses	2,268,247	1,378,400
Profit on Sale of Fixed Assets	(178,649)	(234,380)
	<u>6,915,193</u>	<u>4,919,414</u>
Operating profit before working capital changes	8,960,392	8,795,264
Adjustment for :		
Inventories	(62,001)	5,712,450
Sundry Debtors	11,383,618	3,915,415
Loans and Advances	3,555,791	(7,931,756)
Provision for Gratuity & Leave Encashment	194,812	
Sundry Creditors	(998,357)	469,337
	<u>14,073,863</u>	<u>2,165,446</u>
Cash generated from operations	23,034,255	10,960,710
Taxes paid	(1,603,903)	(572,287)
Cash flow before extra-ordinary items	<u>21,430,352</u>	<u>10,388,423</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>21,430,352</u>	<u>10,388,423</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale / Purchase of Investment		-
Purchase of Fixed Assets / Capital W.I.P.	(31,680,002)	(25,623,301)
Sale of Fixed Assets	280,001	468,001
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(31,400,001)</u>	<u>(25,155,300)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	-	-
Unsecured Loans	10,000,000	-
Secured Loans	(1,425,565)	19,000,000
Share Premium Received	-	-
Financial Expenses (net)	(2,268,247)	(1,378,400)
NET CASH USED IN FINANCING ACTIVITIES	<u>6,306,188</u>	<u>17,621,600</u>
NET INCREASE/(DECREASE) IN CASH AND		
CASH EQUIVALENT (A+B+C)		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	5,558,173	2,703,450
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1,894,711	5,558,173

As per our report of even date annexed
For **Padmanabhan Ramani & Ramanujam**
Chartered Accountants

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438
Chennai, 26th June, 2009

A. P. S. Narag
Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.**SCHEDULES FORMING PART OF THE ACCOUNTS**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1 : SHARE CAPITAL		
i) Authorised Share Capital 125,000 (Previous Year 125,000) Equity Share of Rs. 100/- each	<u>12,500,000</u>	<u>12,500,000</u>
ii) Issued Subscribed & Paid Up Capital 125,000 (Previous Year 125,000) Equity Shares of Rs.100/- each	<u>12,500,000</u>	<u>12,500,000</u>
	<u>12,500,000</u>	<u>12,500,000</u>
SCHEDULE 2: RESERVES & SURPLUS		
Capital Reserve -Subsidy from TIIC	<u>2,645,600</u>	<u>2,645,600</u>
Surplus In Profit & Loss Account	<u>7,821,119</u>	<u>6,629,311</u>
	<u>10,466,719</u>	<u>9,274,911</u>
SCHEDULE 3: SECURED LOANS		
i) Term Loan from ING Vysya Bank	<u>15,199,992</u>	<u>19,000,000</u>
ii) ICICI Bank - Vehicle Loan	<u>278,859</u>	<u>-</u>
iii) Working Capital Limit from ING Vysya Bank	<u>2,095,584</u>	<u>-</u>
	<u>17,574,435</u>	<u>19,000,000</u>
Note:		
i) Term Loan secured against exclusive first charge on the fixed assets of the Company including land and Building of the company situated at 56/7, Nallambakkam Village, (via Vandalur), Chennai-48		
ii) Loan from ICICI Bank, secured against hypothecation of the Vehicle		
iii) Working capital facility is secured against hypothecation of stocks of raw materials, stock in process, finished goods, specified immovable property, debtors and personal guratees of Directors.		
SCHEDULE 4: UNSECURED LOANS		
Bhartiya Global Marketing Ltd.(Holding Company)	<u>43,750,000</u>	<u>33,750,000</u>
	<u>43,750,000</u>	<u>33,750,000</u>

SCHEDULES' (CONTD.)

SCHEDULES 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALES DURING THE YEAR	AS ON 31.3.2009	UPTO 31.3.2008	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.3.2009	AS AT 31.3.2009	AS AT 31.3.2008
Land	527,731	-	-	527,731	-	-	-	-	527,731	527,731
Building	18,594,942	28,884,280	-	47,479,222	10,258,910	1,553,732	-	11,812,642	35,666,580	8,336,032
Roads	286,195	-	-	286,195	86,498	9,985	-	96,483	189,712	199,697
Machinery	38,781,688	23,433,287	-	62,214,975	22,787,754	3,037,416	-	25,825,170	36,389,805	15,993,935
Vehicles	1,590,302	404,768	503,422	1,491,648	1,172,708	94,857	402,070	865,495	626,153	417,594
Furniture & Fixtures	185,091	79,920	-	265,011	149,965	10,019	-	159,984	105,027	35,126
Office Equipments	1,144,888	82,565	-	1,227,453	791,423	57,181	-	848,604	378,849	353,465
Computers	526,473	167,031	-	693,504	459,312	62,406	-	521,718	171,786	67,161
Total	61,637,310	53,051,850	503,422	114,185,739	35,706,570	4,825,596	402,070	40,130,096	74,055,643	25,930,740
Previous Year	62,495,696	184,377	1,042,763	61,637,310	32,740,319	3,775,394	809,142	35,706,570	259,320,740	29,755,377

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
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SCHEDULES 6: INVENTORIES

Stock in Trade (Stock in Trade valued at cost or Net Relisable value whichever is lower)

— Leather	1,289,694	1,289,694
— Chemical	2,306,946	2,350,689
..Consumable Stores	105,744	
	3,702,384	3,640,383

SCHEDULES 7: SUNDRY DEBTORS

(Unsecured and considered good)

For more than 6 months	855,056	1,046,628
other	1,281,431	12,473,477
	2,136,487	13,520,105

SCHEDULES 8: CASH & BANK BALANCES

Cash In Hand	316,555	296,206
Balance with Scheduled Bank		
— In Current Account	1,578,156	5,247,121
— In Fixed Deposit	-	14,846
	1,894,711	5,558,173

SCHEDULE 9: LOAN & ADVANCE

(Advance Receivable in cash or kind for value to be received considered good)

Advances Recoverable in Cash & Kind or for value to be received	5,090,896	3,526,984
Advances to Suppliers	1,894,750	7,624,773
	6,985,646	11,151,757

J & J LEATHER ENTERPRISES LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
(i) Sundry Creditors		
Total Outstanding dues of Small Scale Industrial Undertakings (see Note No.4 in Schedule 17)	-	-
Total Outstanding dues of Creditors other than Small Scale Industrial Undertaking	5,100,023	6,267,280
(ii) Other Liabilities	873,806	704,906
	5,973,829	6,972,186
PROVISIONS		
Income Tax	355,210	1,607,000
FBT	32,370	105,000
Leave Encashment	197,034	94,998
Gratuity	197,949	105,173
	782,563	1,912,171
SCHEDULE 11 : MATERIAL COST		
Opening Stock of Raw Materials	3,640,383	9,352,833
Add : Purchases		
Leathers	-	3,537,949
Chemicals	-	16,480
Consumables	2,003,269	1,544,143
	5,643,652	14,451,405
Less : Closing Stock of chemical and leathers	3,596,640	3,640,383
	2,047,012	10,811,022
SCHEDULE 12 : MANUFACTURING EXPENSES		
1) Job work expenses	19,619,972	15,382,232
2) Electricity Expenses	2,618,377	2,854,063
3) Machinery Maintenance	2,002,101	1,757,692
4) Carriage Inwards	34,037	26,924
5) Generator Running & Maintenance	3,958,701	2,517,845
	28,233,188	22,538,756
SCHEDULES 13 : PERSONNEL EXPENSES		
Salary, Bonus, Allowances & Contribution to Provident & Others	3,762,531	2,802,193
Staff Welfare	517,853	498,070
Gratuity & leave Encashment Provision	199,753	100,457
	4,480,137	3,400,720
SCHEDULES 14 : ADMINISTRATIVE EXPENSES		
1) Printing & Stationery	123,362	82,120
2) Traveling & Conveyances	1,122,366	866,696
3) Postages & Telegram	12,385	11,157
4) Legal & Professional	1,442,903	2,222,705
5) Building Maintenance	82,234	358,774

J & J LEATHER ENTERPRISES LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
6) Repair & Maintenance	222,159	960,032
9) Office Maintenance	12,054	1,731
10) Rent	42,600	158,600
11) Rate & Taxes	61,846	237,051
12) Freight Outward	2,325,702	1,288,466
13) Miscellaneous Expenses	93,794	199,923
14) Communication Expenses	157,295	245,519
15) Auditors Remuneration - As Auditors	49,841	38,090
- Income Tax Matters	5,515	5,618
16) Insurance	130,472	126,898
17) Computer Expenses	25,820	24,770
18) Fee & Subscription	28,175	27,173
19) Security Expenses	144,573	699,734
	6,083,096	7,555,057
SCHEDULES 15: FINANCIAL EXPENSES		
1) Interest	2,173,391	937,399
2) Bank Charges	91,420	441,001
3) Foreign Exchange Fluctuation	3,436	-
	2,268,247	1,378,400
SCHEDULES 16: OTHER INCOME		
1) Profit on sale of Fixed Assets	178,649	234,380
2) Misc. Income	164,220	1,115,007
	342,869	1,349,387

SCHEDULES 17: NOTES ON ACCOUNT AND SIGNIFICANT ACCOUNTING

1 SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Recognition of Income and Expenditure

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

c) 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.

d) 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.

SCHEDULES' (CONTD.)

e) 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.

f) Inventories

Raw material, stores and spares and finished goods are valued at lower of 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 includes an appropriate portion of production and administration related overheads.

g) 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

h) 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.

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.

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 recongnised to the extent carrying amount exceeds recoverable amount.

k) Provision contingent liabilities and Contingent Assets

In accordance with Accounting Standard -29 (Provisions, Contingent Liabilities and Contingent Assts), 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.

	Current year (Rs. In Lacs)	Previous year (Rs. In Lacs)
2 Estimated amount of contract pending executive on capital account (Rs. In Lacs)	—	25.82

	Current year (Rs. In Lacs)	Previous year (Rs. In Lacs)
3 Contingent Liabilities not provided for Corporate Guarantee 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.	1700	—

4 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.

5 Details of Management Remuneration to Whole-Time Director.

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

	Current year(Rs. In Lacs)	Previous year(Rs. In Lacs)
6 Expenditure In foreign Currency	—	—
7 CIF Value of Imports	—	1.37

J & J LEATHER ENTERPRISES LTD.

SCHEDULES' (CONTD.)

8 Consumption of Imported & Indigenous Raw Material

	Current year (Rs. In Lacs)	%	Previous year (Rs. In Lacs)	%
Indigenous	20.47	100	108.11	100
Imported	—	—	—	—
	20.47	100	108.11	100

9 FOB Value Exports

—

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

	Current Year Rs.	Previous Year Rs.
Bhartiya International Ltd. (Sundry debtor)	1,273,039	12,638,249
Bhartiya Global Marketing Ltd.(Loan Received)	43,750,000	33,750,000

11 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) Relationship:

i) **Holding Company :-**

Bhartiya Global Marketing Ltd.

ii) **Associate Parties :-**

Bhartiya International Ltd.

iii) **Key Management Personnel:**

Board Of Directors

A.P. S. Narag

Manoj Khattar

C. L. Handa

Dr. S. Chandra

iv) **Summary transactions during the year :**

	Associate Parties	Holding Co.	Key Management Personnel	Relatives of Key Management Personnel's
a) Sales	— (8,479,806)	—	—	—
b) Purchases / Job Work	49,644,091 (53,760,522)	—	—	—
c) Salaries	—	—	300,000 (300,000)	—
b) Balances Outstanding at the year end:				
Sundry Creditors	—	43,750,000 (33,750,000)	24,000 (23,000)	—
Sundry Debtors	1,273,039 (12,458,475)	—	—	—

J & J LEATHER ENTERPRISES LTD.

SCHEDULES' (CONTD.)

12	Consumption of Raw Material	Qty	Value (Rs. Lacs)	Qty	Value (Rs. Lacs)
	Leather (Pcs)	—	—	18503	84.31
	Chemical (Kgs)	692	0.44	2527	8.36
	Consumable	—	20.03	—	15.44
			20.47		108.11

13 Additional Information (Pursuant to the provision of paragraph 3,4C and Para II of schedule) to the Company Act, 1956.

