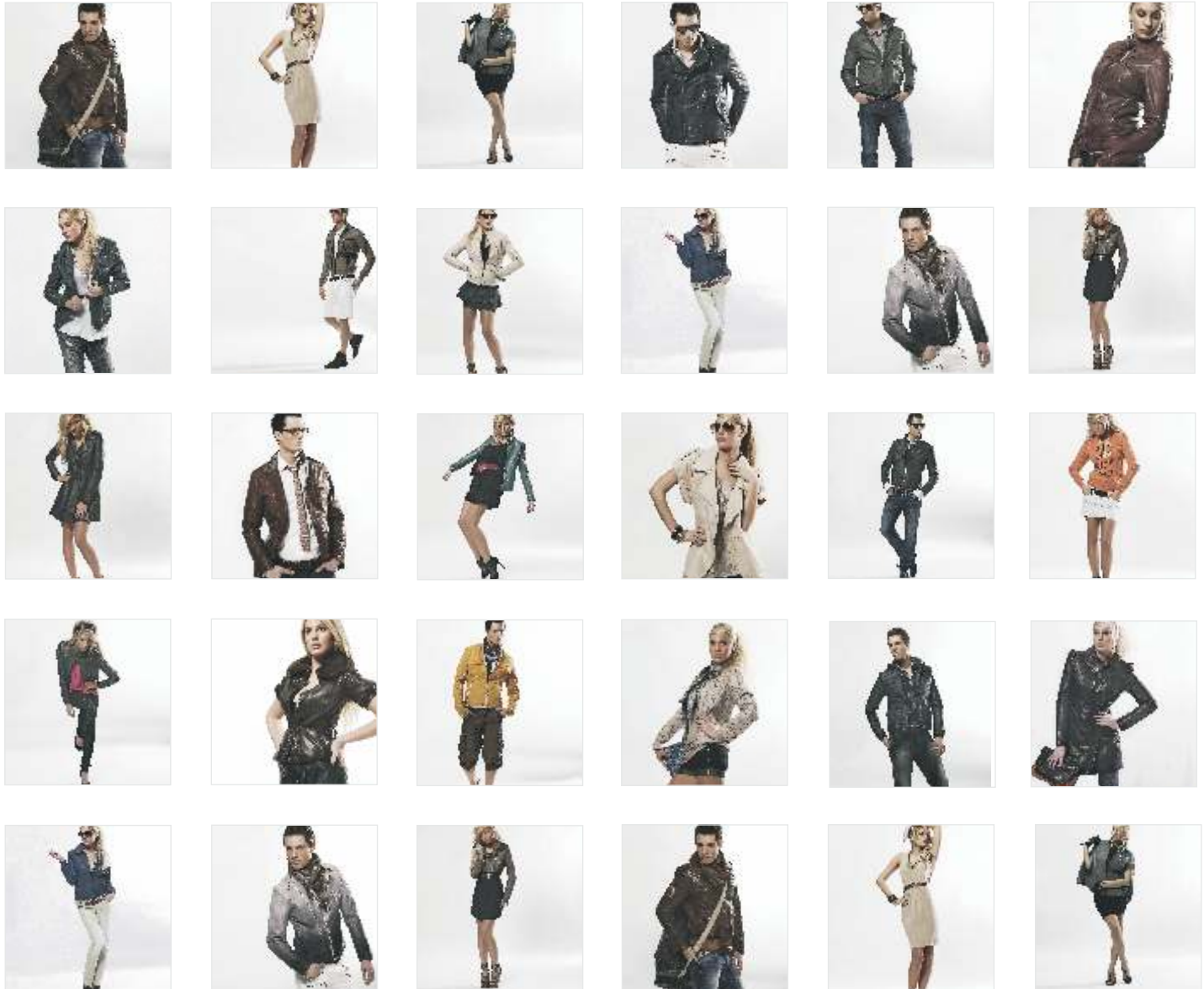


ANNUAL REPORT 09-10



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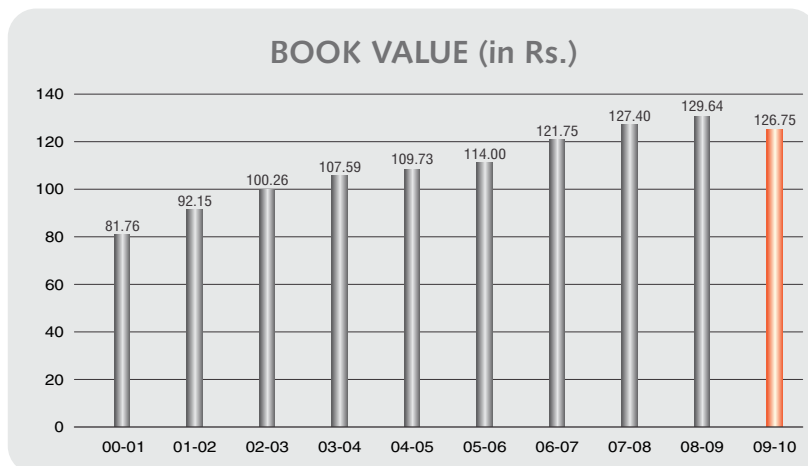
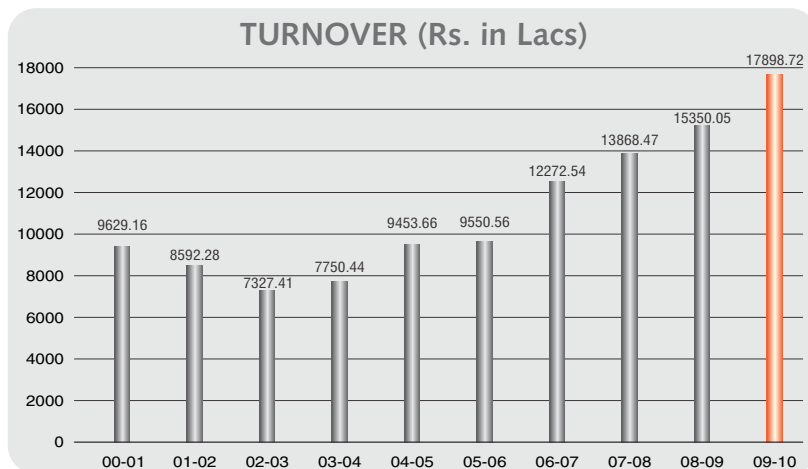
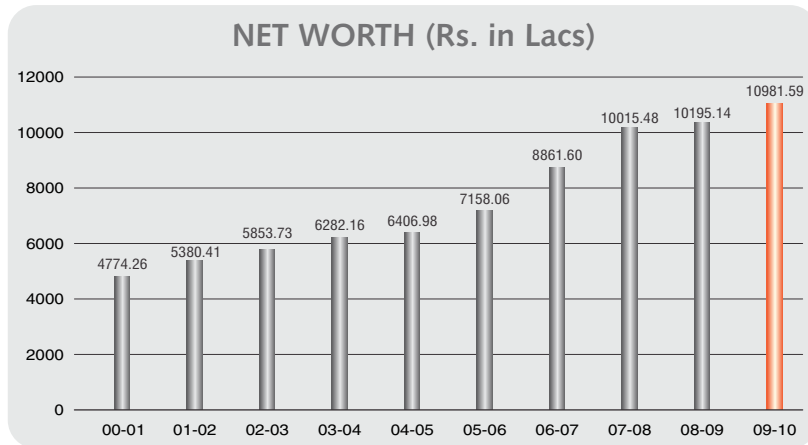
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Performance Highlights



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.,
Royal Bank of Scotland,
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@bhartiya.com

BANGALORE

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

CHENNAI

342, Nallambakkam Village,
Via-Vandalur, Chennai-600048
Ph.: 044-26640451/26642452,
Fax : 044-26642692

CHINA

World Fashion Trade Ltd.
Room 510, Tower 8, United Plaza
No. 58, Qianjiang Road, Hangzhou,
China-310 008
Ph.: 0086-571-86584357,
Fax: 0086-571-86585057

HONG KONG

World Fashion Trade Ltd.
Room 605, 6/F, China Insurance Building,
141 Des Voeux Road, Central, Hong Kong
Ph.: 00852-2376 3611, Fax: 00852-2736 5115

ITALY

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

SWITZERLAND

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

U.S.A.

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

CEO Reflections

Snehdeep Aggarwal, Chairman Bhartiya International Ltd.



I am happy to inform you that your company had a record performance last year; and as we set ourselves stretching and ambitious goals for the future, we are conscious that we have miles to go in our quest for excellence.

Your company and the Bhartiya Group have taken several bold initiatives to ensure continued, rapid growth.

Firstly, in the leather fashion business, we are expanding our manufacturing capacities and strengthening our supply chain. We are building the first factory for leather accessories in our new leather SEZ in Andhra Pradesh, even while our factory in Chennai is yet to reach full capacity. Our target is to grow our leather accessories business to the same size as our leather apparel business within the next three years.

Furthermore, we are actively scouting for avenues for forward integration, either by acquisitions or tie-ups with brands/retailers, to become a fully integrated, branded, fashion goods company, with a presence in every segment of the value chain. In this way, we will ensure sufficient growth

momentum to sustain us for the coming decades.

Bhartiya's diversification into real estate and infrastructure ("Bhartiya Urban") has been very timely. Our first major development – Bhartiya City – a 125-acre fully inclusive, integrated - Live, Work, Play, Dream - Community, is due to be launched in North Bangalore, early next year. We are sure Bhartiya City will add great value to our shareholders. This project has a 10 to 12-year horizon, and I will continue to share the development's successful progress with you from time to time.

In the Real Estate, as in the Fashion business, Bhartiya's fundamental values and philosophy, entrenched over the years, have firmly remained the same: to bring happiness to people and enhance their quality of life through innovative design. Since inception, design and creativity have been our hallmarks, and it is through these same core competencies that we will continue to add value to our brand, our products and our services, going forward.

Management Discussion and Analysis



Building Retail & Distribution Expertise

Creating a Global Brand through Acquisition

As part of our growth plan, Bhartiya is now looking for tie-ups and acquisitions in Europe and elsewhere, with the ultimate goal of creating a global brand. The vision is to enter the distribution and retail space, by partnering with the right brand – for which several initiatives are being taken.

Bhartiya's Special Economic Zone

Expanding capacity by investing into infrastructure

To service our customers better, and to keep up with our organic growth, Bhartiya is improving its capacity by investing into infrastructure by constructing a 250-acre Special Economic Zone (SEZ) in the Nellore district of Andhra Pradesh. A joint venture between Bhartiya and the Andhra government APIIC, the SEZ will manufacture leather, leather products and accessories.

The SEZ will anchor our own manufacturing units as well as give us an opportunity to collaborate in the form of joint ventures or partnerships with international manufacturers and brands across the globe. The SEZ is strategically located close to Chennai, giving us an ample choice of labour. In addition, Chennai airport and seaport as well as the upcoming seaport in Krishnapatnam are all within a 90-minute drive. We estimate that the new SEZ will help us increase our business manifold.



Value by Design

Our Milan Design Studio works to co-create the desired "look" of the season



At Bhartiya, we often speak of "Value by Design". This phrase comes from our heritage. From the time our company was founded, we have looked for ways to add value to our customers that go beyond producing leather products or apparel for them.

Our interactive Design Studio in Milan (Italy) was set up with this exact intention. Having a place where our customers can come and visit us, allows us to work together to create a desired "look." Getting to this look is a fully coordinated, interactive activity. Everything needs to come together in the process.

Our Design Studio in Milan does a lot of research – looking at trend forecast magazines, the Internet, European trade fairs as well as street trends, and reports their findings back to our head office in India. We internally discuss what our next season's offer should be – always keeping our customers in mind. This is how the development process starts. In India, we meanwhile keep abreast of new

product development techniques so that we can offer the latest innovations to our customers.

Customers can visit our Milan Showroom to see our "Bhartiya Collections", showcasing our most recent product developments as well as our collection archives. The process works both ways. Sometimes our customers give us a specific desired "look" that they would like to create as part of their collection. Other times, we proactively give our customers ideas on what will be a hot-selling item for next season. Either way, the delivery of the desired "look" within our customers' price point is both our challenge and our strength.

Having the Design Studio as a manufacturing interface between production and our customers leads to invaluable product feedback. We work with our clients all the way from the research of the raw materials to the actual final design, to create a better product and better margins. In this way we act as brand partners, constantly thinking of innovative ways to improve quality and design.

Bhartiya's Textile Business

Customer-lead innovation



Following the same philosophy as our leather business, Bhartiya Textiles today stands for innovation and reliability. Customers typically don't only look at us as a sourcing option but also as an outsourced design option. We work very closely with our customer's designers. They give us a clear idea of what they are looking for, and our designers work out those requests, keeping in mind the trends of the season. Besides offering tailor-made production options for design, we also work to synergize our processes with our customers' lead-times to reduce inventory costs and to allow our customers to buy closer to the season. We have now also hired a network of Bhartiya designers across Europe (Berlin, London, Milan, Paris) who can coordinate closely with our head office in India to ensure that our designs are relevant and on target for each local market and customer.

360 Degree Servicing to our Customers



"We have always felt that good design does not necessarily have to mean expensive. Through innovation and out of the box thinking, design can benefit people at every level of society"

- Snehdeep Aggarwal, Chairman
Bhartiya International Ltd.



Live Work Play Dream

Bhartiya Builds "Bhartiya City"

Bangalore's Innovative, Design-led Development



Bhartiya is harnessing its intrinsic sense of design to create a new, world-class urban city in Northern Bangalore. Bhartiya Urban is set to launch the first phase of this fully integrated, inclusive development in early 2011. In doing so, we are drawing on our expertise and international exposure to create a unique, design-led development.

The city has been designed to be fully sustainable and will include commercial as well as residential and office space. There will be a variety of housing concepts (priced for a variety of residents) as well as: a business district, an IT business park, retail & hospitality chains, shops, markets, a hospital, a school, and public spaces like an events plaza, waterfront, park, and plenty of bike paths and greenery.

The city aims to improve people's quality of life by making it an enjoyable and fun place to live, work, play and dream. With Bhartiya City, we aim to incorporate some of the core strengths that have built Bhartiya International into what it is today. These are: design innovation, intelligent planning, reliability and efficiency, international quality standards, value for money, fun, and enjoying life. Ultimately, we want to be known for making more than bricks and mortar. Bhartiya Urban wants to be known for creating innovative and intelligently designed lifestyle concepts that offer people happiness at every touchpoint.

Our Company

Internal Systems And Controls

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

Risk Management

Our company's risk management policy continues to play a crucial role in ensuring that vulnerabilities are kept in check. Strategic planning and proactive efforts minimise the risks emanating from shifting industrial scenario due to competition, changing customer needs, old techniques and changing technology. Bhartiya International's exposure to foreign currency risk is restricted to its imports and exports. These risks are minimised through well-thought-out financial operations, astute treasury management and effective use of hedge options.



Our People

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

Cautionary Statement

All the statements and assertions in this report regarding the projections, estimates and outlook are subject to current market situations and expected effects of future events on current and developing circumstances. Results may vary due to a number of factors, which could effect the company's business operations, such as demand and supply conditions, price inputs, change in government levies and regulations, industrial relations and other economic variables in the country. Bhartiya International Ltd. 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 23rd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

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

Sl. No.	Particulars	2009-2010	2008-2009
1.	Net Sales /Income from Operations	17898.72	15350.05
2.	Other Income	92.83	(171.40)
3.	Total Expenditure	16511.75	13852.84
4.	Interest	508.44	605.31
5.	Gross Profit after Interest but before Depreciation & Taxes Items	971.36	720.50
6.	Depreciation	128.13	97.83
7.	Exceptional Items: Provision for diminution in value of Investments	–	81.25
8.	Profit before Tax	843.23	541.42
9.	Tax Expense	299.75	269.76
10.	Net Profit after Tax	543.48	271.66
11.	Paid up Equity Share Capital	866.38	786.38
12.	Reserves (Excluding Revaluation Reserves)	10115.21	9408.76
13.	Earning Per Share (Basic) Rs.	6.89	3.45
14.	Earning Per Share (Diluted) Rs.	6.53	3.45
15.	Dividend	10%	10%

PERFORMANCE REVIEW

During the year under review the Company achieved a turnover of Rs. 17898.72 Lacs against Rs. 15350.05 Lacs in the previous year registering an increase 16.60%. Gross Profit after interest but before depreciation and tax has increase to Rs. 971.36 Lacs as compared to Rs. 720.50 Lacs in the previous year. Net Profit after tax has also increased to Rs. 543.48 Lacs from Rs. 271.66 in the previous year.