A. Licensed & Installed Capacities

	Current year		Previous Year	
	qty. is sq.ft in lacs	value Rs.(lacs)	qty. is sq.ft in lacs	value Rs.(lacs)
Licensed capacity	NA		NA	
Installed Capacity	NA		NA	

B. Production/Purchase, Turnover & Stock (in lacs) (Bracket denotes last year figures)

Product	Unit	Opening Stock		Production		Sales		Closing Stock	
		Qty	Value (Rs. In lacs)	Qty	Value (Rs. In lacs)	Qty	Value (Rs. In lacs)	Qty	Value (Rs. In lacs)
Leather	Pcs	10,630	12.90	—	—	—	—	10,630	12.90
	Pcs	(43,836)	(61.82)	(18,503)	—	(57,731)	(121.46)	(10,630)	(12.90)

14 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 31st March, 2009 is as below:

Particular	01.04.2008	For the year	31.03.2009
Depreciation	2,251,528	36,412	2,215,116
	2, 251,528	36,412	2,215,116

15 Segment Reporting Disclosure as per accounting standard As-17 are at present not applicable to the company.

16 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.

	Current Year (Rs.)	Previous Year (Rs.)
a) Net profit after tax available for equity shareholders	1,191,808	651,953
b) weight average no of equity shares outstanding during the year	125,000	125,000
c) Basic/Diluted earnings per share (a/b)	9.53	5.22

17 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.

As per our report of even date annexed
For **Padmanabhan Ramani & Ramanujam**
Chartered Accountants

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438
Chennai, 26th June, 2009

A. P. S. Narag
Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No. 2 0 8 7 4
Balance Sheet Date 3 1 0 3 2 0 0 9 State Code 1 8

2 CAPITAL RAISED DURING THE YEAR NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities 8 6 5 0 6 Total Assets 8 6 5 0 6

SOURCES OF FUNDS

Paid Up Capital 1 2 5 0 0 Reserves and Surplus 1 0 4 6 7
Secured Loans 1 7 5 7 4 Unsecured Loans 4 3 7 5 0

APPLICATION OF FUNDS

Net Fixed Assets 7 8 5 4 3 Investments - - - - -
Net Current Assets 7 9 6 3 Profit & Loss - - - - -
Net Deferred Tax Liability 2 2 1 5

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income 4 9 9 8 2
Total expenditure 4 7 9 3 7
Profit Before Tax 2 0 4 5
Profit After Tax 1 1 9 2
Earning Per Share 9 . 5 3
Dividend Rate - - - -

5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No. 4 2 0 3 1 0
Product Description L E A T H E R

As per our report of even date annexed
For **Padmanabhan Ramani & Ramanujam**
Chartered Accountants

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438

A. P. S. Narag
Director

Manoj Khattar
Director

Chennai, 26th June, 2009

DIRECTORS' REPORT

The Directors present their 3rd Annual Report of your Company along with the Audited Statement of Accounts for the period ended 31st March, 2009.

FINANCIAL RESULTS

Particulars	(In Rs)	
	2008-2009	2007-2008
Income	—	—
Expenditure	197,631	29,666
Provision for Taxes	27,500	-
Profit/(Loss) for the year	(225,131)	(29,666)

REVIEW OF OPERATION

Bhartiya International SEZ Ltd. (a JV between Bhartiya International Ltd. and Andhra Pradesh Industrial Infrastructure Corporation) is setting up a Leather & Leather Products Special Economic Zone, at Tada Mandal, Nellore district, Andhra Pradesh. The SEZ project was transferred in the name of the Company from Andhra Pradesh Industrial Infrastructure Corporation Ltd. The SEZ received in-principle approval in October, 2008 and was subsequently formally notified by the Ministry of Commerce, Govt. of India in the Gazette of India on 4th May, 2009. The entire 250.49 acres of contiguous land at Nellore District in the state of Andhra Pradesh, has now been notified as a Leather and Leather Products SEZ. The formalities for development of the SEZ project are in progress. Construction is planned to start immediately after approvals have been obtained from the authorities.

DIRECTORS

Mr. Snehideep Aggarwal, Director of the Company retire by rotation and being eligible offers himself for reappointment, board of directors recommend his reappointment.

DIVIDEND

Your Directors do not recommend any dividend on equity shares for the year under review.

FIXED DEPOSITS

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

TRANSFER TO RESERVE

Your Directors do not propose to carry any amount to reserves.

AUDITORS

The Auditors of the Company, M/s Sushil Poddar & Co, Chartered Accountants, holds 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 Auditor Report has been explained by the Company in details in Notes to the Accounts which form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm:

- i. That in preparation of Annual Accounts for the period, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss of the Company for the period;
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in

BHARTIYA INTERNATIONAL SEZ LTD.

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. That the Directors had 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.

STATUTORY STATEMENTS

Statements pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are annexed hereto and form an integral part of this Report.

ACKNOWLEDGEMENT

Your Directors appreciate the contribution made by employees to the Company during the year under review and acknowledge the support extended by the Bankers, Vendors and Clients which has helped in the development of the Company.

For and on behalf of the Board

New Delhi, 25th June, 2009

Snehdeep Aggarwal **Manoj Khattar**
Director Director

ANNEXURE 'A' TO DIRECTORS' REPORT

Information Pursuant to the Companies (Disclosure of Particulars In The Report of Board of Directors) Rules, 1988.

a. CONSERVATION OF ENERGY

During the year under review, the Company carried no business. Considering the nature of activities, the particulars pertaining to disclosure of particulars relating to conservation of energy, research & development as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

b. TECHNOLOGY ABSORPTION

During the year under review, the Company carried no business. Considering the nature of activities, the particulars pertaining to disclosure of particulars relating to technology absorption, as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

c. FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Not Applicable.

(ii) Total foreign exchange used and earned:

	Current Year	Previous year
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	98,382	NIL

For and on behalf of the Board

New Delhi, 25th June, 2009

Snehdeep Aggarwal **Manoj Khattar**
Director 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 Limited as on March 31, 2009 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 with in 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, 2009 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 7, 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, 2009;
 - 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.**
Chartered Accountants

S. K. PODDAR
Prop.
M. No. 94479
New Delhi, 25th June, 2009

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 31 March 2009 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. 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. 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 provisions 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 Company has made preferential allotment of shares to parties/ company covered in the register maintained under section 301 of the Act, and shares have been issued at a price which is not prejudicial to the interest of the Company.
- xix. The company has not created securities or charge in respect of debentures issued and outstanding at the year end.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

For **Sushil Poddar & Co.**
Chartered Accountants

S. K. PODDAR
Prop.
M. No. 94479
New Delhi, 25th June, 2009

BHARTIYA INTERNATIONAL SEZ LTD.**BALANCE SHEET AS AT 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	57,692,300	500,000
Loan Funds			
Unsecured Loan	2	78,000,000	-
		<u>135,692,300</u>	<u>500,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	41,000	-
Less: Depreciation		<u>5,226</u>	-
Net Block		35,774	-
		35,774	-
Current Assets, Loans and Advances			
Inventories	4	136,965,440	-
Cash and Bank Balances		124,764	386,025
Loans and Advances		<u>113,000</u>	<u>113,360,895</u>
		<u>137,203,204</u>	<u>113,746,920</u>
Less: Current Liabilities and Provisions			
Current Liabilities	5	3,161,751	113,442,361
Provisions		<u>27,500</u>	-
		<u>3,189,251</u>	<u>113,442,361</u>
Net Current Assets		134,013,953	304,559
Miscellaneous Expenditure			
(To the Extent not written off or adjusted)	6	1,366,201	144,200
Profit & Loss Account		<u>276,372</u>	<u>51,241</u>
		<u>135,692,300</u>	<u>500,000</u>

Notes on accounts and significant Accounting Policies 7

As per our report of even date attached

For and on behalf of the Board

for **SUSHIL PODDAR & Co**
Chartered Accountants**S. K. Poddar**

Prop.

M.No. 94479

New Delhi, 25th June, 2009**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director

BHARTIYA INTERNATIONAL SEZ LTD.**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

DESCRIPTION	Current Year Rs.	Previous Year Rs.
INCOME		
Income	—	—
	—	—
EXPENDITURE		
Audit Fees	15,000	7,500
Bank Charges	900	-
Preliminary Expenses	155,806	18,025
Conveyance Expenses	-	130
Legal & Professional Charges	4,257	500
Rates & Taxes	21,668	3,511
Total Expenses	197,631	29,666
Profit Before Tax	(197,631)	(29,666)
Provision for Taxes		
Income Tax	-	-
Fringe Benefit Tax	27,500	-
Deferred Tax	-	-
Profit After Tax	(225,131)	(29,666)
Add: Balance brought forward from Previous Year	(51,241)	(21,575)
Balance Carried to Balance Sheet	(276,372)	(51,241)
Notes on accounts and significant Accounting Policies	7	

As per our report of even date attached

For and on behalf of the Board

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 25th June, 2009

Niraj Jain
Company Secretary

Snehdeep Aggarwal
Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Current Year Rs.	Previous Year Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(197,631)	(29,666)
Adjusted for :		
Deprciation	5,226	
Financial Expenses	900	-
Preliminary Expenses written off	155,806	18,025
	<u>161,932</u>	<u>18,025</u>
Operating profit before working capital changes	(35,699)	(11,641)
Adjustment for :		
Inventories	(136,965,440)	-
Loans and Advances	113,247,895	(113,360,895)
Sundry Creditors	(110,280,610)	(113,258,611)
	<u>(133,998,155)</u>	<u>(102,284)</u>
Cash generated from operations	(134,033,854)	(113,925)
Financial Expenses (net)	(900)	-
Cash flow before extra-ordinary items	(134,034,754)	(113,925)
Extra Ordinary Items	-	-
	<u>(134,034,754)</u>	<u>(113,925)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(134,034,754)</u>	<u>(113,925)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(41,000)	-
Preliminary Expenses incurred	(1,377,807)	-
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(1,418,807)</u>	<u>-</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital Issued	57,192,300	-
Unsecured Loans	78,000,000	-
NET CASH USED IN FINANCING ACTIVITIES	<u>135,192,300</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	386,025	499,950
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	124,764	386,025

As per our report of even date attached

For and on behalf of the Board

for **SUSHIL PODDAR & Co**
Chartered Accountants**S. K. Poddar**

Prop.

M.No. 94479

New Delhi, 25th June, 2009**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director

BHARTIYA INTERNATIONAL SEZ LTD.

SCHEDULES FORMING PART OF THE ACCOUNTS

DESCRIPTION	Current Year Rs.	Previous Year Rs.								
SCHEDULE 1: SHARE CAPITAL										
Authorised Capital										
20,000,000 (Previous year 1,000,000) Equity Share of Rs. 10/- each	<u>200,000,000</u>	<u>10,000,000</u>								
Issued, Subscribed & Paid up Capital										
5,769,230 (Previous Year 50,000) Equity Share of Rs. 10/- each fully paid .	<u>57,692,300</u>	<u>500,000</u>								
Of the above shares:										
a) 4,219,230 equity shares of Rs. 10/ each allotted at par during the year to holding company, M/s Bhatiya International Ltd payment being received in cash										
b) 1,500,000 equity shares allotted during the year to APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd.) as fully paid up, pursuant to contracts, without payment being received in cash										
	<u>57,692,300</u>	<u>500,000</u>								
SCHEDULE 2: LOANS FUNDS										
Unsecured Loan										
7,800,000 Unsecured Compulsorily Fully Convertible Debenture of Rs.10/- each	<u>78,000,000</u>	<u>-</u>								
	<u>78,000,000</u>	<u>-</u>								
SCHEDULE 3: FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost	Additions During the Year	Sale During the Year	As on 31.03.09	Up To 31.03.08	For the Year	Sale Adjustments	Up to 31.03.09	As at 31.03.09	As at 31.03.08
Computer	-	41,000	-	41,000	-	5,226	-	5,226	35,774	-
Total	-	41,000	-	41,000	-	5,226	-	5,226	35,774	-
Previous Year	-	-	-	-	-	-	-	-	-	-
DESCRIPTION	Current Year Rs.	Previous Year Rs.								
SCHEDULE 4: CURRENT ASSETS, LOANS AND ADVANCES										
Inventories - Work in Progress										
Cost of Land	<u>125,245,000</u>	<u>-</u>								
Related Expenses Incurred	<u>11,720,440</u>	<u>-</u>								
	<u>136,965,440</u>	<u>-</u>								
Cash and Bank Balances										
Cash in hand	<u>17,806</u>	<u>46,242</u>								
Balances with Scheduled Bank										
-In Current Accounts	<u>106,958</u>	<u>339,783</u>								
	<u>124,764</u>	<u>386,025</u>								
Loans and Advances										
Unsecured and Considered Good										
Advances/expenses for Land Procurement	<u>-</u>	<u>113,360,895</u>								
Security Deposit	<u>100,000</u>	<u>-</u>								
Advance Tax / FBT	<u>13,000</u>	<u>-</u>								
	<u>113,000</u>	<u>113,360,895</u>								

BHARTIYA INTERNATIONAL SEZ LTD.