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, 2010.

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, 2010 and of the profit of the Company for the financial year ended 31st March, 2010.
- 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. Nikhil Aggarwal , Mr. Shashank and Mr. A. Sahasranaman 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 Ltd.

The Annual Listing fee for the Financial Year 2010-2011 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 (a) forming part of this report.

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their appreciation for the co-operation and unstinted support received from the valued customers, suppliers, bankers and shareholders whom the Company regards as partners in progress.

Your Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all employees of the Company.

For and on behalf of the Board

New Delhi, 29th May, 2010

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

ANNEXURE (A) TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO

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

For and on behalf of the Board

New Delhi, 29th May, 2010

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

BHARTIYA INTERNATIONAL LTD.

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	₹	₹	₹	₹	₹
	Bhartiya Global Marketing Ltd., Delhi	Ultima S.A., Switzerland	BIL Group LLC, USA	World Fashion Trade Ltd., Mauritius	Santorini Fashions Limited
(A) Financial year of the subsidiary Company ended on	: 31.03.2010	31.03.2010	31.12.2009	31.12.2009	31.03.2010
(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	50,000 Equity Shares of Rs. 10 each
Extent of holding	: 100%	100%	100%	100%	100%
(C) The net aggregate amount of profits/ (Losses) so far as it concerns members of the Holding Company					
(i) Not dealt within the Holding Company's accounts					
1. For the Financial year of the subsidiary	: Rs. (614,955)	CHF 215,044	USD (891)	HK\$ (2,298,321)	Rs. (22,024)
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. (1,405,967)	CHF 217,084	USD (652)	HK\$ (882,400)	-
(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) Ultima Italia SRL, Italy
(A) Financial year of the subsidiary Company ended on	: 31.03.2010	31.03.2010	31.03.2010	31.03.2010
(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	90,000 Shares of € 1.00 each	
Extent of holding	: 74%	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 Internrtional SEZ Ltd.	(a) J&J Leather Enterprises Ltd. Chennai	(b) Ultima Italia SRL, Italy
1. For the Financial year of the subsidiary	: Rs. (172,387)	Rs. (1,119,075)	€ 54,589
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: Rs. (166,597)	Rs. 1,191,808	€ (84,797)
(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 May, 2010

Snehdeep Aggarwal

Managing Director

Ramesh Bhatia

Director

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

Company's philosophy on Corporate Governance means adoption of sound Corporate practices to ensure that the Company operates not only within the regulatory framework, but also guided by broader business ethics.

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	5	Present	2	-
Mr. A. K. Gadhok	Executive Director (Whole-Time Director)	8	Present	1	-
Ms. Jaspal Sethi	Executive Director (Whole-Time Director)	5	Absent	1	-
Mr. Ramesh Bhatia	Non-executive Director	5	Absent	1	-
Mr. C. L. Handa	Non-executive Director and Independent	7	Present	4	-
Mr. Sandeep Seth	Non-executive Director and Independent	8	Present	-	-
Mr. Shashank	Non-executive Director and Independent	4	Absent	-	-
Mr. Ananthkrishna Sahasranaman	Non-executive Director and Independent	5	Absent	4	-
Mr. Nikhil Aggarwal	Non-executive Director	4	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.

Eight (8) 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:

28th May, 2009, 29th June, 2009, 30th July, 2009, 28th August, 2009, 8th October, 2009, 30th October, 2009, 29th January, 2010 and 19th March, 2010.

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 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 2009-2010

Director	10.04.09	26.06.09	25.07.09	29.10.09	28.01.10
Mr. C.L.Handa	P	P	P	P	P
Mr. Ramesh Bhatia	P	A	P	A	P
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 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. Five Shareholders'/Investors' Grievance Committee Meetings were held during the financial year.

Meetings and Attendance during the financial year 2009-2010

Director	07.04.09	29.06.09	30.09.09	31.12.09	30.03.10
Mr. Sandeep Seth	P	P	P	P	P
Mr. Ramesh Bhatia	P	P	A	A	P
Mr. C. L. Handa	P	P	P	P	P

Total number of complaints/ communications received during the financial year were 88 (Eighty Eight 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, 2010.

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

Remuneration Committee consist of three Non-Executive, independent Directors. Mr. Sandeep Seth is the Chairman of the Committee.

Other Committee members 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 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/ approve.

The first meeting of the Remuneration Committee was held on 1st April, 2009.

Meetings and Attendance during the financial year 2009-2010

Director	01.04.09
Mr. Sandeep Seth	P
Mr. C. L. Handa	P
Mr. Shashank	P

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 Company pays remuneration by way of salary, perquisites and allowances effective April 1, each year. 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 2009-2010 are as under:

Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Snehdeep Aggarwal	1800000	26400	1826400
Ms. Jaspal Sethi	1140000	26400	1166400
Mr. A. K. Gadhok	180509	92112	272621

All Executive Directors are also entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of tenure 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 2009-2010 is as under: -

Name of the Director	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)
Mr. C. L. Handa	17500	11000	28500
Mr. Ramesh Bhatia	12500	6000	18500
Mr. A. Sahasranaman	12500	-	12500
Mr. Shashank	10000	1000	11000
Mr. Sandeep Seth	20000	11000	31000
Mr. Nikhil Aggarwal	10000	-	10000

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
20 th AGM	27 th September, 2007	12.00 Noon	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001	–
21 st AGM	22 nd September, 2008	12.00 Noon	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001	1
22 nd AGM	25 th September, 2009	11.00 A.M.	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001	1

(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. Nikhil Aggarwal , Mr. Shashank and Mr. A. Sahasranaman 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. Nikhil Aggarwal	Mr. Shashank	Mr. A.Sahasranaman
Date of Birth	23.10.1975	27.07.1944	18.03.1948
Date of Appointment	04.10.2007	30.07.2007	30.06.2008
Qualifications	BE-Mechanical Engg., MBA	M. Sc. Physics	MA (Economics)
No. of shares held in the Company	20,000 Equity Shares	–	–
Expertise in Special function areas	Expertise in International Marketing and Management	Retd. Foreign Secretary from the Government of India	Rich Expertise in Leather Sector and served in UNDP & UNIDO promoting Leather Sector in India. Also served in the J&K Cadre of IAS.
List of outside Directorships as on 31-03-2010 (in Public Companies and Subsidiary of Public Companies)	–	Hindustan Chemicals Ltd.	Bafna Pharmaceuticals Ltd. Indian Leather Industry Foundation Arjun Paper & paper products Ltd. Chennai Environmental Management Company of Tanners
Chairman/ Member of the Board committees of the Companies on 31-03-2010	–	–	–

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, 2010.

Sd/-

Snehdeep Aggarwal
Managing DirectorNew Delhi, 12th April, 2010

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, 2010 has been placed before the Board in their meeting held on 29th May, 2010 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.

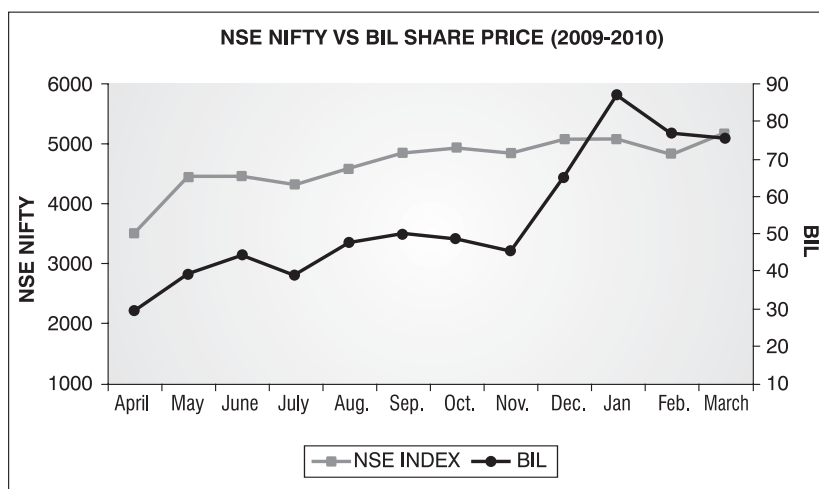
GENERAL INFORMATION FOR SHAREHOLDERS

1. **AGM: Date, Time and Venue** : Friday, 24th September, 2010, 11.00 a.m.
at FICCI, Golden Jubilee Auditorium, Federation House,
Tansen Marg, New Delhi-110 001.
2. **Financial Calendar for 2010-2011**
Financial year – April to March
Results for Quarter ending 30th June, 2010 : Mid of August, 2010
Results for Quarter ending 30th Sep., 2010 : Mid of Nov., 2010
Results for Quarter ending 31st Dec., 2010 : Mid of Feb., 2011
Year ending 31st March, 2011 : End of May, 2011
3. **Book Closure** : Monday the 20th September, 2010
to Friday the 24th September, 2010
(both days inclusive)
4. **Dividend Payment** : On or before 23rd October, 2010
if declared at Annual General
Meeting on 24th September, 2010
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 2010-2011 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, 2009	28.85	20.60	October, 2009	47.30	40.50
May, 2009	42.00	27.45	November, 2009	45.20	36.35
June, 2009	44.40	35.70	December, 2009	73.75	47.50
July, 2009	38.50	29.80	January, 2010	92.55	73.10
August, 2009	52.35	34.10	February, 2010	78.90	66.00
September, 2009	49.65	41.10	March, 2010	79.10	62.85

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



8. Share Transfer System

To expedite the share transfer process in physical segment, authority has been delegated to Share Transfer Committee which consist of two members i.e. Mr. Snehdeep Aggarwal & Maj. A. K. Gadhok Directors of the Company. Share transfer/transmissions approved by the Committee are placed at the Board Meeting from time to time. Company Secretary of the Company acts as Secretary of the Committee. Committee meetings are held monthly to approve the share transfers. As at 31st March, 2010 there was no Equity Share pending for Transfer, also there was no Demat Request pending as on 31st March, 2010.

9. Distribution of Shareholding as on 31st March, 2010

No. of Shares	SHAREHOLDERS		SHAREHOLDING	
	Number	% to total	Number	%
Upto – 250	5514	83.761	406481	4.692
251 – 500	465	7.064	184853	2.134
501 – 1000	282	4.284	227839	2.630
1001 – 2000	137	2.081	213527	2.465
2001 – 3000	50	0.760	127039	1.466
3001 – 4000	26	0.395	92935	1.073
4001 – 5000	24	0.365	114825	1.325
5001 – 10000	32	0.486	229610	2.650
10001 & above	53	0.805	7066739	81.566
	6583	100.000	8663848	100.000

10. Shareholding Pattern as on 31st March, 2010

Category	No. of Shares held	% of Paid up Capital
Promoters Holding	1470412	16.97
Persons acting in concert	2162224	24.96
Mutual Funds	3300	0.04
Banks	300	0.00
NRIs/OCBs	194071	2.24
Indian Corporate Bodies	3076079	35.50
Indian Public	1757462	20.29
Total	8663848	100.00

- 11. Registrar & Share Transfer Agent** : MAS Services Ltd.
(For both Physical & Electronic Transfer etc.) T-34, 2ND Floor,
Okhla Industrial Area,
Phase-II, New Delhi – 110 020
Tel. No. 26387281-83, Fax No. 26387384
E-mail: info@masserv.com
- 12. Dematerialization of shares and liquidity** : As on 31st March, 2010
40.77% 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

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 31st March, 2010, Profit and Loss Account, Cash Flow Statement and the Directors' Report for the Financial Year 2009-2010 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 2009-2010 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken to rectify these deficiencies.
- (d) We further Certify that:-

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

- (i) No significant changes in internal control over financial reporting during the year;
- (ii) No significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) No instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

New Delhi, 29th May, 2010

Sd/-
Snehdeep Aggarwal
Managing Director

Sd/-
Sanjay Govil
Vice President (Finance)

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, 2010, 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, 2010 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 20 regarding non provision for diminution in value of Long Term Investments in subsidiary companies, since in the opinion of the Board , these investments are long term in nature and such diminution is only temporary (amount unascertainable), and read together with significant accounting policies and other notes to the accounts in Schedule 20.

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, 2010.
 - ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
 - iii) In the case of the Cash Flow Statement of the cash flow for the year ended on that date.

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

S. K. Poddar
Prop.
M. No. 94479
New Delhi, 29th May, 2010

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 programme 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 Act. Hence the provision of clause (f) and (g) of paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) There are two wholly owned subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted unsecured loans. The maximum amount involved during the year was Rs. 88,171,352/- and the year end balance of loan granted to them was Rs. 84,203,570/-.
- (c) The company has granted an interest free unsecured loan of Rs. 84,203,570/- 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, 2010 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)	122,69,295	A.Y. 2003-04 & 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 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 made preferential allotment of shares/convertible warrants on private placement basis to a company covered in the register maintained under section 301 of the Companies Act, 1956, and shares/warrants have been issued at a price which is not prejudicial to the interest of the Company.
- xix. The company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are applicable to the company.
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management, we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **Sushil Poddar & Co.**

Firm Registration No. 014969N

Chartered Accountants

S. K. Poddar

Prop.