DESCRIPTION	Current Year Rs.	Previous Year Rs.
SCHEDULE 5: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	1,837,136	7,500
Due to holding Company	1,324,615	113,434,861
	<u>3,161,751</u>	<u>113,442,361</u>
Provisions		
Provisions for Fringe Benefit Tax	27,500	-
	<u>27,500</u>	<u>-</u>
SCHEDULE 6: MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	144,200	-
Add: Incurred during the year	1,377,807	162,225
	<u>1,522,007</u>	<u>162,225</u>
Less: Written off during the year	155,806	18,025
	<u>1,366,201</u>	<u>144,200</u>

SCHEDULE 7 : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES.

1. SIGNIFICANT ACCOUNTING POLICIES :

a) Basis of preparation of Financial Statements

- i) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956, as adopted consistently by the Company
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

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 costs during the period of construction/ acquisition are added to the cost of 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 :

- Work in progress is valued at cost which comprises cost of land, materials, services and overheads related to project under construction

e) 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 .

f) 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.

g) 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.

h) Miscellaneous Expenses

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

BHARTIYA INTERNATIONAL SEZ LTD.

i) 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 .

2. Contingent Liabilities

Estimated value of contract remaining to be executed on capital Account and not provided for Rs. 6,871,875/- (Previous year Nil)

3. The Company is a subsidiary of Bhartiya International Ltd.by virtue of Section 4 (1) (b) of the Companies Act, 1956

4. In pursuant of the MOU with Govt of Andhra Pradesh, APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd.) has allotted 250.49 acres land at Tada, Nellore District, Andhra Pradesh for setting up of Leather & Leather Products Sector Specific Special Economic Zone. The company has allotted 1,500,000/- equity shares of Rs. 10/- each at par to APIIC as part consideration of said land.

5. During the year, Company has allotted 7,800,000 unsecured compulsorily fully convertible debenture of Rs. 10/- each to its holding company, each debenture is fully convertible into one equity share of Rs. 10/- at par, at any time after the allotment.

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

	As at 31.03.2009	As at 31.3.2008
	Rs.	Rs.
Due to Holding Company	1,324,615	113,434,861

7. 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, 2009 and the year ended 31st March, 2008 :

	Year Ended 31st March 2009	Year Ended 31st March 2008
Income available to Equity Shareholders	(225,131)	(29,666)
No of Shares at the beginning of the Year (A)	50,000	50,000
Equity allotted during the year	5,719,230	-
Weighted Average Shares (B)	3,089,757	-
Weighted Average Shares Outstanding No(s)(A+B)	3,139,757	50,000
Effect of Dilutive Securities No(s)		
Add: Adjustment for debenture convertible into Equity Shares	5,616,838	-
Weighted Average number of equity shares for Diluted EPS	8,756,595	50,000
Nominal Value per share	10	10
Earnings per share (Basic)	(0.07)	(0.59)
Earnings per share(Diluted)	(0.03)	(0.59)

8. Auditor's Remuneration

Audit Fees (Rs.)	15,000	7,500
Certification	2,206	-

9. 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.

10 (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 loss during the year Adequate provision in respect of Fringe Benefit Tax has been made.

BHARTIYA INTERNATIONAL SEZ LTD.

- (b) The deferred tax assets/liability for the current period 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 assets in subsequent period having regard to the future developments
11. Debit and Credit balances of parties are subject to their confirmation.
12. Quantitative Details pursuant to the provision of paragraph 3,4 C & 4 D of part-II of Schedule VI of the Companies Act, 1956
- | | |
|--------------------------------------------------------|-----------------------------------|
| a) Production / Purchase, Turnover & Stocks | Nil |
| b) Value of Import on CIF basis | Nil |
| c) Earning in Foreign Currency | Nil |
| d) Expenditure in Foreign Currency —Foreign Travelling | Rs.98,382/-(Previous Year Rs.Nil) |
13. Figures has been rounded off to the nearest rupee.
14. Previous years figure have been re-grouped wherever necessary.
-

As per our report of even date attached

For and on behalf of the Board

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 25th June, 2009

Niraj Jain
Company Secretary

Snehdeep Aggarwal
Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.**BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE****1 REGISTRATION DETAILS**

Registration No.
 Balance Sheet Date State Code

2 CAPITAL RAISED DURING THE YEAR - **3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)**

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid Up Capital Reserves and Surplus
 Secured Loans Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments
 Net Current Assets Mis. Expenditure
 Profit & Loss

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income
 other Income
 Total expenditure
 Profit/(Loss) Before Tax (-)
 Profit After Tax (-)
 Earning Per Share (Basic)
 Earning Per Share (Diluted)
 Dividend Rate

5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No.
 Product Description

As per our report of even date attached

For and on behalf of the Board

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 25th June, 2009

Niraj Jain
Company Secretary

Snehdeep Aggarwal
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 Decemeber, 2008.

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 results of the company's operations for the year ended 31st December, 2008 and the state of its affairs at that date are dealt with in the financial statements.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31st Decemeber 2008.

DIRECTORS

The following Directors held office during the year.

Mr. Snehdeep Aggarwal

Mr. Nikhil Aggarwal

Mr. Sanjay Vaze

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

DIRECTORS' INTEREST

Except for the disclosure in Note 15, 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 8 to the financial statements.

SHARE CAPITAL

There was no change of share capital for the year ended 31st December, 2008.

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, 25th March, 2009

Sanjay Vaze
Chairman

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
WORLD FASHION TRADE LIMITED
(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, 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 misstatements 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 basis for our audit opinion.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the suitability of the balance sheet together with the note thereon being prepared on a going concern basis. In view of the net liabilities as at 31st December, 2007 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 rise, and to reclassify non-current assets as current assets.

BASIS OF OPINION

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatements. However, the evidence available to us was limited. Group financial statements for the company and its subsidiary have not been prepared and no financial information in respect of the subsidiary is disclosed in the financial statements. The financial statements do not include an explanation for this departure from an applicable accounting standards. In addition, the Company has an Investment in Subsidiary Company. We are unable to obtain sufficient information to satisfy ourselves as to whether the cost of investment in the subsidiary company can be recovered in full. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves to the carrying value of this investment.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for the absence of group financial statements and sufficient evidence concerning the carrying value of its Investment in Subsidiary Company, in our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2008 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the International Financial Reporting Standards.

Philip C. C. Hau & Co.
Certified Public Accountants
Hong Kong, 25th March, 2009

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

BALANCE SHEET AS AT 31ST DECEMBER, 2008

	Notes	2008 HK\$	2007 HK\$
ASSETS			
Non-current Assets			
Furniture and Fixtures and Motor Vehicles	2(b),8	<u>212,426</u>	364,164
Investment in Subsidiary Company	2(c)	<u>49,079</u>	49,079
Current Assets			
Utility and Rental Deposits		14,850	63,482
Debtors and Prepayments		101,064	176,055
Amount due from a Related Company	11	1,945,689	1,908,620
Cash at Banks and in Hand		<u>358,207</u>	89,171
		<u>2,419,810</u>	2,237,328
Current Liabilities			
Bank Overdraft (secured)		2,463,829	1,260,710
Creditors and Accrued Charges		139,642	474,063
Amount due to Holding Company	10	5,346,504	5,317,185
Amount due to Related Companies	12	1,493,553	1,478,425
		<u>9,443,528</u>	8,530,383
NET CURRENT LIABILITIES		<u>(7,023,718)</u>	(6,293,055)
		<u>(6,762,213)</u>	(5,879,812)
CAPITAL AND RESERVES			
Share Capital	9	7,730	7,730
Accumulated Losses		<u>(6,769,943)</u>	(5,887,542)
		<u>(6,762,213)</u>	(5,879,812)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

	Notes	2008 HK\$	2007 HK\$
Turnover	3	757,164	12,963,324
Other Revenue		1,853,630	574,175
Change in Inventories of Finished Goods		(593,455)	(10,548,979)
Staff Costs		(729,273)	(1,362,768)
Depreciation Expenses		(159,778)	(180,387)
Other Operating Costs		<u>(1,751,624)</u>	(2,131,015)
Loss from Operations	4	<u>(623,336)</u>	(685,650)
Finance Costs	5	<u>(259,065)</u>	(287,264)
Loss before Taxation		<u>(882,401)</u>	(972,914)
Income Tax Expenses	6	(-)	(-)
Loss after Taxation		<u>(882,401)</u>	(972,914)
Accumulated Losses brought forward		<u>(5,887,542)</u>	(4,914,628)
Accumulated Losses carried forward		<u>(6,769,943)</u>	(5,887,542)

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

Approved by the Board of Directors on 25th March, 2009

Sanjay Vaze

Director

The notes of accounts form part of these financial statements.

Snehdeep Aggarwal

Director.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

	2008 HK\$	2007 HK\$
OPERATING ACTIVITIES		
Loss from operations	(882,401)	(972,914)
Adjustment for :		
Bank charges and Interest Paid	259,065	287,265
Depreciation	159,778	180,387
Operating cash flow before movements in working capital	463,558	(505,262)
Decrease in Utility and Rental Deposits	48,632	7,188
Decrease/(Increase) in Bills on Collection	-	977,579
Decrease/(Increase) in Debtors and Prepayments	74,991	2,685,514
(Decrease)/(Increase in Bills Payable	-	(229,777)
(Decrease) in Creditors	(334,421)	(1,100,620)
Cash generated from operations	(674,356)	1,834,622
Profits Tax Paid	-	-
Net cash from/(used in) Operating Activities	(674,356)	1,834,622
INVESTING ACTIVITIES		
Purchase of Furniture and Fixtures	(8,040)	(94,050)
Net cash (used in) Investing Activities	(8,040)	(94,050)
FINANCING ACTIVITIES		
(Increase) in Amount due from a Related Company	(37,069)	(1,908,620)
(Decrease) / Increase in Bank Overdraft	1,203,118	(1,181,327)
Increase in Amount due to Holding Company	29,320	1,181,555
Increase in Amount due to Related Companies	15,128	400,213
Bank charges and Interest Paid	(259,065)	(287,265)
Net cash from / (used in) Financing Activities	951,432	(1,795,444)
Net increase in cash and cash equivalents	269,036	(54,872)
Cash and cash equivalents at 1 January	89,171	144,043
	358,207	89,171

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008**

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 1402, 1 Duddell Street, 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 recognised 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:—

- (i) Sales of Goods 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
- (ii) Inspection Fee Received is recognized when the company has rendered its services to the customer and the right to receive payment is reasonably assured.

(b) Depreciation and Amortization

Depreciation is provide 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) Investments

Investments held on a long-term basis are stated at cost less identified impairment loss, if any, for permanent diminution in value.

Short term investments are stated at the lower of cost and market value at the balance sheet date.

(d) 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.

(e) Subsidiary Companies

Subsidiary Companies are companies in which the Company hold not less than 50% of the equity as a long term investment and exercise control in their management. The results of subsidiary companies are accounted for the

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

extent of dividend received. Investments in subsidiary companies are stated at cost less impairment loss for the provision of permanent diminution in value, if any.

(f) Taxation

Income Tax expense represents current tax expense. 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.

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

(h) Related Parties

For the purposes of these financial statements, parties are considered to be related to the company if the company has the ability, directly and indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the company or of any entity that is a related party of the company.

3. TURNOVER

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

	2008 HK\$	2007 HK\$
Sales of goods	757,164	12,963,324
4. LOSS FROM OPERATIONS		
Loss from operations has been arrived after charging (crediting):-		
Depreciation and Amortization	159,778	180,387
Auditor's Remuneration	24,000	24,000
	183,778	204,387
and crediting:-		
Bank Interest Received	13,422	-
5. FINANCE COSTS		
Bank Charges	42,536	83,440
Bank Interest Paid	216,529	203,824
	259,065	287,264

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

7. INVESTMENT IN SUBSIDIARY COMPANY

	2008	2007
	HK\$	HK\$
Share investment at cost	<u>49,079</u>	<u>49,079</u>

Particulars of Subsidiary Company as at 31st December, 2008 is as follows:-

Name of Company	Country of Incorporation	Class of Shares Hold	% of Shareholding	Nature of Business
Merix XXI S. L.	Spain	Ordinary	100%	Trading

Group financial statements have not been prepared and Investment in Subsidiary Company is carried in the financial statements at cost. In the opinion of the Directors, the production of Groups financial statements would involve expenses and delay out of proportion to the value to the members of the Company and no impairment loss should be make in the financial statements.