M. No. 94479

New Delhi, 29th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUND			
Shareholder's Funds			
Share Capital	1	86,638,480	78,638,480
Advance Subscription	2	15,050,000	–
Reserves and Surplus	3	<u>1,011,521,019</u>	<u>940,875,602</u>
		1,113,209,499	1,019,514,082
Loan Funds			
Secured Loan	4	384,962,013	560,091,986
Deferred Tax Liability (Net)		<u>12,745,678</u>	<u>8,878,497</u>
		<u>1,510,917,190</u>	<u>1,588,484,565</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	5	314,501,228	296,494,387
Less: Depreciation		<u>79,264,595</u>	<u>66,828,959</u>
Net Block		<u>235,236,633</u>	<u>229,665,428</u>
Add: Capital Work in Progress		<u>93,631,854</u>	<u>44,612,148</u>
		328,868,487	274,277,576
Investments	6	716,376,209	703,627,778
Current Assets, Loans & Advances			
Inventories	7	321,208,320	511,431,320
Sundry Debtors	8	41,135,765	67,907,713
Cash & Bank Balances	9	67,505,172	134,489,830
Loans & Advances	10	<u>295,604,355</u>	<u>286,283,987</u>
		<u>725,453,612</u>	<u>1,000,112,850</u>
Less: Current Liabilities & Provisions			
Current Liabilities	11	218,361,869	350,356,337
Provisions	12	<u>41,419,249</u>	<u>39,177,302</u>
		<u>259,781,118</u>	<u>389,533,639</u>
Net Current Assets		465,672,494	610,579,211
		<u>1,510,917,190</u>	<u>1,588,484,565</u>

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 May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		1,644,933,839	1,401,922,589
Export Incentives		144,937,837	133,082,126
Other Income	13	9,282,913	(17,140,015)
Increase/(Decrease) in Stock	14	(94,939,387)	69,309,819
		1,704,215,202	1,587,174,519
EXPENDITURE			
Raw Material Consumption	15	987,513,239	904,877,676
Purchase For Resale		35,915,476	58,644,346
Manufacturing Expenses	16	316,264,819	251,854,726
Personnel Expenses	17	58,058,757	44,590,313
Administrative & Selling Expenses	18	166,429,891	155,242,046
Financial Expenses	19	42,896,660	99,916,233
Depreciation		12,813,064	9,782,746
		1,619,891,906	1,524,908,086
Profit before extraordinary items		84,323,296	62,266,433
- Provision for diminution in value of investment		-	8,124,756
Profit before Taxes		84,323,296	54,141,677
Provision for Taxes			
- Income Tax		26,107,893	25,713,682
- Fringe Benefits Tax		-	2,141,200
- Deferred Tax		3,867,181	(879,392)
Profit after Taxes		54,348,222	27,166,187
Balance brought Forward		528,959,369	477,493,491
Add:-Transferred from Debenture redemption reserve		-	43,500,000
Balance available for appropriation		583,307,591	548,159,678
APPROPRIATIONS			
Proposed Dividend		8,663,848	7,863,848
Provision for Dividend Tax		1,438,957	1,336,461
General Reserve		10,000,000	10,000,000
Surplus Carried to Balance Sheet		563,204,786	528,959,369
Earnings Per Share (face value of Rs. 10 each)			
- Basic		6.89	3.45
- Diluted		6.53	3.45
(Refer to Note No. 20 on schedule 20)			
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

Deepthi Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 29th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	84,323,296	54,141,677
Adjusted for :		
Depreciation	12,813,064	9,782,746
Financial Expenses (net)	42,896,660	99,916,233
Profit/(Loss) on sale of fixed assets	684,934	171,311
Profit/(Loss) on sale of Investments	(2,987,921)	18,350,401
Dividend Income	(1,385,867)	(687,504)
Provision for dimunition in value of Investments	-	8,124,756
Bad Debts Written Off	14,558,586	-
	<u>66,579,456</u>	<u>135,657,943</u>
Operating profit before working capital change	150,902,752	189,799,620
Adjustment for :		
Inventories	190,223,000	(143,363,581)
Sundry Debtors	12,213,362	33,015,078
Loans and Advances	(9,910,727)	89,648,384
Sundry Creditors	(128,271,652)	180,184,942
	<u>64,253,983</u>	<u>159,484,823</u>
Cash generated from operations	215,156,735	349,284,443
Taxes paid	(27,732,975)	(23,238,369)
Financial expenses	(6,933,561)	(61,957,835)
Cash flow before extra-ordinary items	180,490,199	264,088,239
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>180,490,199</u>	<u>264,088,239</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/Purchases of Investment (Net)	(9,760,510)	(105,625,122)
Dividend received	1,385,867	687,504
Sale of Fixed Assets	392,586	24,944
Purchase of Fixed Assets/Capital W.I.P.	(68,481,495)	(118,018,284)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(76,463,552)</u>	<u>(222,930,958)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loan	(175,129,973)	80,921,059
Interest Paid	(35,963,099)	(37,958,398)
Share Capital Issue Proceeds (Including Share Premium)	34,400,000	-
Advance Subscription Received (Net)	15,050,000	-
Dividend paid (including dividend tax)	(9,368,233)	(13,633,469)
NET CASH USED IN FINANCING ACTIVITIES	<u>(171,011,305)</u>	<u>29,329,192</u>

CASH FLOW STATEMENT (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		
CASH AND CASH EQUIVALENTS - OPENING BALANCE	134,489,830	64,003,357
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	67,505,172	134,489,830

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 May, 2010

SCHEDULES' FORMING PART OF THE ACCOUNTS

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1: SHARE CAPITAL		
i) Authorised		
a) 12000000 (Previous year 12000000) Equity Shares of Rs.10/- each	120,000,000	120,000,000
b) 500000 (Previous year 500000) Preference shares of Rs 100/- each	50,000,000	50,000,000
	170,000,000	170,000,000
ii) Issued, Subscribed and Paid up		
8663848 (Previous Year 7863848) Equity Shares of Rs.10/- each fully paid up of these :	86,638,480	78,638,480
	86,638,480	78,638,480
a) 2,089,308 Equity Shares of Rs. 10/- each were allotted as bonus shares by capitalisation the General Reserve		
b) 400,000 Equity Shares of Rs. 10/- each have been allotted during the year, at a premium of Rs. 33/- per shares to promoters associate company on conversion of preferential Share Warrants.		
c) 400,000 Equity Shares of Rs. 10/- each have been allotted during the year, at a premium of Rs. 33/- per shares to non-promoters company on conversion of preferential Share Warrants.		
SCHEDULE 2: ADVANCE SUBSCRIPTION		
2,200,000 (Previous year Nil) Preferential Share warrant paid up Rs. 10.75 each	23,650,000	-
Less : 800,000 Preferential Share Warrant converted into Equity Shares	8,600,000	-
	15,050,000	-
<p>The Company has allotted 10,00,000 warrants to promoters Associate Company & 12,00,000 warrants to non-promoter on 8th Oct., 2009 on preferential basis, convertible into equity shares of Rs. 10/- each fully paid up. The holders of warrants have a right to apply for one equity shares of Rs. 10/- each at a premium of Rs. 33/- within a period 18 months from the date of allotment. Against this, company has received Rs. 10.75 per warrant, which will be forfeited if the option of conversion is not exercised before the specified date.</p>		
SCHEDULE 3: RESERVES & SURPLUS		
i) General Reserves		
As per last year Balance Sheet	149,851,233	139,851,233
Add: Transferred from Profit & Loss A/c	10,000,000	10,000,000
	159,851,233	149,851,233
ii) Share Premium A/c		
As per last year Balance Sheet	253,565,000	253,565,000
Add : Additions during the year on fresh issue of Shares	26,400,000	-
	279,965,000	253,565,000
iii) Surplus in Profit & Loss a/c		
	563,204,786	528,959,369
iv) Debenture Redemption Reserve		
As per last year Balance Sheet	-	43,500,000
Less:- Transferred to Profit & Loss Account	-	43,500,000
	-	-
v) Preferential Share Warrant Forfeited		
	8,500,000	8,500,000
	1,011,521,019	940,875,602

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 4: SECURED LOANS		
i) Working Capital Loans from Banks	263,431,152	474,633,540
ii) Term Loans from Banks	118,553,288	83,666,479
iii) Vehicle Loans from Bank	2,977,573	1,791,967
	384,962,013	560,091,986

Notes:

- Working Capital facilities are secured against hypothecation of stocks of raw - materials, stock in process, finished goods, Other Current assets specified immovable property, movable fixed assets, lien on fixed deposits, exports bills and personal guarantees of Directors.
- Term Loans are secured by exclusive charge on specific movable and immovable properties, parri passu charge on fixed assets & second charge on current assets and personal guarantee of one Director.
- 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.
- Vehicle Loans are secured by way of hypothecation of vehicles financed by the Bank.

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITION DURING YEAR	SALE ADJUSTMENT	AS ON 31.03.10	UP TO 31.03.09	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.03.10	AS AT 31.03.10	AS AT 31.03.09
Land	22,149,466	-	-	22,149,466	1,120,209	2,291	-	1,122,500	21,026,966	21,029,257
Building	113,159,792	9,601,271	-	122,761,063	17,563,621	3,412,477	-	20,976,098	101,784,965	95,596,171
Machinery	83,693,611	13,563,432	9,567,128	87,689,915	10,419,485	3,993,726	-	14,413,211	73,276,704	73,274,126
Vehicles	26,555,111	3,313,010	1,454,948	28,413,173	12,819,330	2,083,829	377,428	14,525,731	13,887,442	13,735,781
Furniture	21,537,178	450,610	-	21,987,788	8,906,715	1,328,858	-	10,235,573	11,752,215	12,630,463
Office Equipment	13,777,887	742,198	-	14,520,085	5,179,034	650,994	-	5,830,028	8,690,057	8,598,853
Computers	15,621,342	1,358,396	-	16,979,738	10,820,565	1,340,889	-	12,161,454	4,818,284	4,800,777
Total	296,494,387	29,028,917	11,022,076	314,501,228	66,828,959	12,813,064	377,428	79,264,595	235,236,633	229,665,428
Previous Year	185,831,910	111,111,277	448,800	296,494,387	57,298,758	9,782,746	252,545	66,828,959	229,665,428	128,533,152

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
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SCHEDULE 6: 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 Sunlife Equity Fund-Growth	21,678	5,000,000	21,678	5,000,000
2	DSPML India T.I.G.E.R Fund -Growth	118,509	5,000,000	118,509	5,000,000
3	DSPML Small & Midcap Fund	244,499	2,500,000	244,499	2,500,000
4	GFRG IDFC Money Manager Fund	-	-	85,246	1,200,000
5	DSPBR Top 100 Equity Fund-G	43,518	4,000,000	-	-
6	DSPBR World Energy Fund-D	250,000	2,500,000	-	-
7	DWS Alpha Equity Fund-Growth Option	72,738	5,000,000	72,738	5,000,000
8	HDFC Top 200 Fund-Growth	19,395	3,500,000	-	-
9	HSBC Equity Fund-Growth	52,828	5,000,000	52,828	5,000,000
10	ING Vysya Cub Fund - Dividend	-	-	250,000	2,500,000

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
11 J.M. Basic Fund–Growth Plan	–	–	183,255	5,000,000
12 Kotak 30 Equity Scheme–Growth	55,240	3,000,000	55,240	3,000,000
13 Kotak Global Emerging Market Fund–Growth	–	–	100,000	1,000,000
14 Kotak Select Focus Fund–G	195,599	2,000,000	–	–
15 Principal Floating Rate Fund Fmp	–	–	132,046	1,320,987
16 Reliance Rsf–Equity Plan–G	176,805	5,000,000	–	–
17 Reliance Psu Equity Fund–G	250,000	2,500,000	–	–
18 SBI Magnum Multiplier Plus Scheme 93–Growth	–	–	28,928	2,500,000
19 Tata Sip Fund Growth	–	–	500,000	5,000,000
20 Reliance Liq Fund Reas Plan Wkly. Div	27,834	426,097	85,282	1,305,635
21 Reliance Liq Fund Reas Plan Ip Growth	14,073	215,453	101,136	1,548,936
22 Reliance Vision Fund–Retail Plan–Growth Plan	–	–	19,308	2,500,000
23 Tata Pure Equity Fund–Growth	66,488	5,972,282	–	–
(ii) Long –Term (Unquoted)				
Mutual Funds				
1 Kotak 8% Guranted NId–Debunture	–	2,000,000	–	2,000,000
Total Mutual Funds		53,613,832		51,375,558
(Aggregate Nav of Mutual Funds –Rs. 56,369,589/– Previous Year Rs. 35,231,007/–)				
(iii) Current Investments (Quoted)				
Equity Shares				
1 Aditya Birla Nuvo	276	262,701	–	–
2 Amara Raja Batteries Ltd.	3,444	191,456	6,450	738,078
3 Aventis Pharma	–	–	168	117,835
4 Balrampur Chini	1,152	141,202	–	–
5 Bank of Baroda	699	362,828	–	–
6 Bayer Crop. Ltd.	1,000	546,878	–	–
7 Bharat Electronics Ltd.	439	505,860	439	505,860
8 Bharat Heavy Electricals Ltd.	500	1,195,933	164	293,906
9 Bharat Petroleum Corporation Ltd.	1,500	770,135	–	–
10 Bharati Shipyard Ltd.	2,500	711,886	861	708,422
11 Bharti Airtel Ltd.	6,127	2,180,510	892	698,254
12 Cairn India Ltd.	2,500	657,257	–	–
13 Ciba Specialty	–	–	1,147	263,982
14 City Union Bank Ltd	22,778	530,553	–	–
15 Core Projects & Technologies Ltd.	–	–	5,000	706,866
16 Divis Laboratories Ltd	–	–	257	347,093
17 DLF Ltd	1,730	761,575	–	–
18 Everest Kanto Cylinder Ltd	–	–	434	61,318
19 Excel Crop Care	–	–	3,912	613,784
20 Financial Technologies I Ltd.	101	141,008	–	–
21 Fulford India Ltd.	957	485,792	1,052	506,740
22 Ganesh Housing Corporation Ltd	–	–	1,065	754,926
23 HPCL Ltd	2,169	567,399	1,911	497,949
24 HDFC Bank	583	551,414	583	551,414
25 HDFC Ltd.	385	770,872	494	941,181

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
26 HEG	2,133	736,215	–	–
27 Hikal Ltd.	88	32,712	2,264	964,957
28 ICICI Bank Ltd.	1,000	787,000	497	414,906
29 IDFC Ltd.	5,000	723,986	4,000	585,096
30 Indiabulls Power Ltd.	20,000	618,127	–	–
31 Indian Oil	1,600	340,217	–	–
32 Indoco Remedies Ltd.	1,211	446,899	16	2,517
33 Infosys Technologies Ltd.	75	167,909	119	166,372
34 IPCA Labs.	5,415	992,136	–	–
35 ITC Ltd	2,891	508,888	2,698	456,868
36 Jagran Prakashan Ltd.	1,349	141,847	–	–
37 JBF Industries Ltd.	–	–	3,599	666,602
38 Jindal Steel & Power Ltd.	1,000	611,801	–	–
39 KCP Sugar & Industries Corporation Ltd.	16,000	498,073	–	–
40 KEC International Ltd.	524	400,099	524	400,454
41 Lakshmi Vilas Bank Ltd.	5,400	499,670	–	–
42 Larsan & Toubro Ltd	1,000	715,569	1,090	780,823
43 Maharashtra Seamless Ltd.	1,350	499,308	–	–
44 Mahindra & Mahindra Ltd.	1,000	518,325	–	–
45 Marico Ltd.	–	–	5,000	306,440
46 Mcleod Russel India Ltd.	–	–	1,764	153,041
47 Mphasis Bfl	–	–	396	66,708
48 MTNL Ltd.	5,000	332,153	5,000	332,153
49 Nava Bharat Ventures Ltd.	–	–	1,463	452,202
50 Neyveli Lignite Corporation Ltd.	3,250	502,040	–	–
51 NHPC Ltd.	20,000	669,801	–	–
52 NTPC Ltd.	5,000	1,032,922	4,000	651,842
53 Numeric Power Systems	–	–	195	88,469
54 ONGC Ltd.	479	473,600	1,434	898,576
55 Oil India Ltd.	542	656,445	–	–
56 Opto Circuits (India) Ltd.	–	–	1,649	135,509
57 Pfizer Ltd.	581	348,129	581	348,129
58 Power Finance Corp Ltd.	2,500	549,388	–	–
59 Power Grid Corporation Ltd.	5,000	557,917	–	–
60 PTC India Ltd.	5,000	439,587	–	–
61 Ranbaxy Laboratories Ltd.	–	–	2,500	623,155
62 Ratnamani Metals And Tubes	–	–	1,596	211,093
63 Raymond Ltd.	2,500	573,747	–	–
64 Reliance Comm Ventures Ltd.	–	–	2,590	1,868,155
65 Reliance Capital Ltd.	1,000	811,186	1,023	2,060,325
66 Reliance Industries Ltd.	1,267	844,699	360	419,169
67 Rural Electrification Corporation Ltd.	6,366	578,160	1,366	92,993