8. NON-CURRENT ASSETS

	Furniture & Fixtures	Motor Vehicles	Total
	HK\$	HK\$	HK\$
AT COST			
At 1/1/2008	646,145	320,643	966,788
Additions	8,040	-	8,040
At 31/12/2008	<u>654,185</u>	<u>320,643</u>	<u>974,828</u>
AGGREGATE DEPRECIATION/ AMORTIZATION			
At 1/1/2008	325,964	276,660	602,624
Charge for the year	126,790	32,987	159,778
At 31/12/2008	<u>452,755</u>	<u>309,647</u>	<u>762,402</u>
NET BOOK VALUE			
At 31/12/2008	<u>201,430</u>	<u>10,996</u>	<u>212,426</u>
At 31/12/2007	<u>320,181</u>	<u>43,983</u>	<u>364,164</u>
		2008	2007
		HK\$	HK\$

9. SHARE CAPITAL

Authorized, Issued and Fully paid:- 1,000 Ordinary share of US\$ 1.00 each	<u>7,730</u>	<u>7,730</u>
-------------------------------------------------------------------------------	--------------	--------------

10. AMOUNT DUE TO HOLDING COMPANY

Bhartiya International Ltd., India		
Balance at 1/1/2008	5,317,185	4,135,629
Advances	29,319	1,191,696
	5,346,504	5,327,325
Repayments	(-)	(10,140)
Balance at 31/12/2008	<u>5,346,504</u>	<u>5,317,185</u>

The amount is unsecured, interest-free and has no fixed term of repayment.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

11. AMOUNT DUE FROM A RELATED COMPANY

Detailed of amounts due from a related company disclosed are as follows :-

	2008 HK\$	2007 HK\$
Balance at 1/1/2008	1,908,620	-
Advances	37,069	1,908,620
	<u>1,945,689</u>	<u>1,908,620</u>
Repayments	-	-
Balance at 31/12/2008	<u>1,945,689</u>	<u>1,908,620</u>
	Maximum amount	
	Balance at	Balance at
	31/12/2008	31/12/2007
	HK\$	HK\$
Merix XXI S. L. Spain	<u>1,945,689</u>	<u>1,908,620</u>
	<u>1,945,689</u>	<u>1,908,620</u>

The amount is unsecured, interest-free and has no fixed term of repayment Merix XXI S. L., Spain is the Wholly Owned Subsidiary of the Company.

12. AMOUNT DUE TO RELATED COMPANIES

Detailed of amounts due to related companies disclosed are as follows:-

Bhartiya International Limited, Italy			
Balance at 1/1/2008		464,441	238,502
Advances		-	464,441
		<u>464,441</u>	<u>702,943</u>
Repayments		-	(238,502)
Balance at 31/12/2008		<u>464,441</u>	<u>464,441</u>
Bhartiya Global Marketing Limited, India			
Balance at 1/1/2008		1,013,983	839,710
Advances		15,128	174,273
		<u>1,029,111</u>	<u>1,013,983</u>
Repayments		-	-
Balance at 31/12/2008		<u>1,029,111</u>	<u>1,013,983</u>
		Maximum amount	
	Balance at	outstanding	Balance at
	31/12/2008	during the year	31/12/2007
	HK\$	HK\$	HK\$
Bhartiya International Ltd., Italy	464,442	464,442	464,442
Bhartiya Global Marketing Ltd., India	1,029,111	1,029,111	1,013,983
	<u>1,493,553</u>		<u>1,478,425</u>

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

13. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to section 161 of the Companies Ordinance is as follow :-

	2008 HK\$	2007 HK\$
Fees	-	-
Other Emoluments	-	-
	<u>-</u>	<u>-</u>

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

14. CONTINGENT LIABILITIES

At 31st December, 2008, there were contingent liabilities in respect of :-

Unutilized Portion of Standby Letter of Credit	2,705,500	2,705,500
------------------------------------------------	-----------	-----------

15. RELATED PARTY TRANSACTIONS

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

Related Party	Transaction	2008 HK\$	2007 HK\$
Bhartiya Global Marketing Ltd. India	Agents' Commission	15,128	174,273
Bhartya International Ltd., India	Sales	-	496,894

In the opinion of the Directors, the above transactions were carried out on the following basis:-

- (a) Agents' Commission was paid at market price.
- (b) Sales of goods were carried out at market price.

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, 2008**

	2008 HK\$	2007 HK\$
SALES	757,164	12,963,324
LESS : COST OF SALES		
Purchases	504,312	10,035,954
Add : Direct Expenses		
Agents' Commission	15,128	174,273
Bank Charges	42,536	83,440
Certificate and Declaration Charges	3,806	29,523
Freight	(38,291)	9,332
Inspection Fee	-	9,568
Labels	91,654	97,217
Marine Insurance	1,113	6,280
Samples	11,174	173,898
Testing Charges	4,559	12,934
	635,992	10,632,419
GROSS PROFIT	121,174	2,330,905
Add : Bank Interest Received	13,422	-
Commission Received	115,950	-
Inspection Fee Received	-	535,603
Other Income	1,681,059	-
Scrap value of Furniture and Fixtures Sold	1,800	14,040
Sub-letting Rental Received	-	24,532
Sundry Income	41,399	-
	1,853,630	574,175
	1,974,804	2,905,080
LESS : ADMINISTRATION EXPENSES		
Advertising and Promotion Expenses	-	26,012
Audit Fee	24,000	24,000
Bank Interest Paid	216,529	203,825
China Office Expenses	-	100,639
Consultancy Fee	708,841	417,625
Depreciation on:-		
Furniture and Fixtures	126,790	126,331
Motor Vehicles	32,987	54,056
Difference in Exchange	(140,287)	(549,124)
Electricity and Water	2,581	24,620
Entertainment	-	61,014
Handling Charges	780	-
Hire Charges	-	1,633
Insurance	-	18,718
Legal Fee	2,000	-
Management and Accountancy Fees	218,400	202,800
Mandatory Provident Fund-Staffs	12,000	20,275
Medical Expenses	-	1,170
Motor Vehicle Expenses	157,558	190,035
Postage and Courier Charges	118,807	454,798
Printing and Stationery	3,570	44,822
Rent and Rates	111,960	258,793
Repairs and Maintenance	58,954	57,395
Secretarial Fee	7,730	7,800
Staff Messing	39,564	46,800
Staff Salaries and Allowances	717,273	1,342,493
Sundry Expenses	65,650	15,975
Telephone and Fax	94,605	179,018
Travelling Expenses-		
Local	-	3,675
Overseas	276,911	542,797
	2,857,203	3,877,995
Loss form operations	882,401	(972,914)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008**

To the members of MERIX, XXI, S.L.

We have prepared the financial statements which have been prepared under the accounting policies in Spain.

We prepared the accounts in accordance with the information provided by you, following the adjustments you suggested us in accordance with the Spanish accounting rules and the accounting principles usually accepted.

Opinion

The accounts have been prepared by us following your direct requirements. Following the law, the accounts do not need to be revised by an independent accountant.

Sd/-

Felipe Santiago

Gesdocument y Gestion, S.A.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2008	2008	2007
	€	€
Gross sales – Trade	-	-
Gross sales – Intercompany	-	-
TOTAL GROSS SALES	-	-
Sales returns – Trade	-	-
Sales returns – Intercompany	-	-
TOTAL SALES RETURNS	-	-
NET SALES – TRADE	-	-
NET SALES – TOTAL	-	-
Cost of Sales – Trade	-	-
Cost of Sales – Intercompany	-	-
Commission of sales	-	-
Inventariated Change goods released	-	-
TOTAL COST OF SALES	-	-
OPERATING PROFIT	-	-
General Administrative Costs	-5,719.96	-3,640.93
Amortization of cost establishment	-	-
ADMIN & DISTRIBUTION COSTS	-	-3,640.93
PROFIT BEFORE INTEREST AND TAXATION	-5,719.96	-3,640.93
Interest received	-	0.01
Interest paid	-	-
Bad debts	-	-
Profit & Loss previous years	-	-
Extraordinary Income	-	-
PROFIT BEFORE TAX	-5,719.96	-3,640.92
Corporate Income Tax	-	910.23
Retained profit for the Year	-5,719.96	-2,730.69

BALANCE SHEET AS AT 31ST DECEMBER, 2008

	2008	2007
	€	€
Fixed Assets		
Intangible Fixed Assets	-	-
Current Assets		
Stock	-	-
Trade Debtors	181,275.01	181,275.01
Other Debtors	-	-
Public	4,320.78	5,416.80
Treasure	-	-
Bank & Cash	99.43	1,155.12
	<u>185,695.22</u>	<u>187,846.93</u>
Current Liabilities		
Trade Creditors	-197,707.15	-191,172.30
Other Creditors	-	-2,966.60
Public	-	-
Treasure	-	-
Bank Loans & Financing	-	-
	<u>-197,707.15</u>	<u>-194,138.90</u>
Net Assets/ (Liabilities)	<u>-12,011.93</u>	<u>-6,291.97</u>
Financed By:-		
Issued Share Capital	3,006.00	3,006.00
Previous Periods Results	-9,297.97	-6,567.28
Profit & Loss account	-5,719.96	-2,730.69
Own Resources	<u>-12,011.93</u>	<u>-6,291.97</u>

1. ACTIVITY OF THE COMPANY

The Company know as "MERIX, XXI, S.L." was established for an indefinite period in deed of constitution notarized on 6th October 2000 by Antonio López –Cerón y Cerón Notary Public of Barcelona, and the deed was deposited in the Mercantile Registry of Barcelona.

The current registered address is declared as: Ronda Sant Pere, 17 in Barcelona.

The authorized objects of the company are to purchase, to sale, to import, to export and commerce with all kind of leather articles of clothing. The real activity of the company begins in December of 2000.

2. THE BASIS FOR PRESENTATION OF THE ANNUAL ACCOUNTS

In accordance with Article 35.3 of the Law of Commerce, currently in force and Article 199 of the revised text of the Limited Companies Law. The present memorandum has the object of completing, amplifying and providing commentaries both on the Society's Balance Sheet as of 31 December, 2008 and on the Profit and Loss Account for the year from 1 January, 2008 to 31 December, 2008.

Therefore, firstly, this memorandum is dependent on the effectiveness of the information contained within the Balance Sheet of the Company, and its Profit and Loss Account. To this end the contents of the Annual Accounts are complemented, explained, analyzed, and clarified in order to endow them with greater clarity and render them more informative. Secondly, the present memorandum incorporates with complete authority a series of items of information not included in the Balance Sheet or in the Profit and Loss Account, with the intention of providing a true view of the

net worth, the financial position, and the results. These accounts are to be submitted for the approval of the General Shareholders' Meeting. The Management of the Company does not expect that any changes will have to be made to obtain said approval.

The accounts for the current fiscal year are presented in Euros, the currency in which the accounts have been prepared during the entire period.

3. RESULTS OF YEAR 2008

The company has a negative result in year 2008 of 5, 719.96 euros.

4. ACCOUNTING POLICIES

The Annual Accounts have been prepared applying the generally accepted accounting principles. There is no accounting principle whose effect is significant, which has not been applied.

There are no factors, which prevent comparison between the figures of this fiscal year and those of the previous year. There are no records that have been attributed to two or more items within the Balance Sheet of the Profit and Loss Account.

Turnover

Turn over represents sales to outside customers at invoiced amounts less value-added tax. All turnovers in the year arose in Spain.

Establishment costs

The Company has no item relating to this heading in its accounts since the formation expenses have been fully amortized in previous years.

Own shares

The society has no own shares in its possession.

Debts

Debts are classified as short or long-term in terms of their due date calculated as from the date of closing the fiscal year. Short-term being considered to be those with due dates of less than 12 months and long-term considered to be those with a due date greater than such period.

Company Tax

The expense for company tax is calculated on the basis of the net profit before taxes increasing or reducing this basis according to permanent differences in the determination of the fiscal profit. This corrected basis is multiplied by the current tax rate and to this result the credits and deductions to which the company is entitled are applied thus obtaining the final tax expense.

Income & Expenses

Income and Expenses are corded in terms of the real flow of goods and service which they represent, independently of the moment in which the monetary or financial flow deriving from them occurs.

Nevertheless, in observance of the principle of prudence, foreseeable income is not recorded while the opposite criterion is followed for expenses.

Foreign Currency Transactions

Profits accruing transactions in foreign currencies are only attributed to profit when they materialized, in observance of the principle of prudence, while losses occurring are attributed at the moment at which they become know.

5. FIXED ASSETS

This Company has no movement of fixed assets.

6. SHAREHOLDER'S FUNDS

The balances and variation occurring during the fiscal years 2008 and 2007 in the equity account are as follows:

	Subscribed Capital	Results	Shareholders funds
Fiscal Year 2007	3,006.00	-2,730.69	-6,291.97
Fiscal Year 2008	3,006.00	-5,719.96	-12,011.93

7. DEBTS

As of 31st December, 2008 there are no debts in existence with due dates greater than 5 years, and there are no debts with real guarantees.

There is a debt with the parent Company World Fashion Trade of 196, 862.69

8. SHARE HOLDINGS IN OTHER COMPANIES

The company MERIX, XXI, S.L. does not possess either directly or indirectly any shareholding in any other companies.

9. EXPENSES

The Company MERIX, XXI, S.L. does not pay wages and salaries.

10. OTHER INFORMATION

The members of the Board of Directors have not received any compensation for their work as Board Members.

INDEPENDENT AUDITOR'S REPORT

To
 The Board of Directors and Stockholders
 BIL GROUP LLC
 New York,

We have audited the accompanying balance sheet of BIL GROUP LLC as of December 31, 2008, and the related statements of income, retained earnings, and cash flows for the year 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 audit.

We conducted our audit 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 audit provides 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, 2008, and the results of its operations and its cash flows for the year 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, 2009.

BALANCE SHEET AS AT DECEMBER 31, 2008

(See accompanying Independent Auditors' Report)

PARTICULARS	2008 US\$
ASSETS	
CURRENT ASSETS :	
Cash & Cash equivalents	7,366
TOTAL CURRENT ASSETS	<u>7,366</u>
FIXED ASSETS:	
Property and Equipment, (Net of accumulated depreciation)	-
TOTAL ASSETS	<u>7,366</u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES:	
Accounts payable	4,566
Accrued expenses	1,525
TOTAL CURRENT LIABILITIES	<u>6,091</u>
OWNERS EQUITY	
Members Equity	1,275
TOTAL LIABILITIES	<u>7,366</u>

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008**

PARTICULARS	SCHEDULE	2008 US\$
SALES, NET OF DISCOUNTS		-
COST OF GOODS SOLD		-
GROSS PROFIT		-
OTHER INCOME		12,575
OPERATING EXPENSES:		
Selling, General and Administrative Expenses	A	12,718
NET INCOME BEFORE DEPRECIATION AND TAXES		(143)
DEPRECIATION		(81)
NET INCOME BEFORE TAXES		(224)
CITY INCOME TAXES		(428)
NET INCOME		(652)

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

PARTICULARS	2008 US\$
Balance at January 1, 2008	1,927
Net Income	(652)
Balance at December 31, 2008	1,275

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

STATEMENT OF CASH FLOW YEAR ENDED DECEMBER 31, 2008

(See accompanying Independent Auditors' Report)

	2008
	US\$
CASH FLOW FROM OPERATING ACTIVITIES:	
Net Income	(652)
Adjustments to reconcile net income to net cash provided in operating activities:	
Depreciation	81
Changes in Operating Assets and Liabilities:	
Decrease in Accounts receivable	184,245
Decrease in Accounts Payable	(188,307)
Decrease in Accrued Expenses	(2,725)
Total Adjustment	(6,706)
Net Cash provided by Operating Activities	(7,358)
CASH FLOWS FROM INVESTING ACTIVITIES:	
	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
	-
Net Increase (Decrease) in Cash and Cash Equivalents	(7,358)
Cash and cash equivalents at beginning of the year	14,724
Cash and Cash Equivalents at End of the Year	7,366
Supplemental Disclosure for Cash Flow Information	
Cash paid during the year for Income taxes	427
The accompanying notes are an integral part of these financial statements	

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2008

(See accompanying Independent Auditors' Report)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

BIL GROUP LLC was 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's operates as a wholesale importer and distributor of clothing. The company made no imports or sales during the year. The Company is actively pursuing various sales leads and intends to import the merchandise to fulfill the sales orders.

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 is recognized at the time of shipment of goods.

d) Property and Equipment and Depreciation Policy

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 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 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, 2008.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 Accounts Receivable

NIL

The entire accounts receivable has been realized as of the date of this report. Hence, there is no accounts receivable as of the date of this report.

Note 3 Property and Equipment

At December 31, property and equipment consists of the following:

	2008 (US\$)
Property and equipment	9,244
Less: Accumulated depreciation	9,244
Total	<u>-</u>

BIL GROUP LLC, N.Y.

Note 4 Related Party Transactions and Economic Dependency

The Company purchases a substantial portion of its merchandise from Bhartiya International Ltd .(Bhartiya") and its affiliates which is the sole member of this LLC. This vendor has agreed to support the operations of this company in future too. However, there were no purchases during the year 2008 and the payables have been paid off during the current year. Hence, no amount is due to Bhartiya International Ltd .

Note 5 Concentration of Risk

The Company grants 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 at times, maintains 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 realized all its receivables in the year 2008 and has paid its vendors except for US\$ 4,566.

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, 2009.

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, 2009 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, 2009.

DIRECTORS

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

Director

24th June, 2009

AUDITORS' REPORT

Report of Statutory Auditors
to the General Meeting of Ultima S.A., Auvier

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of Ultima S.A. for the period from 1st April, 2008 to 31st March, 2009.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's Articles of Incorporation.

We recommend that the financial statement submitted to you be approved.

Fiduciaire Erard

Christian Erard

Neuchâtel, 24th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	31.03.2009 CHF	31.03.2008 CHF
ASSETS		
Short Term Assets		
Bank accounts	110,225.80	311,420.27
Debtors Ultima Italia S.R.L.	3,417,913.75	2,242,183.32
Other debtors	411,832.13	216,792.58
Stock of goods	269,510.00	408,320.00
Transitional and other debtors	554.11	407.92
Total Short Term Assets	4,210,035.79	3,179,124.09
Fixed Assets		
Loan Ultima Italia S.r.l.	638,529.99	658,626.54
Investment Ultima Italia S.r.l.	138,612.00	138,612.00
TOTAL FIXED ASSETS	777,141.99	797,238.54
TOTAL ASSETS	4,987,177.78	3,976,362.63
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Creditors	68,438.51	61,175.68
Bank accounts	1,149,232.87	11,271.66
Current account Bhartiya International Ltd.	101,236.86	452,461.36
Transitional and other Liabilities	75,532.00	45,800.00
TOTAL CUURENT LIABILITIES	1,394,440.24	570,708.70
Long term liabilities		
Provision for monetary risks	-	30,000.00
Total Long Term Liabilities	-	30,000.00
TOTAL LIABILITIES	1,394,440.24	600,708.70
Equity		
Share capital	1,000,000.00	1000,000.00
General reserve	1,20,000.00	1,00,000.00
Retained earnings	2,255,653.93	1,867,831.42
Net income of the year	217,083.61	407,822.51
Total Equity	3,592,737.54	3,375,653.93
TOTAL LIABILITES AND EQUITY	4,987,177.78	3,976,362.63

INCOME STATEMENT

	2008-2009 CHF	2007-2008 CHF
Revenues		
Sales to foreign customers	7,664,001.97	6,388,481.91
Total Revenues	<u>7,664,001.97</u>	<u>6,388,481.91</u>
Merchandises Costs		
Costs of goods	6,852,901.59	5,175,497.34
Carriage overheads	-	630.39
Variation of stock	138,810.00	62,510.00
Total Merchandises Costs	<u>6,991,711.59</u>	<u>5,238,637.73</u>
Other Expenses		
Design and Consultancy	153,390.12	459,917.67
Domiciliation and Directors	35,367.00	29,562.50
Audit and Lawyers	5,326.20	5,218.60
Travel Expenses	7,414.36	5,452.42
Various Administration Overheads	1,417.55	1,097.00
Total Other Expenses	<u>202,915.23</u>	<u>501,248.19</u>
Result before interests and taxes	<u>469,375.15</u>	<u>648,595.99</u>
Financial Incomes and Charges		
Interests and bank fees (net)	92,057.40	118,961.20
Exchange rate difference	135,157.24	73,349.83
Total Financial Incomes and Charges	<u>227,214.64</u>	<u>192,311.03</u>
Result before taxes	<u>242,160.51</u>	<u>456,284.96</u>
Taxes		
Federal tax	20,310.50	36,236.95
Canton and commune tax	4,766.40	12,225.50
Total Taxes	<u>25,076.90</u>	<u>48,462.45</u>
Net Income of the year	<u>217,083.61</u>	<u>407,822.51</u>

NOTES TO THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2009.

	31.03.2009	31.03.2008
Essential Investments		
Ultima Italia S.r.l.	138,612.00	138,612.00
(Share capital EUR 90,000) Interest of	100%	100%
No other mention required by art 663b Co.		

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31.03.2009 CHF	31.03.2008 CHF
Profit available to the Annual General Meeting		
Retained earnings at the beginning of the year	2,255,653.93	1,867,831.42
Net income	217,083.61	407,822.51
	<u>2,472,737.54</u>	<u>2,275,653.93</u>
Proposal of Board of Directors		
Attribution to general reserve	10,000.00	20,000.00
Carried forward	2,462,737.54	2,255,653.93
	<u>2,472,737.54</u>	<u>2,275,653.93</u>

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, 2009 and of the results of its operation for the period ended on that date.

Dr. Enrico Cantoni
22th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

(Expressed in Euro)

	As at 31st March, 2009	As at 31st March, 2008
ASSETS		
Fixed Assets, net of depreciation	249,655	226,065
CURRENT ASSETS		
Inventories	695,603	732,054
Accounts receivables	1,631,244	911,015
Deposits	5,757	3,230
Cash at bank	69,106	27,343
LOSS FOR THE PERIOD	84,797	38,989
TOTAL ASSETS	2,736,162	1,938,696
LIABILITIES		
Share capital	90,000	90,000
Loan from holding co.	422,197	422,197
Loss the previous year	-412,022	-373,033
Profit the pervious year	16,175	16,175
PROFIT FOR THE PERIOD	-	-
Bank overdraft/Limit	1,795	6,976
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,415,963	1,624,015
Other credits	202,054	152,366
TOTAL LIABILITIES	2,736,162	1,938,696

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Expressed in Euro)

	2008-09	2007-08
INCOME		
Sales	4,597,834	3,358,894
Advance Taxes	4,485	-
TOTAL INCOME	4,602,319	3,358,894
COSTS AND EXPENSES		
Costs of goods sold	3,449,001	2,354,992
Selling, general and administrative	1,031,356	892,141
Depreciation	71,744	97,698
Financial charges	119,449	38,416
TOTAL COSTS	4,671,550	3,383,247
Taxes	15,566	14,636
LOSS FOR THE PERIOD	-84,797	-38,989
PROFIT FOR THE PERIOD		
TOTAL	4,602,319	3,358,894

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2009

PRELIMINARY REMARKS

Dear Members,

The balance sheet up to 31 March, 2009 shows a loss of € 84.797 as compared to the loss of the order of € 38.989 in the previous year.

BUSINESS ACTIVITY

The Company's objects are: To design, plan, manufacture, distribute, represent and market all kinds of garments in any part of the world. In Italy, it is presently marketing furs and leather garments.

METHODS OF PREPARATION

The current balance sheet has been prepared in conformity with the provisions of the articles 2423ff of the Civil Code as is evident by the current supplementary note, provided as per the provisions of the article 2427 of the Civil Code, which constitutes as per the provisions under article 2423, an integral part of the balance sheet.

The balance sheet has been prepared as a summary as per the requirements of article 2435 bis, first paragraph of the civil code. Going by the provisions of article 2435 bis, first paragraph of the Civil Code, the company is exempted from drawing up a Report on Management integrating all the management-related information of relevance in the present notes or going by the provisions of the article 2428, second paragraph, item 3 and 4 of the Civil Code, it gives forth that the company does not possess and has not acquired and/or sold during the financial year in question any shares of the parent company, even through the trust company or through an intermediary person.

ACCOUNTING POLICIES

The methods used for preparing the current balance sheet do not differ from the ones used for preparing the previous balance sheet, particularly in terms of continuity of the same principles to be applied for accounting.

Likewise the balance sheet reflects the variations resulting from application of the new principles introduced by the corporate reform vide D.lgs no. 6/2003.

The accounting and evaluation of the headings in the balance sheet has been done on the basis of generally accepted principle of prudence and accrual.

The application of the principle of prudence allows the individual evaluation of single components, the credit or debit entries or items, for avoiding counterbalancing entries of losses which must be recognized and profits that are not to be recognized insofar as 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).

The continuity in the application of the accounting and evaluation methods over a period is necessary to render it possible to compare the balance sheets of the company in different financial years.

In particular, the accounting methods adopted for the preparation of balance sheet are as follows:

FIXED ASSETS

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at the historic cost of acquisition and are systematically reduced in terms of depreciation over a period of time and imputed directly to single entries.

TENGIBLE 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 it is not concluded that the value is considerably lower than the cost entered, therefore

it is not rectified by an appropriate entry of depreciation.

The revaluations have not been undertaken during the financial year.

The depreciation attributed to the income statement is calculated in a systematic and consistent manner on the basis of the utility of an asset as agreed or allowed by law, however, taking into consideration the remaining possibility of utilization of assets.

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

STOCKS

Raw materials, auxiliary materials and finished products are slated between the acquisition or manufacturing cost and the break-up value inferable from the market rate by applying the L.I.F.O. method.

CREDITS

Credits are determined at their presumed break-up value. Provision has been made as allowance for doubtful accounts receivable.