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
68 Sai Rayalaseem Paper Mills Ltd.	31,792	386,273	31,792	386,273
69 Shipping Corporation of India Ltd.	5,000	630,237	–	–
70 SKF India Ltd.	1,803	555,522	2,109	649,804
71 Sonata Software Ltd.	8,094	342,003	–	–
72 SREI Infrastructure Finance Ltd.	6,000	501,380	–	–
73 State Bank of India Ltd.	–	–	1,000	1,118,387
74 Sterlite Industries (India) Ltd.	1,000	769,386	495	361,451
75 Sundaram Finance Ltd.	1,300	494,945	–	–
76 Sun Pharmaceuticals Industries Ltd.	–	–	154	181,631
77 Suzlon Energy Ltd.	–	–	3,199	264,571
78 Tata Chemicals Ltd.	3,000	877,117	1,618	596,436
79 Tata Communications Ltd.	2,500	934,944	–	–
80 Tata Consultancy Services Ltd.	767	461,018	91	45,898
81 Tanla Solutions Ltd.	–	–	1,868	685,162
82 Tata Steel Ltd.	1,500	859,017	2,500	500,353
83 Tata Teleservices Ltd.	–	–	5,000	116,350
84 United Phosphorous Ltd.	746	71,205	712	65,912
85 Venkys India Ltd.	1,016	326,064	–	–
86 Zensar Technologies Ltd.	1,001	283,620	–	–
Total Equity Shares		36,436,545		26,426,390
(Market Value of Shares as on 31.03.2010 was Rs. 42,716,227/- (Previous Year Rs. 18,894,676/-)				
(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 BIL 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 US\$ 1)	1,000	44,780	1,000	44,780
5 Equity Shares in Bhartiya International Sez Ltd.	4,269,230	42,692,300	4,269,230	42,692,300
6 Debentures in Bhartiya International Sez Ltd.	7,800,000	78,000,000	7,800,000	78,000,000
7 Santorini Fashion Ltd.	50,000	500,000	–	–
Total Investments in Subsidiary Companies		234,484,088		233,984,088
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 Value of Investments		8,124,756		8,124,756
Grand Total		716,376,209		703,627,778

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 7: INVENTORY		
(as taken, valued and certified by the Directors)		
i) Raw-Materials	273,469,336	389,936,926
ii) Finished Goods	15,957,400	110,896,787
iii) Consumable Stores	31,781,584	10,597,607
	<u>321,208,320</u>	<u>511,431,320</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured considered good)		
i) above 6 months	17,209,498	34,601,330
ii) others	23,926,267	33,306,383
	<u>41,135,765</u>	<u>67,907,713</u>
SCHEDULE 9: CASH & BANK BALANCES		
i) Cash in hand	2,996,328	2,047,650
ii) Balance with scheduled Banks		
– in current a/c's	32,029,590	99,440,253
– in fixed deposits	30,812,002	30,962,655
iii) Balance with non scheduled bank - in current A/c's (See Note no 17 in Schedule 20)	211,852	407,232
iv) Share Application Money Refundable	1,445	2,170
v) Dividend Account	1,453,955	1,629,870
	<u>67,505,172</u>	<u>134,489,830</u>
SCHEDULE 10 : 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	123,078,970	130,967,126
iii) Loan to Subsidiary Companies (See Note no 16 in Schedule 19)	84,203,570	78,171,352
iv) Advances to Subsidiary Companies (See Note no 16 in Schedule 19)	52,834,447	41,530,883
v) Tax Deducted at source & Advance Taxes	20,499,165	21,089,524
vi) Advances to Staff	1,830,479	1,270,518
vii) Security Deposits	5,217,993	5,355,796
viii) Prepaid Expenses	639,731	598,788
	<u>295,604,355</u>	<u>286,283,987</u>

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 11: CURRENT LIABILITIES		
i) Acceptances	18,972,657	10,421,928
ii) Sundry Creditors		
– Micro, Small and Medium Enterprises	–	–
– Others	157,001,764	160,853,007
iii) Share Application Money Refundable	4,121	4,120
iv) Unpaid Dividend	1,453,985	1,621,909
v) Current Liabilities	36,235,243	177,455,373
vi) Temporary Book Overdraft	4,694,099	–
	<u>218,361,869</u>	<u>350,356,337</u>
SCHEDULE 12 : PROVISIONS		
i) Proposed Dividend	8,663,848	7,863,848
ii) Income Tax/Fringe Benefit Tax	25,754,004	27,969,447
iii) Dividend Tax	1,438,957	1,336,461
iv) Provision for Gratuity & Leave Encashment	5,562,440	2,007,546
	<u>41,419,249</u>	<u>39,177,302</u>
SCHEDULE 13 : OTHER INCOME		
i) Dividend Income	1,385,867	687,504
ii) Profit/(Loss) on sale of investments	2,987,921	(18,350,401)
iii) Miscellaneous income	4,909,125	522,882
	<u>9,282,913</u>	<u>(17,140,015)</u>
SCHEDULE 14 : INCREASE /(DECREASE) IN STOCK		
Opening Stock (Finished Goods)	110,896,787	41,586,968
Closing Stock (Finished Goods)	15,957,400	110,896,787
Increase/(Decrease) in Stock	<u>(94,939,387)</u>	<u>69,309,819</u>
SCHEDULE 15 : RAW MATERIAL CONSUMPTION		
Opening Stock	400,534,533	326,480,771
Add: Purchases	892,229,626	978,931,438
	<u>1,292,764,159</u>	<u>1,305,412,209</u>
Less: Closing Stock	305,250,920	400,534,533
Raw Material Consumption	<u>987,513,239</u>	<u>904,877,676</u>
SCHEDULE 16 : MANUFACTURING EXPENSES		
i) Wages	1,292,613	1,224,402
ii) Fabrication Expenses	268,086,013	215,736,276
iii) Other Manufacturing Expenses	31,799,166	17,700,668
iv) Freight & Cartage	15,087,027	17,193,380
	<u>316,264,819</u>	<u>251,854,726</u>

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 17 : PERSONNEL EXPENSES		
i) Salary, Allowance & Bonus	49,266,805	38,067,938
ii) Welfare Expenses	4,187,700	4,370,434
iii) Contribution to Provident & Other funds	4,604,252	2,151,941
	<u>58,058,757</u>	<u>44,590,313</u>
SCHEDULE 18 : ADMINISTRATIVE & SELLING EXPENSES		
i) Rent	5,876,768	5,616,417
ii) Travelling & Conveyance	20,154,043	23,934,788
iii) Power & Fuel	4,403,437	4,681,879
iv) Insurance	939,246	1,327,148
v) Freight on Exports	23,839,291	39,427,809
vi) Commission, Brokerage & Discount	44,147,993	24,515,465
vii) Repair & Maintenance		
– Building	775,736	702,781
– Plant & Machinery	949,706	769,111
– Others	2,371,834	1,792,085
viii) Miscellaneous Expenses	15,510,625	23,071,383
ix) Communication Cost	4,744,292	5,216,598
x) Consultancy Charges	15,419,990	13,427,609
xi) Rates Taxes & Duties	3,380,842	627,641
xii) Auditors Remuneration	300,000	200,000
xiii) Loss on Sale of Fixed Assets	684,934	171,311
xiv) Directors Meeting Fee	104,000	83,500
xv) Packing Expenses	8,268,568	9,676,521
xvi) Bad Debt	14,558,586	–
	<u>166,429,891</u>	<u>155,242,046</u>
SCHEDULE 19: FINANCIAL EXPENSES		
i) Interest -Net	35,963,099	37,958,398
ii) Other Financial Charges	14,881,014	22,572,469
iii) Foreign Exchange Fluctuation -Net	(7,947,453)	39,385,366
	<u>42,896,660</u>	<u>99,916,233</u>

SCHEDULE 20: 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) Use of Estimates

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

SCHEDULES' (CONTD.)**c) Fixed Assets**

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

d) Depreciation

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

e) Inventories

- Raw materials and consumables have been valued at cost after providing for obsolescence. Cost is determined on FIFO basis.
- Finished goods are valued at lower of cost or net realisable value. Cost is determined as per the absorption costing method.

f) Foreign Exchange Transactions

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Current Assets and Current Liabilities, outstanding in foreign currency at the year end ,are converted at the closing exchange rates.
- c) Investments in Overseas Subsidiary is carried at the original rupee cost.
- d) In respect of transactions at the overseas offices,
 - i) revenue expenditure and income during the year are converted into Indian Rupees at the average rate prevailing during the year.
 - ii) Fixed Assets acquired are accounted for at the actual exchange rate prevailing at the time of acquisition.
 - iii) Current Assets and Liabilities are translated at the rate prevailing on the last working day of the year.
 - iv) Balances of the Head Office account appearing in foreign currency in branch books are translated at corresponding rupee balance appearing in the Head Office books.
- e) All gains /losses on such conversion are charged to profit and loss account.

g) Retirement Benefits

The employer's contribution to the employees provident fund is accounted for on accrual basis and is charged to the profit and loss account during the year. The gratuity liability is provided 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) Borrowing Costs

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

i) Revenue Recognition

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 is generally on dispatch of goods to customers.

Export Incentive

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

Dividend

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

SCHEDULES' (CONTD.)
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.

k) Taxation

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

l) Government Grants

Grants received against specific fixed assets are adjusted to the cost of assets. Revenue Grants are recognised in the profit and loss account in accordance with the related scheme.

m) Impairment of Assets

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

n) Provisions Contingent Liabilities and Contingent Assets

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

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

	Current Year Rs.	Previous Year Rs.
2. (a) Estimated value of contract remaining to be executed on capital Account and not provided for	9,604,132	10,304,269
(b) Contingent liabilities not provided for		
i) Letter of Credit outstanding -	43,732,228	71,318,298
ii) Standby Letter of credit (SBLC) issued by companies bankers in favour of the bankers of its subsidiaries		
- Ultima Italia Srl	42,287,000	47,593,000
- Ultima S.A.	48,328,000	54,392,000
- WFT Ltd	15,778,000	17,913,000
iii) Bills discounted with banks -	30,348,225	60,290,443
iv) Other Guarantee given by bank -with Corporation Bank	100,000	155,000
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	35,200,000
Ultima Italia Srl	39,266,500	44,193,500
vi) Income Tax Demand under dispute	12,269,295	12,269,295
3. Investment in the wholly owned subsidiaries Ultima S.A, Switzerland, Bhartiya Global Marketing Ltd.and Santorini Fashion Ltd. include 1 equity share of the nominal value of SFR 1000 (Rs.33,785/-) and 6 equity shares (Rs. 60/-) respectively held in the name of a Director / nominees in fiduciary capacity for the company.		
4. Investment in the subsidiary Bhartiya International SEZ Ltd. include 6 equity shares of (Rs.60/-) held in the name of a Director / nominees in fiduciary capacity for the company.		
5. Fixed deposits of Rs.25,321,820/- (previous year Rs. 23,362,363/-) 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.		

SCHEDULES' (CONTD.)

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.

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	16,925.06 (13,049.75)	571.49 (706.68)	402.17 (1,593.62)	– –	17,898.72 (15,350.05)
b.	Segment Results	2,367.26 (2,114.77)	53.22 (218.57)	(44.93) (-77.85)	92.83 (-171.40)	2,468.38 (2,084.09)
c.	Less: Unallocable expenses net of Income	– –	– –	– –	1,116.71 (937.36)	1,116.71 (937.36)
d.	Operating Profit	– –	– –	– –	– –	1,351.67 (1,146.73)
e.	Less:- Interest	– –	– –	– –	– –	508.44 (605.31)
f.	Profit before Tax	– –	– –	– –	– –	843.23 (541.42)
g.	Provision for taxation	– –	– –	– –	– –	299.75 (269.76)
h.	Profit after Tax	– –	– –	– –	– –	543.48 (271.66)
i.	Capital Employed	2,860.80 (2,638.78)	52.48 (14.02)	148.30 (415.37)	8,070.51 (7,126.97)	11,132.09 (10,195.14)

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- 1,775,186/- (Previous Year Rs. 937,613/-)
12. The Company has not provided for the diminution in the value of long term 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 436/- (Rs 19,657/-) in its financial year ended 31st December, 2009. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 436/- (Rs 19,657/-) in BIL Group LLC and shall claim deduction of this loss against its Income Tax liability in India.

SCHEDULES' (CONTD.)

14. The Company has filed legal Suit for recovery of Rs. 6,162,337/- against one of its overseas customer. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.
15. a) Provisions for Income tax / Wealth Tax includes Rs 353,889/- (Previous Year Rs.Nil)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 31.03.2010 and the deferred tax Liability for the year is provided below :

Particulars	Deferred Tax Liability / (Deferred Tax Assets)		
	As On 01.04.2009	For The Year	As On 31.03.2010
Depreciation	17,329,988	2,577,995	19,907,983
Capital Loss	(8,451,491)	1,289,186	(7,162,305)
Net Deferred Tax Liability	8,878,497	3,867,181	12,745,678

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

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
i) Sundry Debtors		
- World Fashion Trade Ltd.	2,805,690	3,160,979
- Ultima Italia Srl	1,011,842	559,376
ii) Loans		
- Bhartiya Global Marketing Ltd.	53,750,000	43,750,000
- World Fashion Trade Ltd.	30,453,570	34,421,352
iii) Advances		
- Bhartiya Global Marketing Ltd.	36,648,418	34,718,233
- Santorni Fashion Ltd.	118,601	-
- Ultima S.A Switzerland	4,670,350	4,579,737
- Ultima Italia Srl	653,149	-
- World Fashion Trade Ltd.	833,143	680,073
- Bil Group LLc	228,225	228,225
- Bhartiya International SEZ Ltd.	9,682,561	1,324,615
iv) Sundry Creditors		
- Ultima Italia Srl	69,280,211	39,489,696
- J & J Leather Enterprises Ltd.	861,568	1,275,088
- Ultima S.A. Switzerland	5,918,899	93,244

17. Balances with non-scheduled Bank are as under :

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.	Maximum amount outstanding during the year Rs.	Maximum amount outstanding during the previous year Rs.
a) Casa Risparia Di Pisa, Italy	211,852	407,232	1,415,811	1,561,011

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

	Current Year Rs.	Previous Year Rs.
a) Salary	3,120,509	2,919,200
b) Contribution to Providend Fund	9,360	9,360
c) Allowances & Perquisites	144,912	81,600
	3,274,781	3,010,160

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.

SCHEDULES' (CONTD.)
19. 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.
Bhartiya International SEZ Ltd.
Santorini Fashion Ltd

Overseas

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

ii) Associate Parties

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

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	79,784,570 (105,791,373)	-	-	-
b)	Interest Income	-	-	-	-
		-	(2,521,774)	-	-
c)	Sale of Key man Insurance Policy	-	-	10,359,970	-
		-	-	(-)	-
d)	Purchases / Job Work	82,283,804 (58,141,418)	-	-	-
e)	Ticketing	-	4,117,334 (617,616)	-	-
f)	Salaries	-	-	3,274,781 (3,010,160)	360,000 (360,000)
g)	Sitting Fees	-	-	104,000 (83,500)	-
h)	Lease Rent / Rent	100,000 (50,000)	-	-	480,000 (480,000)
i)	Commission Expense	33,211,346 (16,147,054)	-	-	-
j)	Balances Outstanding at the year end:				
	Loans Given	84,203,570 (78,171,352)	1,950,340 (21,950,340)	-	-

SCHEDULES' (CONTD.)

Summary of transactions during the year :	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
Sundry Creditors	76,060,678	376,980	43,258	36,000
	(40,858,028)	(484,784)	(43,258)	(33,820)
Advances Recoverable	52,834,447	-	-	-
	(41,530,883)	-	-	-
Sundry Debtors	3,817,532	-	-	-
	(3,720,355)	-	-	-

20. 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, 2010 and the year ended 31st March, 2009 :

	Current Year Rs.	Previous Year Rs.
Income available to Equity Shareholders	54,348,222	27,166,187
No of Shares at the beginning of the Year (A)	7,863,848	7,863,848
Equity allotted during the year	800,000	-
Weighted Average Shares (B)	28,493	-
Weighted Average Shares Outstanding (nos)(A+B)	7,892,341	7,863,848
Effect of Dilutive Securities Securities (nos):		
Add: Adjustment for warrants convertible into Equity Shares	429,032	-
Weighted Average number of equity shares for Diluted EPS	8,321,373	7,863,848
Nominal Value per share	10.00	10.00
Earnings per share (Basic)	6.89	3.45
Earnings per share(Diluted)	6.53	3.45

21. Auditor's Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	300,000	200,000
Certification	112,500	71,000
Tax Audit	75,000	42,500
Reimbursement of Expenses	25,000	25,000

22. The Company has received Grant of Rs. 9,567,128/- under the IDLS Scheme of Ministry of Commerce and Industries, Department of industrial policy and promotion (leather Section), towards purchase of specific machines. The same has been adjusted with the cost of the machines.

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

A. LICENCE 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	43,071	105,727,121			314,360		341,652	1,350,679,724	15,779	15,914,035
	PCS	(17,175)	(36,392,006)	(1,728)	(3,253,074)	(302,535)		(278,367)	(1,029,282,234)	(43,071)	(105,727,121)
TEXTILE APPARELS	PCS	30	5,954	176,051	35,915,476	10,420		185,343	54,208,346	1,158	43,365
	PCS	(250)	(31,250)	(235,773)	(33,316,181)			(235,993)	(66,838,984)	(30)	(5,954)
OTHERS			5,163,712		-				240,045,769		-
			(5,163,712)		(22,075,091)				(305,801,374)		(5,163,712)

SCHEDULES' (CONTD.)
C. CONSUMPTION OF RAW MATERIAL

Product	UNIT	Current Year		Previous Year	
		Qty	Value in (Rs.)	Qty	Value in (Rs.)
Leather	DCM	118,233,699	781,438,299	119,433,088	723,454,697
Consumables/Others			206,074,940	–	181,422,979
		118,233,699	987,513,239	119,433,088	904,877,676

D. CONSUMPTION OF IMPORTED & INDIGENOUS RAW MATERIAL

	%	Current Year Rs.	%	Previous Year Rs.
Indigenous	66	652,897,723	55	499,255,605
Imported	34	334,615,516	45	405,622,071
	100	987,513,239	100	904,877,676

E. VALUE OF IMPORTS ON CIF BASIS

	Current Year Rs.	Previous Year Rs.
Raw Material	353,767,536	414,045,886
Capital Goods	8,064,566	5,137,984
Purchase under Merchandise Trade	20,123,955	18,522,922

F. EXPENDITURE IN FOREIGN CURRENCY (on payment basis)

	Current Year Rs.	Previous Year Rs.
Agent Commission	13,942,574	10,427,601
Foreign Travelling	3,066,946	4,272,128
Overseas Consultancy	946,560	1,908,115
Others	4,932,954	1,462,491
Interest on Import Bills	620,077	1,052,886
Administration, Selling and other Expenses at Overseas Trading Offices (on accrual basis)	2,658,557	833,458

G. EARNING IN FOREIGN CURRENCY

	Current Year Rs.	Previous Year Rs.
FOB Value of Sales	1,550,326,701	1,194,299,631
Export Under merchandising Trade	24,943,132	23,665,775

H. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	Current Year Rs.	Previous Year Rs.
a) Year to which the dividend relates	2008-09	2007-08
b) Number of non-resident shareholders to whom remittances were made	43	40
c) No of shares on which remittances were made	178,682	170,784
d) Amount remitted in Rs.	178,682	256,176

SCHEDULES' (CONTD.)**24. Following Non Trade Investment have been Purchased and Sold during the year.****Equity Shares**

Particulars	Units	Rs.	Sold Qty.	Sale Cons
Axis Bank Ltd.	500	461,811	500	545,275
Balmer Lawrie & Co Ltd.	1000	495,204	1000	619,241
Bharat Heavy Electrical Ltd.	336	514,200	336	683,078
Bharati Shipyard Ltd.	1139	91,320	1139	368,115
Bharti Airtel Ltd.	500	226,294	500	210,024
Coromandal Fertilizer Ltd.	2400	502,860	2400	626,721
Financial Techno (I) Ltd.	501	733,280	501	776,567
Ganesh Housing Corporation Ltd.	1435	63,718	1435	181,647
Glaxosmithkline Pharma Ltd.	160	240,377	160	271,807
Guj. Inds. Power	1651	168,795	1651	203,338
Harrison Malayalam Ltd.	4800	502,456	4800	593,092
Hcl Technologies Ltd.	1475	501,241	1475	535,852
Hindustan Unilever Ltd.	755	174,126	755	189,313
Hindustan Zinc Ltd.	305	251,944	305	261,329
ICICI Bank Ltd.	500	390,842	500	436,353
ICSA (India) Ltd.	5000	899,840	5000	904,367
Idea Cellular Ltd.	5000	425,641	5000	389,404
Indraprastha Gas Ltd.	732	120,190	732	129,185
Infosys Tech. Ltd.	86	192,657	86	205,796
IPCA Labs. Ltd.	670	619,439	670	182,691
Karur Vysya Bank Ltd.	2600	881,338	2600	999,013
KCP Ltd.	2500	880,037	2500	704,539
Mphasis Ltd.	780	505,030	780	532,319
OCL India Ltd.	1890	251,553	1890	245,620
Oriental Bank of Commerece Ltd.	2180	498,208	2180	574,877
Procter And Gamble Hygiene And	87	68,919	87	84,169
Reliance Capital Ltd.	1000	833,130	1000	856,955
Reliance Industries Ltd.	856	429,400	856	944,655
SRF Ltd.	5000	569,455	5000	987,683
State Bank of India	120	218,702	120	230,714
Strides Arcolab Ltd.	1163	274,612	1163	352,024
Tata Power Ltd.	180	195,744	180	210,026
The Phoenix Mills Ltd.	3300	508,179	3300	616,295
The South Indian Bank Ltd.	4100	495,164	4100	576,155
Unichem Laboratories Ltd.	2000	506,153	2000	564,581
United Phosphorous Ltd.	167	26,030	167	24,981

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

26. Figures have been 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 May, 2010

SCHEDULES' CONTD.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.

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 Balance Sheet Date

3	1	0	3	2	0	1	0
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 State Code

5	5
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2 CAPITAL RAISED DURING THE YEAR (Amount in Rs.)

8	0	0	0	0	0	0	0
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3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities

1	5	1	0	9	1	7
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 Total Assets

1	5	1	0	9	1	7
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SOURCES OF FUNDS

Paid Up Capital	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td>8</td><td>6</td><td>6</td><td>3</td><td>8</td></tr></table>		8	6	6	3	8	Reserves and Surplus	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>0</td><td>1</td><td>1</td><td>5</td><td>2</td><td>1</td></tr></table>	1	0	1	1	5	2	1
	8	6	6	3	8											
1	0	1	1	5	2	1										
Secured Loans	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>8</td><td>4</td><td>9</td><td>6</td><td>2</td></tr></table>	3	8	4	9	6	2	Unsecured Loans	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-
3	8	4	9	6	2											
-	-	-	-	-	-	-										
Net Deferred Tax Liability	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td>1</td><td>2</td><td>7</td><td>4</td><td>6</td></tr></table>		1	2	7	4	6	Advance Subscription	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>0</td><td>5</td><td>0</td></tr></table>			1	5	0	5	0
	1	2	7	4	6											
		1	5	0	5	0										

APPLICATION OF FUNDS

Net Fixed Assets	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>2</td><td>8</td><td>8</td><td>6</td><td>8</td></tr></table>	3	2	8	8	6	8	Investments	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td>7</td><td>1</td><td>6</td><td>3</td><td>7</td><td>6</td></tr></table>		7	1	6	3	7	6
3	2	8	8	6	8											
	7	1	6	3	7	6										
Net Current Assets	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>4</td><td>6</td><td>5</td><td>6</td><td>7</td><td>2</td></tr></table>	4	6	5	6	7	2	Mis. Expenditure	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>		-	-	-	-	-	-
4	6	5	6	7	2											
	-	-	-	-	-	-										

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other Income	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>7</td><td>9</td><td>9</td><td>1</td><td>5</td><td>5</td></tr></table>	1	7	9	9	1	5	5
1	7	9	9	1	5	5		
Total Expenditure	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>7</td><td>1</td><td>4</td><td>8</td><td>3</td><td>1</td></tr></table>	1	7	1	4	8	3	1
1	7	1	4	8	3	1		
Profit before Tax	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td>8</td><td>4</td><td>3</td><td>2</td><td>3</td></tr></table>			8	4	3	2	3
		8	4	3	2	3		
Profit after Tax	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td>5</td><td>4</td><td>3</td><td>4</td><td>8</td></tr></table>			5	4	3	4	8
		5	4	3	4	8		
Earning per Share	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td>6</td><td>-</td><td>8</td><td>9</td></tr></table>				6	-	8	9
			6	-	8	9		
Dividend Rate	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>%</td></tr></table>					1	0	%
				1	0	%		

5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No.

4	2	0	3	1	0
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 Product Description

L	E	A	T	H	E	R
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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 May, 2010

FINANCIAL SUMMARY**(Rs. in lacs)**

PARTICULARS	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Equity Share Capital	583.88	583.88	583.88	583.88	583.88	627.88	727.88	786.38	786.38	866.38
Reserves & Surplus	4191.63	4796.53	5269.85	5698.28	5823.10	6530.18	8133.72	9229.10	9408.75	10115.21
Net Worth	4774.26	5380.41	5853.73	6282.16	6406.98	7158.06	8861.60	10015.48	10195.14	10981.59
Capital Employed	7238.83	7353.81	8087.30	8451.85	7410.92	12128.48	17040.80	14807.19	15796.06	14831.21
Gross Fixed Assets	1124.52	1172.20	1359.20	1438.65	1640.12	1732.49	1792.46	1858.32	2964.94	3145.01
Net Fixed Assets	988.03	993.46	1131.69	1150.80	1290.55	1311.05	1296.92	1285.33	2296.65	2352.37
Export Sales including Export Incentives	9629.16	8592.28	7327.41	7750.44	9453.66	9550.56	12272.54	13868.47	15350.05	17898.72
Other Income	26.77	48.12	118.29	29.93	44.62	43.58	214.64	268.84	-171.40	92.83
Total Income	9649.94	8621.04	7464.87	7971.25	9498.28	9594.14	12487.19	14137.31	15178.65	17991.55
EBDIT	1542.53	1320.37	890.45	692.33	835.29	921.09	1032.38	1245.27	1638.41	1400.33
Depreciation	42.49	50.98	56.73	64.73	68.25	74.68	79.23	82.92	97.83	128.13
EBIT	1500.04	1269.39	833.72	627.60	767.04	846.41	953.15	1162.35	1540.58	1272.20
Profit before Tax	1238.14	1030.06	731.91	583.08	609.79	616.45	694.43	811.74	541.42	843.23
Provision for Tax	21.61	133.02	126.86	55.84	110.71	197.98	194.33	189.86	269.76	299.75
Profit after Tax	1216.53	897.04	605.05	527.24	499.08	418.47	500.11	621.88	271.66	543.88
Equity Dividend (%)	27%	20%	20%	15%	15%	15%	15%	15%	10%	10%
EPS (Basic)Rs.	20.84	15.36	10.36	9.03	8.54	7.08	7.33	7.91	3.45	6.89
EPS(Diluted)Rs	20.84	15.36	10.36	9.03	8.54	6.90	7.17	7.91	3.45	6.53
DEBT to Equity (Times)	0.52	0.37	0.38	0.35	0.16	0.68	0.84	0.48	0.55	0.35
Book Value (Rs.)	81.76	92.15	100.26	107.59	109.73	114.00	121.75	127.40	129.64	126.75

DIRECTORS' REPORT

The Directors present their 14th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2009-10	2008-09
Sales	163.89	56.18
Share of Profit from firm	(0.01)	(0.02)
Other Income	9.74	1.44
Increase/Decrease in Stock	(2.63)	(0.31)
Total Income	170.99	57.29
Total Expenditure	169.23	75.83
Profit/(Loss) before Tax	1.76	(18.54)
Provision for Tax	(7.91)	4.48
Profit/(Loss) after Tax	(6.15)	(14.06)

REVIEW OF OPERATION

The turnover for the financial year 2009-2010 was Rs. 163.89 Lacs as against Rs. 56.18 Lacs for the previous year. The loss for this year was Rs. 6.15 Lacs as against Rs. 14.06 Lacs in the previous year.

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, 2010 as well as the statement under Section 212 of the Companies Act, 1956, is annexed herewith.

DIRECTORS

Ms. Jaspal Sethi, Director retires by rotation at the ensuing Annual General Meeting & being eligible offers 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, 2010.

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 form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the 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, 2010 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. Associates, 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, 28th May, 2010

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, 28th May, 2010

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

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

		J & J Leather Enterprises Ltd.
A.	Financial year of the Subsidiary Company	:
	ended on	31.03.2010
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. (1,119,075)
	2. For the previous financial years of the Subsidiary since it become the Holding Company's Subsidiary	: Rs. 1,191,808
(ii)	Dealt within the Holding Company 's accounts	
	1. For the financial Year of the Subsidiary	: -
	2. For the previous financial year of the Subsidiary since it become the Holding Company's Subsidiary	: -

For and on behalf of the Board

New Delhi, 28th May, 2010

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

COMPLIANCE CERTIFICATE

To,
The Members,
Bhartiya Global Marketing Ltd.

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, 2010. 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 05 times on 28.05.2009, 27.06.2009 11.09.2009, 14.12.2009 and 15.03.2010 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 was not required to close its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended 31st March, 2009 was held on 24th September, 2009 after giving due notice to the members of the company and resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
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 duly complied with the provision of the section 297 of the Act in respect of contract specified in that section.
10. The Company has made necessary entries regarding disclosure of interest by the directors, in the register maintained under Section 301 of the Act.
11. As informed by the company, there was no instance falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company 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.

BHARTIYA GLOBAL MARKETING LTD.

15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the year.
16. The Company has not appointed sole selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, CLB, 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 the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered provisions of memorandum with respect to situation of Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association 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 constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

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

(RAVI SHARMA)
Partner (C. P. No. – 3666)
New Delhi, 28th May, 2010

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, 2010.

Forms/ Returns	Under Section	For
Form 20 B (Annual Return)	159	the AGM held on 24.09.2009 filed on Dt. 10.11.2009
Form 23AC (Annual Report)	220	the financial year 2008-09 filed on Dt.20.10.2009
Form 66 (Compliance Certificate)	383A	the financial year 2008-09 filed on Dt. 13.10.2009
Form 8 (Modification of Charge)	125	the financial year 2009-10 filed on Dt. 27.07.2009

R. S. M. & Co.

Company Secretaries

(RAVI SHARMA)

Partner (C. P. No. – 3666)

New Delhi, 28th May, 2010

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, 2010, 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, 2010 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 15 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, 2010.
 - 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

Firm Registration No. 014969N

S. K. Poddar

Prop.

M. No: 94479

New Delhi, 28th May, 2010

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 Ltd. for Rs. 53,750,000/- It has also given an interest free unsecured loan to its wholly owned subsidiary for Rs. 53,750,000/-.
(b) As per the information & explanation given to us by the management and in view of the long term involvement with the above companies , we are of the opinion that the terms & conditions of the above loans are prima facie not prejudicial to the interest of the company.
(c) There are no stipulations as to the repayment of the principal amount of the above interest free loans.
(d) in view of our observation in sub clause (c) above there are no overdue amounts more than Rs 1 Lakh.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 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 2010 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 not incurred cash losses during the financial year covered by our audit. However the company had incurred cash losses of Rs 1,595,970/- in the immediately preceding financial year.
 - xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
 - xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
 - xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
 - xv. The company has given guarantees for loans taken by its subsidiary from bank. According to information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
 - xvi. As per the records of the company, it has not taken any term loans and hence the reporting provisions of this clause are not applicable.
 - xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
 - xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 Companies Act, 1956.
 - xix. During the year the company has not issued any debentures and as such creation of security is not applicable.
 - xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
 - xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **Sushil Poddar & Co.**

Chartered Accountants

Firm Registration No. 014969N

S. K. Poddar

Prop.