DEBITS

Debits are determined at their nominal value, modified in case of returns or adjustments in invoices. The company has no debit items of over five years' duration.

LIQUIDITY POSITION

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

COSTS & RECEIPTS

Costs & Receipts are recorded in the balance sheet following the principle of prudence and competence taking into consideration the respective payables and accruals.

The receipts and returns, the costs and the charges are posted under net discount, allowances/rebates and premiums as well as direct taxes connected with the services.

METHODS OF CURRENCY CONVERSION

The credits and debits expressed originally in foreign currency are recorded on the basis of exchange rate operative on the day of commencement of their transactions, are brought in line with the exchange rate effective on the date of accounting.

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 norms in force.

BUSINESS OPERATION

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

In the course of the financial year there was no attempt to proceed to devaluation of above-mentioned fixed assets.

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

During the financial year in question the variations in the entries of assets and liabilities have been verified.

The most relevant variations detected are expounded in the following.

C) CURRENT ASSETS

I. Stocks

Closing Balance	695,603
Opening Balance	732,054
Variation	-36,451

Final Stock	Value year No. 0	Value N.+1	Variation
Raw materials	9,033	8,978	-55
Goods	723,021	686,625	-36,396
Total	<u>732,054</u>	<u>695,603</u>	<u>-36,451</u>

The accounting policies adopted are clarified in the first part of the current notes.

II. Credits

Final Balance	1,587,199
Opening Balance	895,463
Variation	691,736

Credits payable within 12 months	Value year No.0	Value No.+1	Variation
Accounts receiv. within 12 months	813,744	1,279,735	465,991
Credits for prep.taxes within 12 months	13,243	234,718	221,475
Other credits within 12 months	18,542	18,327	-215
Total credits within 12 months	<u>845,529</u>	<u>1,532,780</u>	<u>687,251</u>

Credits falling due after 12 months

Advance Taxes	49,934	54,419	4,485
Total credits beyond 12 months	<u>49,934</u>	<u>54,419</u>	<u>4,485</u>
Total	<u>895,463</u>	<u>1,587,199</u>	<u>691,736</u>

Classification of Credits (clients) according to geographical areas

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

Countries	Balance on 31st March, 2009
Italian clients	403,668
EU clients	681
Clients other than EU	875,386
Total	<u>1,279,735</u>

Allowance for doubtful accounts receivable included in current assets and liquidity position

Provision for bad debts

Closing balance	—	
Opening balance	3,400	
Variation	-3,400	
Credit risk fund opening balance		3,400
Increase in share/charge		—
Decrease in utilization		-3,400
Credit risk fund closing balance		<u>—</u>

IV Liquidity position

Closing balance	69,106		
Opening balance	27,343		
Variation	41,763		
	Value year N. 0	Value N.+1	Variation
Bank	22,981	56,989	34,008
Cash	4,362	12,117	7,755
Total	<u>27,343</u>	<u>69,106</u>	<u>41,763</u>

LIABILITIES

A) NET EQUITY

ENTRIES OF NET EQUITY AND RELATIVE MOVEMENT, UTILIZATION AND DISTRIBUTION (n. 7-bis art. 2427 c.c.).

Closing Balance	31,552		
Opening Balance	116,348		
Variation	-84,796		
Net Equity	Value year N. 0	Value N.+1	Variation
Capital	90,000	90,000	—
Legal Reserves	—	—	—
Other Reserves	422,195	422,196	1
Earnings/losses carried forward	-356,858	-395,847	-38,989
Profit/loss in the financial year	-38,989	-84,797	-45,808
Total	<u>116,348</u>	<u>31,552</u>	<u>-84,796</u>

The Corporate Capital is formed as follows:

90,000 shares of € 1 each.

It may be appropriate to show in the following the source, the possibility of utilization and itemization of net equity.

ULTIMA ITALIA S.r.l., ITALY

Nature	Amount	Possibility of utilization	Share available
Capital Reserve			
- Corporate capital	90,000	B	
- Financing c/capital	422,197	AB	
Profit Reserves			
- Legal	0		
- Rounding off euro	-1		
Profit/loss carried forward	-395,847		
Profit/loss for the year	-84,797		
Total	<u>31,552</u>		
Possibility of utilization of reserves			
A= increase in capital			
B= Loss coverage			
C= Liquidation			
C) Employees' Severance Indemnity Fund			
Closing balance	86,865		
Opening balance	65,381		
Variation	21,484		
TFR opening balance		65,381	
Increment in amount		21,667	
Decrement in use of fund		-	
Decrement in use/substitute tax		-183	
TFR closing balance		<u>86,865</u>	
D) Debts			
Closing balance	2,513,943		
Opening balance	1,700,815		
Variation	813,128		
Accounts payable within 12 months	Value year N. 0	Value N.+1	Variation
To Suppliers	1,624,015	2,415,964	791,949
To Treasury (tax)	11,174	9,869	-1,305
To Social security agencies	7,820	8,959	1,139
To Others	50,830	77,356	26,526
Total within 12 months	<u>1,693,839</u>	<u>2,512,148</u>	<u>818,309</u>
Account payable after 12 months			
To Banks	6,976	1,795	-5,181
Total after 12 months	<u>6,976</u>	<u>1,795</u>	<u>-5,181</u>
Total	<u>1,700,815</u>	<u>2,513,943</u>	<u>813,128</u>

Classification of debits (suppliers) according to geographical areas.

The countries mentioned indicate the supplier's registered office

Countries	Balance as on 31.03.2009
Suppliers Italy	90,468
Suppliers NON-EU	2,325,495
Suppliers EU	—
Total	<u>2,415,963</u>

Income statement

A) Value of production

Year N. + 1	4,595,203
Year N. 0	3,350,514
Variation	1,244,689

Value of production	Value Year N. 0	Value Year N. + 1	Variation
Sale of goods & services	3,339,174	4,506,981	1,167,807
Incr.in internally produced fixed assets	—	86,078	86,078
Other receipts and gains	11,340	2,144	-9,196
Total	<u>3,350,514</u>	<u>4,595,203</u>	<u>1,244,689</u>

B) Cost of production

Year N.+ 1	4,552,101
Year N. 0	3,344,831
Variation	1,207,270

Costs of Production	Year N.0	Year N. + 1	Variation
Raw materials and goods	2,366,819	3,412,550	1,045,731
Expenditure services	466,958	508,490	41,532
Cost of use of others' assets	51,768	54,043	2,275
Personnel cost	356,698	447,996	91,298
Ammortization and depreciation	97,698	71,744	-25,954
Variation in stock	-11,827	36,451	48,278
Funds/reserves to cover risks	4,370	4,665	295
Miscellaneous operating costs	12,347	16,162	3,815
Total	<u>3,344,831</u>	<u>4,552,101</u>	<u>1,207,270</u>

Costs of raw materials, merchandise as well as services. They are closely related to point A (value of production) of the Income Statement.

Personnel costs

This entry refers to the entire expenditure for the personnel including performance improvement, change of category, 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	16,162
Year N. 0	12,347
Variation	3,815

	Year N. 0	Year N. + 1	Variation
Taxes and duties	683	917	234
Taxes on property and cars	1,457	1,234	-223
Tax-deductible	1,688	1,688	-
Approvals	1,980	1,646	-334
Registry dues & stamp charges	4,092	6,423	2,331
Loss on credits	-	2,619	2,619
Agent's charges	-	1,218	1,218
Membership fees	752	-	-752
Stamp duty	-	112	112
Rounding	-8	77	85
Subscription fees	137	228	91
Contingencies	1,566	-	-1,566
Total	12,347	16,162	3,815

C) Revenues and Charges

Year N. + 1	-119,449
Year N. 0	-38,416
Variation	-81,033

	Year N. 0	Year N. + 1	Variation
Revenues and charges			
Proceedes	5,554	8,222	2,668
Interest and charges	-31,802	-34,132	-2,330
Profit/loss on changes	-12,168	-93,539	-81,371
Total	-38,416	-119,449	-81,033

Financial Revenues and Expenses

	Year N. 0	Year N. + 1	Variation
Financial Revenues			
Interest receivable	5,028	7,563	2,535
Int.receivable from bank	526	659	133
Total financial revenue	5,554	8,222	2,668
Interest and other charges			
Interest paid c/c	-31,206	-33,822	-2,616
Interest payable	-596	-13	583
Interest payable on loan	-	-297	-297
Total interest and charges	-31,802	-34,132	-2,330
Profit/loss on exchange			
profit on exchange	2,250	6,144	3,894
Loss on exchange transactions	-14,418	-99,683	-85,265
Total profit/loss on exchange	-12,168	-93,539	-81,371
Total fin. Income & expenses	-38,416	-119,449	-81,033
Corporate Taxes			
	Year N. 0	Year N. + 1	Variation
Current Taxes			
IRAP	14,636	15,566	930
Total	14,636	15,566	930

SUPPLEMENTARY INFORMATION

EXTENT AND REASONS FOR DEPRECIATION OF INTANGIBLE ASSETS (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.).

N.A.

CREDIT AND DEBIT FIGURES OF A RESIDUAL TERM OVER FIVE YEARS AND FIGURES OF DEBITS SUPPORTED BY REAL GUARANTEES OF SOCIAL BENEFITS 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 debits supported by real guarantees of social benefits.

POSSIBLE SIGNIFICANT EFFECTS OF VARIATIONS IN CURRENCY VALUE SUBSEQUENTLY VERIFIED AT THE 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 bis art. 2427 c.c.)

N.A.

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 PATRIMONIAL AND PARTICIPATORY RIGHTS (n. 19 art. 2427 c.c.)

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

FINANCING PROVIDED BY THE MEMBERS TO THE COMPANY, ALLOCATED FOR REASONS OF EXPIRY AND MARKED SPECIFICALLY IN CASE OF A DEFERMENT CLAUSE VIS-A-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 financial lease in operation.

ADDITIONAL INFORMATION

The present balance sheet, comprising Statement of financial position, Income statement and Supplementary note, truly and correctly represent the state of affairs in terms of equity and finances as well as income in the accounting period and correspond to the accounting entries.

Nikhil Aggarwal

Director

AUDITORS' REPORT

To
The Directors of
Bhartiya International Ltd.

1. We have audited the attached consolidated balance sheet of Bhartiya International Ltd. and its subsidiary companies as on 31st March, 2009, 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 subsidiaries, whose financial statements reflect total assets of Rs. 511,367,175/- as at 31st March, 2009 and Rs. 391,177,270/- as at 31st March 2008 and a total revenues of Rs. 667,770,752/- for the year ended 31.03.2009 and Rs. 414,132,272/- for the year ended 31.03.2008. These financial statements 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 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. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Bhartiya International Limited and its aforesaid subsidiaries, we are of the opinion that:
 - a. The consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Bhartiya International Ltd. and its subsidiaries as at 31st March, 2009.
 - b. The consolidated profit and loss account gives a true and fair view of the consolidated results of operations of Bhartiya International Ltd. and its subsidiaries for the year then ended.
 - c. The consolidated cash flow statement gives a true and fair view of the consolidated cash flows of M/S Bhartiya International Ltd. and its subsidiaries for the year then ended.

For **SUSHIL PODDAR & CO.**
Chartered Accountants

S. K. Poddar
Prop.
M. No. 94479

New Delhi, 29th June, 2009

BHARTIYA INTERNATIONAL LTD.**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUND			
Shareholder's Funds			
Share Capital	1	78,638,480	78,638,480
Reserves and Surplus	2	891,505,019	877,875,533
Minority Interest		14,928,143	956,514,013
Loan Funds			
Secured Loan	3	644,965,917	505,818,713
Deferred Tax Liability (Net)		1,264,148	2,945,342
		1,631,301,707	1,465,278,068
APPLICATION OF FUND			
Fixed Assets			
Gross Block	4	463,307,920	291,820,709
Less Depreciation		144,135,370	124,368,258
Net Block		319,172,550	167,452,451
Add: Capital Work In Progress		49,099,939	63,564,779
		368,272,489	231,017,230
Goodwill (on Consolidation)		2,525,000	2,525,000
Investments	5	441,338,032	488,293,629
Current Assets, Loans & Advances			
Inventories	6	712,829,556	435,985,316
Sundry Debtors	7	142,895,884	156,327,212
Cash & Bank Balances	8	150,383,543	86,999,804
Loans & Advances	9	201,111,850	292,463,983
		1,207,220,832	971,776,315
Less Current Liabilities & Provisions			
Current Liabilities	10	351,806,296	191,186,769
Provisions	11	37,614,551	37,291,537
		389,420,847	228,478,306
Net Current Assets		817,799,985	743,298,009
Miscellaneous Expenditure	12	1,366,201	144,200
		1,631,301,707	1,465,278,068
Notes on accounts and Significant Accounting Policies	20		
Schedule referred to above form an integral part of the Balance sheet			

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31ST MARCH, 2009**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		1,687,029,202	1,529,613,786
Export Incentives		133,082,126	101,608,320
Other Income	13	(15,161,352)	33,303,228
Increase/(Decrease) in Stock	14	65,763,037	(23,766,073)
		<u>1,870,713,013</u>	<u>1,640,759,261</u>
EXPENDITURE			
Raw Material Consumption	15	848,762,559	598,512,251
Purchase For Resale		237,983,287	355,786,632
Manufacturing Expenses	16	282,153,887	202,962,201
Personnel Expenses	17	81,735,292	65,962,835
Admn. & Selling Expenses	18	213,953,608	255,516,591
Financial Expenses	19	120,355,714	41,187,591
Depreciation		20,416,199	18,987,300
		<u>1,805,360,546</u>	<u>1,538,915,401</u>
Profit before Extraordinary Items		65,352,467	101,843,860
- Provision for diminution in value of investment (Refer Note no. 12 in Schedule 19)		8,124,756	-
Profit before Taxes		<u>57,227,711</u>	<u>101,843,860</u>
Provision for Taxes			
- Income Tax		28,593,443	27,072,043
- Fringe Benefits Tax		2,230,785	3,084,074
- Deferred Tax		(1,681,194)	(6,317,008)
Profit after Taxes		<u>28,084,677</u>	<u>78,004,751</u>
Less : Minority Interest		(71,857)	-
Less : Share of Loss of Associate		5,913,261	14,149,682
Net Profit for the year		<u>22,243,273</u>	<u>63,855,069</u>
Balance brought Forward		421,413,411	392,112,977
Add: Transferred from Debenture redemption reserve		43,500,000	-
Balance available for appropriation		<u>487,156,684</u>	<u>455,968,046</u>
APPROPRIATIONS			
Proposed Dividend		7,863,848	11,795,772
Provision for Dividend Tax		1,336,461	2,004,691
General Reserve		10,000,000	10,754,172
Debenture Redemption Reserve		-	10,000,000
Surplus Carried to Balance Sheet		<u>467,956,375</u>	<u>421,413,411</u>
Earnings Per Share (face value of Rs. 10 each)			
- Basic		2.83	8.12
- Diluted		2.83	8.12
(Refer to Note No. 15 on Schedule 20)			
Notes on accounts and Significant Accounting Policies			
Schedule referred to above form an integral part of the Balance sheet			

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Prop.
M.No.94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST MARCH, 2009**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	57,227,711	101,843,860
Adjusted for :		
Depreciation	20,416,199	18,987,300
Financial Expenses	120,355,714	41,187,591
Preliminary Expenses Written off	155,806	18,025
Dividend Income	(687,504)	(8,342,458)
Loss/(Profit) on sale of fixed assets	171,311	640,215
Provision for Diminution in value of Investments	8,124,756	
Profit/Loss on sale of Investments	18,352,495	(18,766,392)
	166,888,777	33,724,281
Operating profit before working capital changes	224,116,488	135,568,141
Adjustment for :		
Inventories	(276,844,240)	(90,480,953)
Sundry Debtors	13,431,328	13,556,252
Loans and Advances	(93,008,993)	239,150,711
Sundry Creditors	160,452,533	(41,657,837)
	(9,951,386)	120,568,173
Cash Generated from Operations	214,165,102	256,136,314
Taxes (paid) / Refunded (Net)	(27,557,920)	(20,112,776)
Currency Fluctuation Reserve on Consolidation	586,522	10,921,138
Cash flow before Extra-Ordinary Items	187,193,704	246,944,676
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	187,193,704	246,944,676
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/Purchases of Investments (Net)	14,565,085	(50,690,683)
Dividend Received	687,504	8,342,458
Preliminary Expenses Incurred	(1,377,807)	-
Sale of Fixed Assets	126,296	361,921
Purchase of Fixed Assets/Capital W.I.P.	(157,969,065)	(68,022,273)
NET CASH USED IN INVESTMENT ACTIVITIES	(143,967,987)	(110,008,577)

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loan	139,147,204	(98,468,431)
Unsecured Loan	-	(200,000,000)
Share Capital Issue Proceeds (Including Share Premium)	-	58,500,000
Issue of Shares to Minorities	15,000,000	-
Advance Subscription Received	-	(58,500,000)
Dividend paid (including dividend tax)	(13,633,469)	(13,800,463)
Financial Expenses (net)	(120,355,714)	(41,187,591)
NET CASH USED IN FINANCING ACTIVITIES	20,158,021	(353,456,485)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	63,383,738	(216,520,386)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	86,999,804	303,520,190
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	150,383,543	86,999,804

As per our report of even date attached
for **SUSHIL PODDAR & CO.**
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Prop.
M.No. 94479

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009

**CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULES TO THE ACCOUNTS**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1 : SHARE CAPITAL		
i) Authorised 12,000,000 (Previous Year 12,000,000) equity shares of Rs. 10/-each 500,000 (Previous Year 500,000) Preference shares of Rs. 100/-each	120,000,000 50,000,000 <hr/> 170,000,000	120,000,000 50,000,000 <hr/> 170,000,000
ii) Issued, Subscribed and Paid Up 7,863,848 (Previous Year 7,863,848) equity shares of Rs. 10/- each fully paid. of these : a) 2,089,308 equity shares of Rs. 10/- each were allotted as bonus shares by capitalisation the General Reserve.	 78,638,480 <hr/> 78,638,480	 78,638,480 <hr/> 78,638,480
SCHEDULE 2 : RESERVES & SURPLUS		
1 General Reserve As per last Balance Sheet Add : Transferred from Profit & Loss A/c	140,442,130 10,000,000 <hr/> 150,442,130	129,687,958 10,754,172 <hr/> 140,442,130
2 Capital Reserve As per last Balance Sheet	2,645,600 <hr/> 2,645,600	2,646,600 <hr/> 2,645,600
3 Share Premium A/c As per last year Balance Sheet Add : Additions during the year on fresh issue of Shares	253,565,000 - <hr/> 253,565,000	200,915,000 52,650,000 <hr/> 253,565,000
4 Debenture Redemption Reserve As per last year Balance Sheet Add : Transferred from Profit & Loss A/c Less : Transferred to Profit & Loss A/c	43,500,000 - 43,500,000 <hr/>	33,500,000 10,000,000 - 43,500,000
5 Surplus in Profit & Loss A/c	467,956,375	421,413,411
6 Currency Fluctuation Reserve on Consolidation- Opening Balance Less: During the Year	7,809,392 (586,522) <hr/> 8,395,914	(3,111,746) 10,921,138 <hr/> 7,809,392
7 Preferential Share Warrant Forfeited	8,500,000 <hr/> 891,505,019	8,500,000 <hr/> 877,875,533
SCHEDULE 3: SECURED LOANS		
Working Capital Loans from Banks	544,028,620	18,539,705
Term Loans from Banks	98,866,471	2,512,435
Vehicle Loan from Bank	2,070,826	334,766,573
Debenture	-	150,000,000
	<hr/> 644,965,917	<hr/> 505,818,713

SCHEDULES' (CONTD.)

SCHEDULE 4: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALES DURING THE YEAR	AS ON 31.03.09	UP TO 31.03.08	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.03.09	AS AT 31.03.09	AS AT 31.03.08
Land	23,169,997	-	-	23,169,997	1,018,372	101,837	-	1,120,209	22,049,788	22,151,625
Building	87,958,471	72,966,738	-	160,925,209	25,692,704	3,780,043	-	29,472,747	131,452,462	62,265,767
Machinery	60,455,343	85,453,242	-	145,908,585	31,438,658	4,806,096	-	36,244,754	109,663,831	29,016,685
Vehicle	32,109,205	4,606,991	952,222	35,763,974	15,109,919	3,759,314	654,615	18,214,618	17,549,356	16,999,286
Furniture & Fixtures	31,956,959	7,238,703	-	39,195,662	16,604,714	3,473,335	-	20,078,049	19,117,613	15,352,245
Office Equipment	14,983,494	700,332	-	15,683,826	5,817,966	691,198	-	6,509,164	9,174,662	9,165,528
Computer	15,834,604	1,473,427	-	17,308,031	10,545,261	1,566,599	-	12,111,860	5,196,171	5,289,343
Goodwill	25,352,636	-	-	25,352,636	18,140,664	2,243,305	-	20,383,969	4,968,667	7,211,972
TOTAL	291,820,709	172,439,433	952,222	463,307,920	124,368,258	20,421,727	654,615	144,135,370	319,172,550	167,452,451
Previous Year	285,922,818	8,256,421	2,358,530	291,820,709	106,737,352	18,987,300	1,356,394	124,368,258	167,452,451	179,185,466

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
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SCHEDULE 5: INVESTMENT

(a) Government Securities	6,500	6,500
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#	251,644,343	257,557,604
Preference Shares	119,960,000	119,960,000
	371,654,343	377,567,604
Non Trade Investments		
Long -Term (Quoted)		
Mutual Fund & Other marketable securities	51,375,558	55,579,083
Current Investments (Quoted)		
Equity Shares	26,426,387	55,140,442
	77,801,945	110,719,525
Gross Total	449,462,788	488,293,629
Less: Provision for diminution in Market		
Value of Investment	8,124,756	-
	441,338,032	488,293,629
#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	(28,355,657)	(22,442,396)
Carrying Value	251,644,343	257,557,604

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 6: INVENTORIES		
Stock in trade (Valued at Cost or Market price whichever is lower & as certified by the management)		
1 Raw Materials	404,961,050	330,845,287
2 Finished Goods	170,903,066	105,140,029
3 Work in Progress	136,965,440	-
	<u>712,829,556</u>	<u>435,985,316</u>
SCHEDULE 7: SUNDRY DEBTORS		
1 Unsecured and considered good	142,895,884	156,327,212
	<u>142,895,884</u>	<u>156,327,212</u>
SCHEDULE 8: CASH & BANK BALANCES		
1 Cash In Hand	3,312,980	3,878,237
2 Balances with Bank :		
- In Current Account	114,475,868	50,963,136
- In Fixed Deposit	30,962,655	30,694,403
3 Share Application Money	2,170	2,895
4 Dividend Account	1,629,870	1,461,133
	<u>150,383,543</u>	<u>86,999,804</u>
SCHEDULE 9: LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated)		
1 Advances for immovable property	7,300,000	7,300,000
2 Advances Recoverable in cash or in kind or for value to be received	161,182,442	254,548,345
3 Tax Deducted at Source & Advance Taxes	21,410,420	19,753,560
4 Advances to Staff	1,642,324	2,744,643
5 Security Deposit	6,000,785	5,801,797
6 Prepaid Expenses	3,575,879	2,315,638
	<u>201,111,850</u>	<u>292,463,983</u>
SCHEDULE 10: CURRENT LIABILITIES		
1 Acceptances	10,421,928	16,462,267
2 Sundry Creditors	138,578,034	134,954,192
3 Other Liabilities	201,059,215	37,421,328
4 Temporary Bank Overdraft	121,091	889,947
5 Share Application Money Refundable	4,120	4,120
6 Unpaid Dividend	1,621,909	1,454,915
	<u>351,806,296</u>	<u>191,186,769</u>
SCHEDULE 11: PROVISIONS		
1 Proposed Dividend	7,863,848	11,795,772
2 Income Tax/Wealth Tax	28,414,242	23,491,074
3 Dividend Tax	1,336,461	2,004,691
	<u>37,614,551</u>	<u>37,291,537</u>
SCHEDULE 12: MISCELLANEOUS EXPENDITURE		
(To the extent not written off /or adjusted)		
Preliminary Expenses -Opening Balance	144,200	162,225
Incurred during the year	1,377,807	-
	<u>1,522,007</u>	<u>162,225</u>
Less Written off during the year	155,806	18,025
	<u>1,366,201</u>	<u>144,200</u>