M. No: 94479

New Delhi, 28th May, 2010

BHARTIYA GLOBAL MARKETING LTD.**BALANCE SHEET AS AT 31ST MARCH, 2010**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	9,990,200	9,990,200
Loan Funds			
Unsecured Loan	2	53,750,000	43,750,000
		<u>63,740,200</u>	<u>53,740,200</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	3	5,029,240	5,029,240
Less: Depreciation		<u>3,335,895</u>	<u>3,092,534</u>
Net Block		1,693,345	1,936,706
Investments	4	15,075,000	15,075,000
Current Assets, Loans & Advances			
Inventories	5	1,555,502	1,818,576
Sundry Debtors	6	27,542,962	14,839,109
Cash & Bank Balances	7	1,693,734	1,574,521
Loans & Advances	8	56,345,942	46,475,122
		<u>87,138,140</u>	<u>64,707,328</u>
Less: Current Liabilities & Provisions			
Current Liabilities	9	51,125,276	39,084,008
Provisions		—	29,715
Net Current Assets		51,125,276	39,113,723
Deferred Tax Assets (Net)		2,774,148	3,565,001
Profit & loss A/c		8,184,843	7,569,888
		<u>63,740,200</u>	<u>53,740,200</u>

Notes on accounts and
Significant Accounting Policies 15
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, 28th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Export sales		15,981,829	5,482,798
Local Sales		407,412	135,793
Share of Profit From Firm		(1,784)	(2,094)
Other Income	10	974,799	144,249
Increase /(Decrease) in stock	11	(263,074)	(31,265)
		<u>17,099,182</u>	<u>5,729,481</u>
EXPENDITURE			
Purchases For Resale		13,161,234	4,350,939
Personnel Expenses	12	2,284,033	3,756,353
Administrative & Selling Expenses	13	433,380	682,600
Financial Expenses	14	801,275	(1,464,441)
Depreciation		243,361	257,690
		<u>16,923,283</u>	<u>7,583,141</u>
Profit /(Loss) before Taxes		175,899	(1,853,660)
Provision for Taxes			
- Income Tax		-	-
- Fringe Benefits Tax		-	(29,715)
- Deferred Tax		(790,854)	477,408
Profit / (Loss) after Taxes		(614,955)	(1,405,967)
Balance brought Forward		(7,569,888)	(6,163,921)
Balance carried over to Balance Sheet		<u>(8,184,843)</u>	<u>(7,569,888)</u>
Basic/Diluted Earnings Per Share Rs. (of Rs.10/- each)		(0.62)	(1.41)
Notes on accounts and Significant Accounting Policies	15		

Schedule referred to above form an integral part of the Profit & Loss Account

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, 28th May, 2010

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	175,899	(1,853,660)
Adjusted for :		
Depreciation	243,361	257,690
Financial Expenses	801,275	(1,464,441)
	<u>1,044,636</u>	<u>(1,206,751)</u>
Operating profit before working capital changes	1,220,535	(3,060,411)
Adjustment for :		
Inventories	263,074	31,265
Sundry Debtors	(12,703,853)	2,304,426
Loans and Advances	(9,919,235)	(9,683,917)
Sundry Creditors	12,041,267	(1,172,696)
	<u>(10,318,747)</u>	<u>(8,520,922)</u>
Cash generated from operations	(9,098,212)	(11,581,333)
Taxes (Paid) / Refunded (net)	18,700	(70,000)
Financial expenses (net)	(801,275)	1,464,441
Cash flow before extra-ordinary items	(9,880,787)	(10,186,892)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(9,880,787)</u>	<u>(10,186,892)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	-	-
NET CASH USED IN INVESTMENT ACTIVITIES	<u>-</u>	<u>-</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	10,000,000	10,000,000
NET CASH USED IN FINANCING ACTIVITIES	<u>10,000,000</u>	<u>10,000,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	119,213	(186,892)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,574,521	1,761,413
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1,693,734	1,574,521

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, 28th May, 2010

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 : UNSECURED LOAN		
Loan from M/s Bhartiya International Ltd - Holding Company	<u>53,750,000</u>	<u>43,750,000</u>
	<u>53,750,000</u>	<u>43,750,000</u>

SCHEDULE 3 : FIXED ASSETS

PARTI- CULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALE DURING THE YEAR	AS ON 31.3.2010	UP TO 31.3.2009	FOR THE YEAR	SALE ADJUST- MENTS	UP TO 31.3.2010	UP TO 31.3.2010	AS AT 31.3.2009
Land	492,800	-	-	492,800	-	-	-	-	492,800	492,800
Vehicles	1,686,455	-	-	1,686,455	1,225,436	58,968	-	1,284,404	402,051	461,019
Computer Office Equipments	952,186	-	-	952,186	764,034	68,769	-	832,803	119,383	188,152
Furniture & Fixture	285,274	-	-	285,274	88,321	13,551	-	101,872	183,402	196,953
	1,612,525	-	-	1,612,525	1,014,743	102,073	-	1,116,816	495,709	597,782
Total	5,029,240	-	-	5,029,240	3,092,534	243,361	-	3,335,895	1,693,345	1,936,706
Previous Year	5,029,240	-	-	5,029,240	2,834,844	257,690	-	3,092,534	1,936,706	2,194,396

SCHEDULE 4 : INVESTMENT

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
UNQUOTED- TRADE		
a) Equity Shares		
Investment in Subsidiary company 125,000 (Previous Year 125,000)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>1,555,502</u>	<u>1,818,576</u>
	<u>1,555,502</u>	<u>1,818,576</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	13,994,319	14,744,860
- others	13,548,643	94,249
	<u>27,542,962</u>	<u>14,839,109</u>
SCHEDULE 7 : CASH & BANK BALANCES		
Cash in hand	367,695	62,771
Balances with Scheduled Bank-Current A/c	1,326,039	1,511,750
	<u>1,693,734</u>	<u>1,574,521</u>
SCHEDULE 8 : LOANS & ADVANCES		
Advances recoverable in cash or in Kind	1,528,700	1,525,501
Current A/c Balance in Bhartiya Prakash Leather - Partnership Firm	628,389	630,173
Security Deposits	59,057	59,057
AdvanceTax/TDS	259,481	307,896
Advances to Staff	114,032	196,680
Loans To Subsidiary-J&J Leather Ent Ltd.	53,750,000	43,750,000
Prepaid Expenses	6,283	5,815
	<u>56,345,942</u>	<u>46,475,122</u>
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors		
- Micro ,Small and Medium Enterprises	-	-
- Others	13,383,273	2,942,907
Other Liabilities	1,093,585	1,422,867
Due to Holding Co.-Bhartiya International Ltd.	36,648,418	34,718,234
	<u>51,125,276</u>	<u>39,084,008</u>
B. Provisions		
Income Tax/Fringe Benefit Tax	-	29,715
	<u>-</u>	<u>29,715</u>
SCHEDULE 10 : OTHER INCOME		
Service Charges	627,038	94,249
Other Income	247,761	-
Leese Rent Received	100,000	50,000
	<u>974,799</u>	<u>144,249</u>

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

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 11 : INCREASE IN STOCK		
Opening Stock	1,818,576	1,849,841
Closing Stock	1,555,502	1,818,576
Increase / (Decrease) in stock	<u>(263,074)</u>	<u>(31,265)</u>
SCHEDULE 12 : PERSONNEL EXPENSES		
Salary , Allowances and Bonus	2,055,882	3,248,832
Staff Welfare	90,556	145,625
Contribution to PF and Other Funds	137,595	361,896
	<u>2,284,033</u>	<u>3,756,353</u>
SCHEDULE 13 : ADMINISTRATION & SELLING EXPENSES		
Printing & Stationery	18,444	25,441
Travelling & Conveyance	64,867	303,399
Legal & Professional	53,056	37,354
Sampling Expenses	28,705	153,279
Miscellaneous Expenses	11,096	24,729
Electricity Charges	114,835	43,790
Insurance	9,348	10,589
Auditors Remuneration	25,000	25,000
Repair & Maintenance -Others	6,729	-
Rates & Taxes	40,029	9,030
Telephone	53,271	37,289
Fees & Subscription	8,000	12,700
	<u>433,380</u>	<u>682,600</u>
SCHEDULE 14 : FINANCIAL EXPENSES		
Bank charges	6,627	22,214
Foreign Exchange Fluctuation	794,648	(1,486,655)
	<u>801,275</u>	<u>(1,464,441)</u>

SCHEDULE 15 : 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 requirement of the Companies Act, 1956.

b) Fixed Assets :

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

c) Depreciation :

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

d) Inventories :

- Raw materials have been valued at cost . Cost is determined on FIFO basis.

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

e) Retirement Benefits :

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

f) Investment :

(i) Investment in subsidiary is valued at cost. Provision is made for any diminution in value considered permanent.

(ii) Investment representing the capital invested in a partnership firm is valued at cost.

g) Foreign Currency Transactions :

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

h) Taxation :

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

i) Impairment of Assets :

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

j) Provisions Contingent Liabilities and Contingent Assets :

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

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

2 Contingent Liabilities not provided for

- a. Corporate Guarantee given by Company to a bank against facilities granted by that bank to its wholly owned subsidiary M/s J & J Leather Enterprises Ltd. and its holding company M/s Bhartiya International Ltd. Rs. 33 crores (Previous Year Rs. 5.5 crores).

BHARTIYA GLOBAL MARKETING LTD.

b. Land and Building at Chennai of Rs. 492,800 (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 31.03.2010 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 six nominees of the company.
7. 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.
8. (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 losses in earlier years.
(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 31.03.2010 and the deferred tax liability for the year is provided below :

Particulars	01.04.2009	for the year	31.03.2010
Depreciation	158,561	(75,475)	83,086
Carried Forward losses	(3,723,562)	866,329	(2,857,234)
Net Deferred Tax Asset	(3,565,001)	790,854	(2,774,148)

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.

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

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Sundry Debtors-World Fashion Trade Ltd.	6,483,946	7,328,736
Loans- J & J Leather Enterprises Ltd.	53,750,000	43,750,000
Advances - Bhartiya Prakash Leather	628,389	630,173
Sundry Creditor -Ultima Italia	2,434,800	2,719,600

10. Earnings Per Share (E.P.S)

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

	Current Year Rs.	Previous Year Rs.
a) Net Profit/(Net Loss) after tax available for Equity Shareholders	(614,955)	(1,405,967)
b) Weighted Average no of equity shares outstanding during the year	999,020	999,020
c) Basic/Diluted earnings per share (of Rs. 10/- each) Rs.(a/b)	(0.62)	(1.41)

11. Auditor's Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	25,000	25,000
Tax & Consultancy	20,000	20,000

BHARTIYA GLOBAL MARKETING LTD.

12. The Company has filed legal Suit for recovery of Rs.550000/- against one of its customer. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.
13. Debit and Credit balances of parties are subject to their confirmation.
14. Quantitative details pursuant to the provision of paragraph 3, 4 C & 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	540	513,000	41,819	13,161,234	-	-	41,819	15,981,829	540	513,000
	Pcs	(572)	(543,400)	(10,729)	(4,350,939)	-	-	(10,761)	(5,618,591)	(540)	(513,000)
Others	Pcs	-	580,600	-	-	-	-	-	-	-	580,600
	Pcs	-	(580,600)	-	-	-	-	-	-	-	(580,600)
Leather	DCM	207,139	724,976	-	-	-	-	75,164	407,412	131,975	461,902
	DCM	(207,390)	(725,841)	-	-	-	-	(251)	-	(207,139)	(724,976)

b) Value of Import on CIF basis

Purchase Under Merchandising Trade Rs. 13,128,964/- (Previous Year Rs.NIL)

c) Earning in Foreign Currency

- Direct export (FOB value Rs. 35,497/- (Previous Year NIL)
- Exports under Merchandising Trade Rs.15,946,332/- (Previous Year Rs. 5,482,798/-)
- Commission - Rs - Nil (Previous Year 94,298/-)

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

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

16. Figures has 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

New Delhi, 28th May, 2010

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

For and on behalf of the Board

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

Snehdeep Aggarwal
 Director

Ramesh Bhatia
 Director

New Delhi, 28th May, 2010

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, 2010, the Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.

FINANCIAL RESULTS:

PARTICULARS	(Rs. in Lacs)	
	2009-2010	2008-2009
INCOME	568.44	499.82
EXPENDITURE	488.59	431.12
PROFIT BEFORE TAX	(12.87)	20.45

DIRECTORS

Mr. C.L. Handa and Mr. S. Chandra, 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 & Ramanijam, 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 the Practising Company Secretary for the financial year ended 31st March, 2010 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

A.P.S. Narag
Director

Manoj Khattar
Director

Chennai, 27th May, 2010

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 2010.

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, 27th May, 2010

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, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies under the Act and the rules made there under.
3. The Company being Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors met Seven (07) times on 28.05.2009, 26.06.2009, 08.08.2009, 28.08.2009, 30.12.2009, 22.01.2010 and 31.03.2010 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 31.03.2009 was held on 23.09.2009 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 31.03.2010.
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. The Company had entered into 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 in other bodies corporate. The Company have provided security for the loans awaited by Bhartiya International Ltd.
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.

B. Chitra

Parc. Company Secretary

C.P. No. - 2928

Chennai, 27th May, 2010

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, 2010.

1. Form No. 20B
2. Form No. 23AC and 23ACA
3. Form No. 66
4. Form No. 8 (2 Nos.)
5. Form 23
6. Form 25C

B. Chitra

Parc. Company Secretary

C.P. No. - 2928

Chennai, 27th May, 2010

AUDITORS' REPORT

We have audited the attached Balance Sheet of J&J Leather Enterprises Ltd. as at 31st March 2010 and the Profit and Loss Account for the year ended on that date annexed thereto. Here the financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (1) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such examination of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the annexure a statement on the matters specified in the said order
- (2) Further to the comments in the annexure referred to in paragraph (1) above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such book.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the Books of account.
 - (d) In our opinion the profit and loss account and Balance sheet comply with the accounting standards wherever applicable as referred to in sub section 3C of Section 211.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board, we report that none of the Directors are disqualified as on 31st March, 2010 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, 2010 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
Firm Reg. No. 002510S

N. Ramani

Partner

M. No. 22438

Chennai, 27th May, 2010

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 purpose 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 Company has given guarantees for loans taken by others from bank of financial institutions.
- (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
Firm Reg. No. 002510S

N. Ramani

Partner
M. No. 22438

Chennai, 27th May, 2010

J & J LEATHER ENTERPRISES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2010**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCE OF FUND:			
SHAREHOLDERS FUNDS:			
Share capital	1	12,500,000	12,500,000
Reserve & Surplus	2	11,323,327	10,466,719
Loan Funds :			
Secured Loans	3	7,809,759	17,574,435
Unsecured Loans	4	53,750,000	43,750,000
Deferred Tax Liability (Net)		2,047,468	2,215,116
		<u>87,430,554</u>	<u>86,506,270</u>
APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block	5	123,037,110	114,185,739
Less Depreciation		<u>49,401,557</u>	<u>40,130,096</u>
Net Block		73,635,553	74,055,643
Add : Capital Work In Progress		<u>2,503,492</u>	<u>4,487,791</u>
		76,139,045	78,543,434
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	3,632,545	3,702,384
Sundry Debtors	7	1,017,749	2,136,487
Cash & Bank Balance	8	2,261,456	1,894,711
Loans & Advances	9	10,850,360	6,985,646
		<u>17,762,110</u>	<u>14,719,228</u>
LESS: CURRENT LIABILITIES			
Current liabilities	10	5,517,273	5,973,829
Provisions	10	953,328	782,563
Net Current Assets		<u>11,291,509</u>	<u>7,962,836</u>
		<u>87,430,554</u>	<u>86,506,270</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, 27th May, 2010

A. P. S. Narag
Director

Manoj Khattar
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Job Work		56,295,787	49,639,605
Other Income	16	547,793	342,869
		56,843,580	49,982,474
EXPENDITURE			
Material Cost	11	2,857,722	2,047,012
Manufacturing Expenses	12	32,077,684	28,233,188
Personnel Expenses	13	6,080,587	4,480,137
Administrative Expenses	14	6,209,003	6,083,096
Financial Charges	15	1,633,846	2,268,247
		48,858,842	43,111,680
Profit /(Loss) before Depreciation & Taxes		7,984,738	6,870,794
Depreciation		9,271,461	4,825,595
Profit/(Loss) before taxes		(1,286,723)	2,045,199
Provision for Tax:			
Income Tax		–	355,210
Fringe Benefit Tax		–	32,370
Deferred Tax		(167,648)	(36,412)
Income Tax earlier Years		–	502,223
Profit after tax		(1,119,075)	1,191,808
Balance brought Forward		7,821,119	6,629,311
Profit/(Loss) carried to Balance Sheet		6,702,044	7,821,119
Earning Per Share (Face Value of Rs. 100/- each)			
Basic		(8.95)	9.53
Diluted		(8.95)	9.53

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, 27th May, 2010

For and on behalf of the Board

A. P. S. Narag
Director

Manoj Khattar
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(1,286,723)	2,045,199
Adjusted for :		
Depreciation	9,271,461	4,825,595
Financial Expenses	1,633,846	2,268,247
Profit on Sale of fixed assets	-	(178,649)
	<u>10,905,307</u>	<u>6,915,193</u>
Operating profit before working capital changes	9,618,584	8,960,392
Adjustment for :		
Inventories	69,839	(62,001)
Sundry Debtors	1,118,738	11,383,618
Loans and Advances	(2,596,033)	3,555,791
Provision for Gratuity & Leave Encashment	170,765	194,812
Sundry Creditors	(456,556)	(998,357)
	<u>(1,693,247)</u>	<u>14,073,863</u>
Cash generated from operations	7,925,337	23,034,255
Taxes paid	(1,268,681)	(1,603,903)
Cash flow before extra-ordinary items	<u>6,656,656</u>	<u>21,430,352</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>6,656,656</u>	<u>21,430,352</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets / Capital W.I.P.	(6,867,072)	(31,680,002)
Sale of Fixed Assets	-	280,001
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(6,867,072)</u>	<u>(31,400,001)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Subsidy	1,975,683	-
Unsecured Loans	10,000,000	10,000,000
Secured Loans	(9,764,676)	(1,425,565)
Financial Expenses (Net)	(1,633,846)	(2,268,247)
NET CASH USED IN FINANCING ACTIVITIES	<u>577,161</u>	<u>6,306,188</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	<u>366,745</u>	<u>(3,663,461)</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,894,711	5,558,173
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	2,261,456	1,894,711

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

For and on behalf of the Board

N. Ramani
Partner

A. P. S. Narag
Director

Manoj Khattar
Director

M.No. 22438

Chennai, 27th May, 2010

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	12,500,000	12,500,000
ii) Issued Subscribed & Paid Up Capital 125,000 (Previous Year 125,000) Equity Shares of Rs.100/- each	12,500,000	12,500,000
	12,500,000	12,500,000
SCHEDULE 2: RESERVES & SURPLUS		
i) Capital Reserve -Subsidy & Grant	4,621,283	2,645,600
ii) Surplus In Profit & Loss Account	6,702,044	7,821,119
	11,323,327	10,466,719
SCHEDULE 3: SECURED LOANS		
i) Term Loan from ING Vysya Bank	7,599,984	15,199,992
ii) ICICI Bank - Vehicle Loan	209,775	278,859
iii) Working Capital Limit from ING Vysya Bank	-	2,095,584
	7,809,759	17,574,435
Notes:		
i) Term Loan secured against exclusive first charge on the fixed assets of the Company including land and Building of the company situated at 567, Nallambakkam Village, (via Vandalur), Chennai-48		
ii) Loan from ICICI Bank, secured against hypothecaion 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 Corporate Guarantee of Bhartiya International Ltd.		
SCHEDULE 4: UNSECURED LOANS		
Bhartiya Global Marketing Ltd.(Holding Company)	53,750,000	43,750,000
	53,750,000	43,750,000

SCHEDULES (CONTD.)

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALES DURING THE YEAR	AS ON 31.3.2010	UPTO 31.3.2009	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.3.2010	AS AT 31.3.2010	AS AT 31.3.2009
Land	527,731	–	–	527,731	–	–	–	–	527,731	527,731
Building	47,479,222	2,789,343	–	50,268,565	11,812,642	3,572,007	–	15,384,649	34,883,916	35,666,580
Roads	286,195	–	–	286,195	96,483	18,971	–	115,454	170,741	189,712
Machinery	62,214,975	5,819,015	–	68,033,990	25,825,170	5,348,695	–	31,173,865	36,860,125	36,389,805
Vehicles	1,491,648	–	–	1,491,648	865,495	163,139	–	1,028,634	463,014	626,153
Furniture & Fixtures	265,011	20,028	–	285,039	159,984	25,891	–	185,875	99,164	105,027
Office Equipments	1,227,453	150,185	–	1,377,638	848,604	67,078	–	915,682	461,956	378,849
Computers	693,504	72,800	–	766,304	521,718	75,680	–	597,398	168,906	171,786
Total	114,185,739	8,851,371	–	123,037,110	40,130,096	9,271,461	–	49,401,557	73,635,553	74,055,643
Previous Year	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

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

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

i) Leather	1,289,694	1,289,694
ii) Chemical	2,187,107	2,306,946
iii) Consumable Stores	155,744	105,744
	<u>3,632,545</u>	<u>3,702,384</u>

SCHEDULE 7: SUNDRY DEBTORS

(Unsecured and considered good)

i) For more than 6 months	–	855,056
ii) other	1,017,749	1,281,431
	<u>1,017,749</u>	<u>2,136,487</u>

SCHEDULE 8: CASH & BANK BALANCES

i) Cash In Hand	358,782	316,555
ii) Balance with Scheduled Bank – In Current Account	1,902,674	1,578,156
	<u>2,261,456</u>	<u>1,894,711</u>

SCHEDULE 9: LOAN & ADVANCE

i) Unsecured & Considered good- Advances Recoverable in Cash & Kind or for value to be received	8,113,451	4,610,123
ii) Advances to Suppliers	987,455	1,894,750
iii) Advance Income tax & TDS	1,749,454	480,773
	<u>10,850,360</u>	<u>6,985,646</u>

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.3 in Schedule 17)	-	-
Total Outstanding dues of Creditors other than Small Scale Industrial Undertaking	4,500,440	5,100,023
ii) Other Liabilities	1,016,833	873,806
	<u>5,517,273</u>	<u>5,973,829</u>
PROVISIONS		
i) Income Tax / FBT	387,580	387,580
ii) Leave Encashment	273,311	197,034
iii) Gratuity	292,437	197,949
	<u>953,328</u>	<u>782,563</u>
SCHEDULE 11 : MATERIAL COST		
i) Opening Stock of Raw Materials	3,596,640	3,640,383
ii) Add : Purchases Consumables	2,737,883	2,003,269
	<u>6,334,523</u>	<u>5,643,652</u>
Less : Closing Stock	3,476,801	3,596,640
	<u>2,857,722</u>	<u>2,047,012</u>
SCHEDULE 12 : MANUFACTURING EXPENSES		
i) Job work expenses	23,249,739	19,619,972
ii) Electricity Expenses	2,462,675	2,618,377
iii) Machinery Maintenance	4,304,696	2,002,101
Carriage Inwards	-	34,037
Generator Running & Maintenance	2,060,574	3,958,701
	<u>32,077,684</u>	<u>28,233,188</u>
SCHEDULE 13 : PERSONNEL EXPENSES		
i) Salary,Bonus,Allowances & Contribution to Provident & Others	5,298,860	3,762,531
ii) Staff Welfare	592,988	517,853
iii) Gratuity & leave Encashment Provision	188,739	199,753
	<u>6,080,587</u>	<u>4,480,137</u>
SCHEDULE 14 : ADMINISTRATIVE EXPENSES		
i) Printing & Stationery	140,787	123,362
ii) Traveling & Conveyances	1,151,432	1,122,366
iii) Postages & Telegram	17,048	12,385
iv) Legal & Professional	987,732	1,442,903
v) Building Maintenance	271,116	82,234
vi) Repair & Maintenance	252,339	222,159
vii) Office Maintenance	-	12,054
viii) Rent	570,900	42,600
ix) Rate & Taxes	587,374	61,846
x) Freight Outward	1,323,649	2,325,702
xi) Miscellaneous Expenses	197,328	93,794
xii) Communication Expenses	132,530	157,295
xiii) Auditors Remuneration - As Auditors	55,150	49,841
- Income Tax Matters	-	5,515
xiv) Insurance	123,421	130,472
xv) Computer Expenses	5,746	25,820
xvi) Fee & Subscription	30,888	28,175
xvii) Security Expenses	361,563	144,573
	<u>6,209,003</u>	<u>6,083,096</u>

SCHEDULES (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 15: FINANCIAL EXPENSES		
i) Interest	1,554,637	2,173,391
ii) Bank Charges	71,909	91,420
iii) Foreign Exchange Fluctuation	7,300	3,436
	1,633,846	2,268,247
SCHEDULE 16: OTHER INCOME		
i) Profit on sale of Fixed Assets	-	178,649
ii) Rent Income	108,000	-
iii) Misc. Income	439,793	164,220
	547,793	342,869

SCHEDULE 17: NOTES ON ACCOUNT AND SIGNIFICANT ACCOUNTING

1 SIGNIFICANT ACCOUNTING POLICES

i) Method of Accounting

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

ii) Fixed Assets

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

iii) Depreciation

Depreciation on fixed assets has been provided on WDV method as per rates specified in Schedule XIV of the Companies Act, 1956 except in the cases of "Cycle" where the depreciation charged @ 28.91%, which is higher than what has been prescribed in the Companies Act.

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

iv) Recognition of Income and Expenditure

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

v) Foreign Currency Transactions

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

SCHEDULES' (CONTD.)

vi) Inventories

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

vii) Retirement Benefits

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

viii) Taxes on Income

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

ix) Government Grants

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

x) Impairment of Assets

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

xi) Provision contingent liabilities and Contingent Assets

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

2 CONTINGENT LIABILITIES

	Current year (Rs. In Lacs)	Previous year (Rs. In Lacs)
Contingent Liabilities not provided for - Corporate Guranantee executed by the Company in the form of Joint equitable mortgage of Land belonging to the Company for securing the Loan facility extended by a bank to the holding Company.	1700	1700

3 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.

4 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)
5 Expenditure In foreign Currency	-	-
6 CIF Value of Imports	10.79	-

SCHEDULES' (CONTD.)

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

	Current year (Rs. In Lacs)	%	Previous year (Rs. In Lacs)	%
Indigenous	28.58	100.00	20.47	100.00
Imported	–	–	–	–
	28.58	100.00	20.47	100.00

8 FOB Value Exports

Nil

Nil

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

	Current Year Rs.	Previous Year Rs.
Bhartiya International Ltd. (Sundry Debtors)	861,568	1,273,039
Bhartiya Global Marketing Ltd. (Loan Received)	53,750,000	43,750,000

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

a) Relationship:

i) Holding Companies

Bhartiya Global Marketing Ltd.

Bhartiya International Ltd.

ii) Key Management Personnel:

A .P. S. Narang

Manoj Khattar

C. L. Handa

Dr. S. Chandra

iii) Transaction with Related Parties -

Summary transactions during the year :	Holding Company	Key Management Personnel	Relatives of Key Management Personnel's
a) Rent (Recd)	108,000	–	–
	–	–	–
Purchases / Job Work	56,139,568	–	–
	(49,664,091)	–	–
Salaries	–	300,000	–
	–	(300,000)	–
b) Balances Outstanding at the year end:			
a) Unsecured Loans	53,750,000	25,000	–
	(43,750,000)	(24,000)	–
b) Advances			
c) Sundry Debtors	861,568	–	–
	(1,273,039)	–	–

SCHEDULES (CONTD.)

11 Consumption of Raw Material	Current Year		Previous Year	
	Qty	Value (Rs.Lacs)	Qty	Value (Rs. Lacs)
Chemical (Kgs)	470	1.20	692	0.44
Consumable	-	27.38	-	20.03
		28.58		20.47

12 Additional Information (Pursuant to the provision of paragraph 3,4C and Para II of schedule) to the Companies 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 (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	(10,630)	(12.90)	-	-	-	-	(10,630)	(12.90)

- 13 a) The Income Tax Liability for the current year is as per the provisions of the Income Tax Act.
 b) In compliance with the Accounting Standard on "Taxation of Income" (AS-22) issued by Institute of Chartered Accountants of India.

The breakup of net deferred tax assets as on 31.03.2010 is as below:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Depreciation	2,307,429	2,215,116
Losses	(259,961)	-
	2,047,468	2,215,116

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

15 Earning per share (E.P.S.)

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Net profit after tax available for equity shareholders	(1,119,075)	1,191,808
b) Weighted average no of equity shares outstanding during the year	125,000	125,000
c) Basic/Diluted earnings per share (face value of Rs 100 each) (a/b)	(8.95)	9.53

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

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

For and on behalf of the Board

N. Ramani
 Partner

A. P. S. Narag
 Director

Manoj Khattar
 Director

M.No. 22438

Chennai, 27th May, 2010

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	1	0
---	---	---	---	---	---	---	---

 State Code

1	8
---	---

2 CAPITAL RAISED DURING THE YEAR | | | | |---|---|---| | - | - | - | |---|---|---|

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

Total Liabilities

8	7	4	3	0
---	---	---	---	---

 Total Assets

8	7	4	3	0
---	---	---	---	---

SOURCES OF FUNDS

Paid Up Capital

1	2	5	0	0
---	---	---	---	---

 Reserves and Surplus

1	1	3	2	3
---	---	---	---	---

Secured Loans

	7	8	1	0
--	---	---	---	---

 Unsecured Loans

5	3	7	5	0
---	---	---	---	---

Net Deferred Tax Liability

	2	0	4	7
--	---	---	---	---

 Advance Subscription

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

APPLICATION OF FUNDS

Net Fixed Assets

7	6	1	3	9
---	---	---	---	---

 Investments

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

Net Current Assets

1	1	2	9	2
---	---	---	---	---

 Misc. Expenditure

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

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income

5	6	8	4	4
---	---	---	---	---

Total expenditure

5	8	1	3	0
---	---	---	---	---

Profit Before Tax

(-)	1	2	8	7
-----	---	---	---	---

Profit After Tax

(-)	1	1	1	9
-----	---	---	---	---

Earning Per Share

(-)	8	.	9	5
-----	---	---	---	---

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

Chennai, 27th May, 2010

A. P. S. Narag

Director

Manoj Khattar

Director

DIRECTORS' REPORT

The Directors present their 4th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	2009-2010	2008-2009
Income	–	–
Expenditure	230,510	197,631
Provision for Taxes	2,446	27,500
Profit/ (Loss) for the Year	(232,956)	(225,131)

REVIEW OF OPERATION

Your Company has got formal approval for development of sector specific Special Economic Zone of Leather & Leather Products transferred in its name and has also got the authorization for the operation.

The Company's project for development of sector Specific Special Economic Zone (SEZ) of Leather & Leather Products (a JV between Bhartiya International Ltd. and Andhra Pradesh Industrial Infrastructure Corporation) at Tata Mandal, Nellore District, Andhra Pradesh has been duly notified and all applications have been made and necessary permissions received from the Development Commissioner for starting work. The Master Planning exercise has been completed. After a lot of follow-up, the Company has just received environment clearance and even as it awaits DTCP approval, it has started work on the boundary wall/fence. Work on the construction is expected to start as soon as all approvals are in place.