BHARTIYA INTERNATIONAL LTD.**SCHEDULES' (CONTD.)**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 13: OTHER INCOME		
1 Other Income	2,503,639	6,194,378
2 Dividend Income	687,504	8,342,458
3 Profit/(Loss) on sale of investments	<u>(18,352,495)</u>	18,766,392
	<u>(15,161,352)</u>	<u>33,303,228</u>
SCHEDULE 14: INCREASE/DECREASE IN STOCK		
Opening Stock (Finished Goods)	105,140,029	128,906,102
Closing Stock (Finished Goods)	170,903,066	105,140,029
Increase/(Decrease) in Stock	<u>65,763,037</u>	<u>(23,766,073)</u>
SCHEDULE 15: RAW MATERIAL CONSUMPTION		
Opening Stock	330,845,287	216,598,261
Add: Purchases	922,878,322	712,759,277
	<u>1,253,723,609</u>	<u>929,357,538</u>
Less: Closing Stock	404,961,050	330,845,287
Raw Material Consumption	<u>848,762,559</u>	<u>598,512,251</u>
SCHEDULES 16: MANUFACTURING EXPENSES		
1 Job work/ Fabrication charges	237,186,875	171,095,897
2 Wages	1,224,402	1,472,551
3 Freight & Cartage	26,041,942	19,429,222
4 Other Manufacturing Expenses	17,700,668	10,964,531
	<u>282,153,887</u>	<u>202,962,201</u>
SCHEDULE 17: PERSONNEL EXPENSES		
1 Salary, Allowances & Bonus	73,884,349	59,633,941
2 Welfare Expenses	5,266,547	4,735,798
3 Contribution to Provident & Other fund	2,584,397	1,593,096
	<u>81,735,292</u>	<u>65,962,835</u>
SCHEDULE 18: ADMINISTRATIVE & SELLING EXPENSES		
1 Rent	9,787,443	9,508,189
2 Travelling	32,457,476	30,432,000
3 Power & Fuel	11,867,366	10,069,536
4 Insurance	2,306,979	2,886,007
5 Freight Outward	48,758,051	63,900,846
6 Commission, Brokerage & Discount	20,541,508	26,448,994
7 Repair & Maintenances	6,985,432	10,506,849
8 Miscellaneous Expenses	26,868,415	37,360,426
9 Communication Cost	7,457,067	8,284,497
10 Consultancy Charges	26,723,053	39,259,578
11 Rates, Taxes & Duties	9,347,625	7,380,666
12 Auditors Remuneration	649,577	641,849
13 Loss on sale of fixed assets	171,311	640,215
14 Directors Meeting Fees	83,500	96,000
15 Packing Expenses	9,792,998	8,082,914
16 Preliminary Expenses W/off	155,806	18,025
	<u>213,953,608</u>	<u>255,516,591</u>
SCHEDULES 19: FINANCIAL EXPENSES		
1 Interest -Net	44,853,135	36,747,598
2 Other Financial Charges	26,340,939	19,319,021
3 Foreign Exchange Fluctuation - Net	49,161,640	(14,879,028)
	<u>120,355,714</u>	<u>41,187,591</u>

SCHEDULES' (CONTD.)

**CONSOLIDATED FINANCIAL STATEMENT- SCHEDULES FORMING
PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE No 20 : NOTES TO ACCOUNTS

1. SUBSIDIARIES

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 Subsidiary				
Bhartiya Global Marketing Ltd.	India	100%	31.03.2009	Sushil Poddar & Co
J&J Leather Enterprises Ltd.	India	100%	31.03.2009	Padmanabhan Ramani & Ramanujam
Bhartiya International SEZ Ltd.	India	74%	31.03.2009	Sushil Poddar & Co
Foreign Subsidiaries				
World Fashion Trade Ltd.	Mauritius	100%	31.12.2008	Phillip C.C Hau & Co.
Merix XXI S L	Spain	100%	31.12.2008	Gesdocument Y Gestion, S.A.
BIL Group LLC	USA	100%	31.12.2008	S. Grover & Co. ,LLC
Ultima S.A.	Switzerland	100%	31.03.2009	Fiduciaire Erard
Ultima Italia S.r.l.	Italy	100%	31.03.2009	Dr. Enrico Cantoni

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 transactions due to timing differences of overseas subsidiaries referred in note no 5.

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, taxes and incidental expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Interest on borrowings and other financing costs 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. Leasehold land is amortised over the period of the lease. Depreciation on assets at the overseas subsidiaries are as per the rates applicable based on estimated useful life of the asset. Depreciation on fixed assets of the Subsidiary Company J&J Leather Enterprises Ltd has been calculated on WDV method as per rates specified in Schedule XIV of the Companies Act, 1956.

SCHEDULES' (CONTD.)**d) Investment**

All long term investments are stated at cost .Provision is made for any diminution in value considered permanent.

e) Inventories

- Raw materials and consumables have been valued at cost.

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

- Land, materials, services and overheads related to project under construction are valued at cost.

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) 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 conversion are charged to profit and loss account.

For Consolidation

For the purpose of consolidation , the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries are translated into Indian Rupees at the following rates of exchange :

a) Average rates for income and expenditure.

b) Year end rates for assets and liabilities.

The foreign exchange gain / loss on account of income and expenditure consolidation is included in the profit and loss account and foreign exchange fluctuation gain/loss on account of consolidation of assets and liabilities of subsidiaries is transferred

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 as per the actuarial valuation on the fund maintained at the ING Vysya Life Insurance Group Gratuity Scheme. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Miscellaneous Expenses

In terms of the Accounting Standard 26 - Intangible Assets issued by the Institute of Chartered Accountants of India expenditure incurred during the year on brand and overseas market development are charged to the Profit and Loss account

i) 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.

SCHEDULES' (CONTD.)

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.

k) 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.

l) 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 .

4. CONTINGENT LIABILITIES

	Current Year Rs.	Previous Year Rs.
1. – Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	10,304,269	5,083,250
– Operating Lease Commitment		
2. Contingent liabilities not provided for		
a) Letter of Credit Outstanding -	71,318,298	156,830,694
b) Standby Letter of Credit (SBLC) issued by companies bankers in favor of the bankers of its subsidiaries		
– Ultima Italia S.r.l.	47,593,000	40,680,500
– Ultima S.A.	54,392,000	59,346,000
– WFT Ltd, Hongkong	17,913,000	15,309,000
c) Bills discounted with banks -	60,290,443	76,741,562
d) Other Guarantee given by bank -with Corporation Bank	155,000	100,000
e) 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	55,000,000
Ultima Italia S.r.l.	44,193,500	35,132,500
f) Income tax matters under dispute	12,269,295	12,269,295

5. 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:

	Current Year Rs.	Previous Year Rs.
i) Sales	1,575,365	-
ii) Commission Expenses	2,407,336	-
iii) Advances	228,225	895,326
iv) Creditors	100,246	3,044,820

SCHEDULES' (CONTD.)

6. i) Working Capital facilities are secured against hypothecation of stocks of raw - materials, stock in process, finished goods, specified immovable property , plant and machinery, lien on fixed deposits, exports bills and personal guarantees of two Directors.
- ii) Term Loans are secured by exclusive charge on specific assets purchased out of Term Loans and parri passu charge on fixed assets.
- iii) 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.
- iv) Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.
- v) Debentures were secured by way of mortgage of specified land situated at Irana Taluka kadi, District Mehsana in the state of Gujrat.
7. The company has a wholly owned subsidiary by the name of BIL Group LLC in USA . As per the incorporation documents of this Limited liability company , 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 and it has reported a loss of USD 652/- (Rs 33,369/-) in its financial year ended 31st December 2008. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 652/- (Rs. 33,369/-) in BIL Group LLC and shall claim deduction of this loss against its Income Tax liability in India.
8. 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.
9. Debit and Credit balances of parties are subject to their confirmation.
10. Fixed deposits of Rs. 23,362,363 (Previous year Rs. 23,614,653/-) and investments in mutual funds of Rs. NIL- (Previous Year Rs. 69,310,330/-) are pledged with the banks for various limits and facilities granted. Indira Vikas Patra totaling to Rs.6,500/- each are given as security both to Sales Tax Department. and RTO
11. Registration formalities in respect of properties purchased for Rs. 2,342,800/- (Previous year Rs. 2,342,800/-) are pending.
12. a) Provisions for taxes includes Rs. 502,223/- (Previous Year Rs. 4,004,218/-) being taxes paid for earlier years.
b) In compliance with the Accounting Standard on "Taxation on Income" (AS-22) issued by Institute of Chartered Accountants of India., the breakup of net deferred tax liability as on 31.3.2009 and the deferred tax asset for the year is provided below :

Particulars	Deferred Tax Liability / (Deferred Tax Assets)		
	As On 1.4.2008	For The Year	As On 31.3.2009
Depreciation	17,748,016	1,667,666	19,415,682
Carried Forward Losses	(9,156,916)	(543,127)	(9,700,043)
Capital Loss	(5,645,758)	(2,805,733)	(8,451,491)
Net Deferred Tax Liability	2,945,342	(1,681,194)	1,264,148

SCHEDULES' (CONTD.)

13. Details of Managerial Remuneration to Managing Director & Whole Time Directors

	Current Year Rs.	Previous Year Rs.
a) Salary & Allowances	6,707,219	4,615,460
b) Contribution to Provident Fund	9,360	9,360
c) Other emoluments	81,600	85,050
	6,798,179	4,709,870

14. Foreign Currency transactions are translated as per the accounting policy referred to in item 3 (f) above. Foreign exchange gain on account of income and expenditure in consolidation is included in the profit and loss and foreign exchange fluctuation loss/profit of Rs. 586,522/-(Previous year Rs. 10,921,138/- on accounts of consolidation of assets and liabilities of subsidiaries have been transferred to Currency Fluctuation Reserve Account.

15. 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, 2009 and the year ended 31st March, 2008 :

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Income available to Equity Shareholders	22,243,273	63,855,069
No of Shares at the beginning of the Year (A)	7,863,848	7,278,848
Equity allotted during the year	-	585,000
Weighted Average Shares (B)	-	585,000
Weighted Average Shares Outstanding (Nos)(A+B)	7,863,848	7,863,848
Effect of Dilutive Securities (Nos):		
Weighted Average number of equity shares for Diluted EPS	7,863,848	7,863,848
Nominal Value per share	10	10
Earnings per share (Basic)	2.83	8.12
Earnings per share (Diluted)	2.83	8.12

16. Accounting Standard (AS-17) on Segment Reporting:

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.

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

		Rs. In Lacs				
		Leather Products	Textile Apparels	Others	Unallocable	Total
a.	Segment Revenue	15,844.63	762.86	1,593.62	(151.61)	18,049.50
		(13,161.32)	(1,882.72)	(1,268.18)	(333.03)	(16,645.25)
b.	Segment Results	2,337.33	230.93	(77.85)	(151.61)	2,378.80
		(1,699.37)	(345.33)	(-239.76)	(333.03)	(2,137.97)
c.	Less: Unallocable expenses net of Income				1,094.58	1,094.58
					(707.66)	(707.66)
d.	Operating Profit					1,284.22
						(1,430.31)
e.	Less:- Interest					711.94
						(411.88)
f.	Profit before Tax					572.28
						(1,018.43)
g.	Provision for taxation (Current Tax, Deferred and Fringe Benefit Tax)					291.43
						(238.39)
h.	Profit after Tax					280.85
						(780.04)
i.	Capital Employed	3,209.99	99.60	415.47	5,976.47	9,701.53
		(3665.72)	(242.09)	(694.13)	(4,693.20)	(9,565.14)

17 RELATED PARTY DISCLOSURE

Transactions with related parties during the financial year and outstanding Balance as on 31st March, 2009.

PARTICULARS	Associates	Key Management personnel	Relatives of key Management Personnel	Enterprise under significant influence of key Management or their Relative	Amount in Rs. Total
Interest Income	2,521,774				2,521,774
	(28,223,949)				(28,223,949)
Lease Rent / Rent			480,000		480,000
			(480,000)		(480,000)
Ticketing	617,616	-			617,616
	(-)	-			-
Sitting Fees		83,500			83,500
		(96,000)			(96,000)
Salaries		6,798,179	360,000		7,158,179
		(4,709,870)	(360,000)		(5,069,870)
Outstanding Balance					
In capital a/c partnership	50,000				50,000
	(50,000)				(50,000)
In current a/c -partnership	630,173				630,173
	(632,267)				(632,267)
Sundry Creditors	484,784	67,258	33,820	-	585,862
	(75,755)	(89,261)	(67,700)	-	(232,716)
Loan Given	21,950,340				21,950,340
	(23,740,000)				(23,740,000)

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

Notes:

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. |
| 2 | Key Management Personnel | Snehdeep Aggarwal
Jaspal Sethi
Ramesh Bhatia
C.L.Handa
Nikhil Aggarwal
Manoj Khattar
A.K .Gadhok
Sandeep Seth
Shashank
A. Saharsranaman
S. Chandra
Sanjay Vaze
A.PS.Narag
Walter W Zwahlen |
| 3 | Relatives of Key Management Personnel | Kanwal Aggarwal
Arjun Aggarwal |
| 4 | Enterprises under significant influence of key Management personnel or their relatives | Prima Group Ltd |
- 18.** Previous years figures are shown in brackets and have been re-grouped wherever necessary so as to make them comparable with current year figures.
- 19.** Figures have been rounded off to the nearest rupee.

As per our report of even date attached

for **SUSHIL PODDAR & CO.**

Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Prop.
M.No.94479

Deepthi Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th June, 2009