DIRECTORS

Mr. C.L. Handa, Director retires by rotation & being eligible offers himself for re-appointment.

Mr. Amrishpal Singh Narag, has been appointed as Manager of the Company with effect from 25th January, 2010 for a period of three years.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three Directors, Mr. Snehdeep Aggarwal is the chairman of the Audit Committee. Other members of the Audit Committee are Mr. Manoj Khattar and Mr. C. L. Handa.

FIXED DEPOSITS

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

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 Auditor Report has 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, 2010 and of the profit/losses of the Company for the year ended on that date;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) They have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

OTHER MATTERS

The Company has not commenced its business as yet thus no information 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, has been provided.

ACKNOWLEDGEMENTS

Your directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Central Government and the Government of Andhra Pradesh. They also 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

Snehdeep Aggarwal
Director

Manoj Khattar
Director

New Delhi, 26th May, 2010

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	-	-
Foreign Exchange Outgo	-	98,382

For and on behalf of the Board

Snehdeep Aggarwal
Director

Manoj Khattar
Director

New Delhi, 26th May, 2010

AUDITORS' REPORT

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

1. We have audited the attached balance sheet of M/s Bhartiya International SEZ Ltd. as on 31st March, 2010 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, 2010 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, 2010;
 - ii. In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date ; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

S. K. PODDAR
Prop.
M. No. 94479
New Delhi, 26th May, 2010

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 other than unsecured compulsorily fully convertible debenture 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, 2010 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 provision of this clause is not applicable.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- xviii. During the year the Company has not made any preferential allotment of shares to parties/company covered in the register maintained under section 301 of the Companies Act 1956.
- xix. During the year company has not issued any debenture and as such creation of security is not applicable
- xx. During the year under review, no money was raised by public issue and as such disclosure of end use of money raised is not applicable.
- xxi. Based upon the audit procedure performed and information and explanation given by the management we report that during the year no fraud on or by the company has been noticed or reported by the management.

for **Sushil Poddar & Co.**

Firm Registration No. 014969N

Chartered Accountants

S. K. PODDAR

Prop.

M. No. 94479

New Delhi, 26th May, 2010

BHARTIYA INTERNATIONAL SEZ LTD.**BALANCE SHEET AS AT 31ST MARCH, 2010**

DESCRIPTION	SCHEDULE	Current Year Rs.		Previous Year Rs.
SOURCES OF FUNDS				
Shareholder's Funds				
Share Capital	1	57,692,300		57,692,300
Loan Funds				
Unsecured Loan	2	78,000,000		78,000,000
		<u>135,692,300</u>		<u>135,692,300</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	122,490		41,000
Less: Depreciation		16,189		5,226
Net Block		<u>106,301</u>	106,301	<u>35,774</u>
Current Assets, Loans and Advances				
Inventories	4	143,258,154		136,965,440
Cash and Bank Balances		268,122		124,764
Loans and Advances		116,000		113,000
		<u>143,642,276</u>		<u>137,203,204</u>
Less: Current Liabilities and Provisions				
Current Liabilities	5	9,776,000		3,161,751
Provisions		-		27,500
		<u>9,776,000</u>		<u>3,189,251</u>
Net Current Assets			133,866,276	134,013,953
Miscellaneous Expenditure				
(To the Extent not written off or adjusted)	6		1,210,395	1,366,201
Profit & Loss Account			509,328	276,372
			<u>135,692,300</u>	<u>135,692,300</u>
Notes on accounts and significant Accounting Policies 7				

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, 26th May, 2010**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director

BHARTIYA INTERNATIONAL SEZ LTD.**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

DESCRIPTION	Current Year Rs.	Previous Year Rs.
INCOME		
Income	—	—
	—	—
EXPENDITURE		
Audit Fees	15,000	15,000
Bank Charges	7,363	900
Preliminary Expenses	155,806	155,806
Legal & Professional Charges	22,500	4,257
Rates & Taxes	29,841	21,668
Total Expenses	230,510	197,631
Profit / (Loss) Before Tax	(230,510)	(197,631)
Provision for Taxes		
Income Tax	—	—
Fringe Benefit Tax	—	27,500
Deferred Tax	—	—
Taxes for earlier Years	2,446	—
Profit/(Loss) After Tax	(232,956)	(225,131)
Add: Balance brought forward from Previous Year	(276,372)	(51,241)
Balance Carried to Balance Sheet	(509,328)	(276,372)
Notes on accounts and significant Accounting Policies	7	

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Chartered Accountants

S. K. Poddar

Prop.

M.No. 94479

New Delhi, 26th May, 2010**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director**For and on behalf of the Board**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(230,510)	(197,631)
Adjusted for :		
Financial Expenses	7,363	900
Preliminary Expenses written off	<u>155,806</u>	<u>155,806</u>
	163,169	156,706
Operating profit before working capital changes	<u>(67,341)</u>	<u>(40,925)</u>
Adjustment for :		
Inventories	(6,281,751)	(136,960,214)
Loans and Advances	(16,000)	113,247,895
Sundry Creditors	<u>6,614,249</u>	<u>(110,280,610)</u>
	316,498	(133,992,929)
Cash generated from operations	<u>249,157</u>	<u>(134,033,854)</u>
Taxes Paid	(16,946)	-
Financial Expenses (net)	(7,363)	(900)
Cash flow before Extra-Ordinary Items	<u>224,848</u>	<u>(134,034,754)</u>
Extra Ordinary Items	-	-
	224,848	(134,034,754)
NET CASH FROM OPERATING ACTIVITIES	<u>224,848</u>	<u>(134,034,754)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(81,490)	(41,000)
Preliminary Expenses incurred	-	(1,377,807)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(81,490)</u>	<u>(1,418,807)</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>-</u>	<u>135,192,300</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	143,358	(261,261)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	124,764	386,025
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	268,122	124,764

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, 26th May, 2010

Niraj Jain
Company Secretary

Snehdeep Aggarwal
Director

Manoj Khattar
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

DESCRIPTION	Current Year Rs.	Previous Year Rs.
-------------	---------------------	----------------------

SCHEDULE 1: SHARE CAPITAL

Authorised Capital

20000000 (Previous year 2000000) Equity Share of Rs. 10/- each 200,000,000 200,000,000

Issued, Subscribed & Paid up Capital

5769230 (Previous Year 5769230) Equity Share of Rs. 10/- each 57,692,300 57,692,300
fully paid

of the above shares:

1500000 equity shares allotted to Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC) as fully paid up, pursuant to contracts, without payment being received in cash

57,692,300 57,692,300

SCHEDULE 2: LOAN FUNDS

Unsecured Loan

Debenture

7800000 (Previous Year 7800000) Unsecured Compulsorily 78,000,000 78,000,000

Fully Convertible Debenture of Rs.10/- each.

78,000,000 78,000,000

SCHEDULE 3: FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost	Additions During the Year	Sale During the Year	As on 31.03.10	Up To 31.03.09	For the Year	Sale Adjustments	Up to 31.03.10	As at 31.03.10	As at 31.03.09
Computer	41,000	-	-	41,000	5,226	6,646	-	11,872	29,128	35,774
Furniture & Fixture	-	65,250	-	65,250	-	3,632	-	3,632	61,618	-
Office Equipments	-	16,240	-	16,240	-	685	-	685	15,555	-
Total	41,000	81,490	-	122,490	5,226	10,963	-	16,189	106,301	35,774
Previous Year	-	41,000	-	41,000	-	5,226	-	5,226	35,774	-

DESCRIPTION	Current Year Rs.	Previous Year Rs.
-------------	---------------------	----------------------

SCHEDULE 4: CURRENT ASSETS, LOANS AND ADVANCES

Inventories - Work in Progress

(As taken, valued and certified by Management)

Cost of Land 125,245,000 125,245,000

Related Expenses Incurred 18,013,154 11,720,440

143,258,154 136,965,440

Cash and Bank Balances

Cash in hand 65,395 17,806

Balances with Scheduled Bank

-In Current Accounts 202,727 106,958

268,122 124,764

Loans and Advances

(Unsecured and Considered Good)

Security Deposit 116,000 100,000

Advance Tax / FBT - 13,000

116,000 113,000

BHARTIYA INTERNATIONAL SEZ LTD.

DESCRIPTION	Current Year Rs.	Previous Year Rs.
SCHEDULE 5: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	93,439	1,837,136
Due to holding Company	9,682,561	1,324,615
	9,776,000	3,161,751
Provisions		
Provisions for Fringe Benefit Tax	-	27,500
	-	27,500
SCHEDULE 6: MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	1,366,201	144,200
Add: Incurred during the year	-	1,377,807
	1,366,201	1,522,007
Less: Written off during the year	155,806	155,806
	1,210,395	1,366,201

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.

BHARTIYA INTERNATIONAL SEZ LTD.

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.

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. NIL (Previous year 68,71,875).

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.) had 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 had allotted during the year ending 31st March, 2009, 15,00,000/- equity shares of Rs.10/- each at par to APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd.) as part consideration of said land.
5. The Company had 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 31.03.2010 Rs.	As at 31.3.2009 Rs.
Due to Holding Company	9,682,561	1,324,615

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, 2010 and the year ended 31st March, 2009:

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Income available to Equity Shareholders	(232,956)	(225,131)
No of Shares at the beginning of the Year (A)	5,769,230	50,000
Equity allotted during the year	-	5,719,230
Weighted Average Shares (B)	-	3,089,757
Weighted Average Shares Outstanding (nos)(A+B)	5,769,230	3,139,757
Effect of Dilutive Securities (nos):		
Add: Adjustment for Debentures convertible into Equity Shares	7,800,000	5,616,838
Weighted Average number of equity shares for Diluted EPS	13,569,230	8,756,595
	Rs Per Share	Rs Per Share
Nominal Value per share	10	10
Earnings per share (Basic)	(0.04)	(0.07)
Earnings per share(Diluted)	(0.02)	(0.03)

BHARTIYA INTERNATIONAL SEZ LTD.

	Current Year Rs.	Previous Year Rs.
8. Auditor's Remuneration		
Audit Fees	15,000	15,000
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.		
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 asset in subsequent period having regard to the future developments.		
11. Debit and Credit balances of parties are subject to their confirmation.		
12. Segment Reporting Disclosure as per accounting standard AS -17 are at present not applicable to the Company.		
13. 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	(P.Y. - Nil)
b) Value of Import on CIF basis	NIL	(P.Y. - Nil)
c) Earning in Foreign Currency	NIL	(P.Y. - Nil)
d) Expenditure in Foreign Currency —Foreign Travelling Rs.	NIL	(P.Y. Rs.98,382)
14. Figures has been rounded off to the nearest rupee.		
15. Previous years figure have been re-grouped wherever necessary.		

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 26th May, 2010

For and on behalf of the Board

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.

1	5	9	8	2	7
---	---	---	---	---	---

 Balance Sheet Date

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

 State Code

5	5
---	---

2 CAPITAL RAISED DURING THE YEAR -

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

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

Total Liabilities

1	3	5	6	9	2
---	---	---	---	---	---

 Total Assets

1	3	5	6	9	2
---	---	---	---	---	---

SOURCES OF FUNDS

Paid Up Capital

	5	7	6	9	2
--	---	---	---	---	---

 Reserves and Surplus

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

 Secured Loans

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

 Unsecured Loans

	7	8	0	0	0
--	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

			1	0	6
--	--	--	---	---	---

 Investments

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

 Net Current Assets

1	3	3	8	6	6
---	---	---	---	---	---

 Mis. Expenditure

		1	2	1	0
--	--	---	---	---	---

 Profit & Loss

			5	0	9
--	--	--	---	---	---

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income

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

 other Income
 Total expenditure

			2	3	1
--	--	--	---	---	---

 Profit/(Loss) Before Tax (-)

			2	3	1
--	--	--	---	---	---

 Profit After Tax (-)

			2	3	1
--	--	--	---	---	---

 Earning Per Share (Basic)

		0	.	0	4
--	--	---	---	---	---

 Dividend Rate

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

5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

Item Code No.

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

 Product Description

-	-	-	-	-	-
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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, 26th May, 2010

Niraj Jain
Company Secretary

Snehdeep Aggarwal
Director

Manoj Khattar
Director

DIRECTORS' REPORT

The Directors present their 1st Annual Report together with the audited accounts of the Company for the period ended 31st March, 2010.

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

PARTICULARS	2009-2010
INCOME	–
EXPANDITURE	22,024
PROFIT/ (LOSS) FOR THE YEAR	(22,024)

DIRECTORS

Mr. C.L.Handa, Mr. Manoj Khattar and Mr. A.K. Gadhok Directors of the Company hold office till the Annual General Meeting and being eligible offers themselves for appointment and Company has received notice from Members proposing their candidature for the office of Directors.

FIXED DEPOSITS

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

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 Auditor Report has 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, 2010 and of the profit/losses of the Company for the period ended on that date;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) They have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

OTHER MATTERS

The Company has not commenced its business as yet thus no information 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 has been provided.

ACKNOWLEDGEMENTS

Your directors acknowledge with gratitude the co-operation and assistance received from 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 BoardNew Delhi, 25th May, 2010**C.L. Handa**
Director**Manoj Khattar**
Director

AUDITORS' REPORT

To,
The Members of
Santorini Fashions Ltd.
New Delhi

1. We have audited the attached balance sheet of M/s Santorini Fashions Ltd. as on 31st March, 2010 and the Profit and Loss account for the period 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, 2010 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 3, 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, 2010;
 - ii. In the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date ; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

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

S.K. PODDAR
Prop
Membership No.94479

New Delhi, 25th May, 2010

ANNEXURES TO THE AUDITORS' REPORT

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

- I. According to the information and explanations given to us, the company does not have any fixed assets. Accordingly the provisions of clause 4(i) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- II. According to the information and explanations given to us, the company does not have any Inventory. Accordingly the provisions of clause 4(ii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- III. As informed to us, the Company has not taken or granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- IV. According to the information and explanations given to us, the company's operations during the period do not give rise to any purchase of inventory and fixed assets and sale of goods and services. Accordingly, the provisions of clause 4(iv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- V. Based on the examination of the books of account and related records and according to the information and explanations given to us, there were no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(v) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- VI. According to the information and explanations given to us, the company has not accepted any deposits from the public as defined under the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- VII. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section 209 of the Companies Act, 1956, for any of the products of the company.
- IX. According to the information and explanations given to us and the records of the company examined by us:
 - a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31 March, 2010 for a period of more than six months from the date they became payable. We are informed that the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1956 and The Employees State Insurance Act, 1948, are not applicable to the company and that the operations of the company during the period, did not give rise to any liability for Sales Tax, Excise Duty, Custom Duty, Service Tax, Wealth Tax and Investor Education and Protection Fund.
 - b. According to the information and explanations given to us, there are no dues in respect of Sale Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty and Cess, which have not been deposited on account of any dispute.
- X. The company is registered for less than five years. Accordingly provisions of clause 4(x) of the Companies (Auditor's Report) order, 2003, are not applicable to the company.
- XI. According to the information and explanation given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly provisions of clause 4(xi) of the Companies (Auditor's Report) order 2003, are not applicable to the company.
- XII. According to the information and explanations given to us and based on documents and records examined by us, the company has not granted loans and advances on the basis of security by pledge of shares, debentures and other securities.
- XIII. In our opinion, the company is not a chit fund or a nidhi/mutual fund/society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- XIV. In our opinion and according to information and explanation given to us, the company is not dealing in or trading in shares, debentures, securities and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.

SANTORINI FASHIONS LTD.

- XV. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
- XVI. According to the information and explanations given to us, the company has not obtained any term loan. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- XVII. According to the information and explanations provided to us and on an overall examination of the balance sheet of the company, funds raised on short term basis have prima facie, not been used for long term investment.
- XVIII. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX. According to the information and explanations given to us, and the records of the company examined by us, the company has not issued any debentures.
- XX. According to the information and explanations given to us, and the records of the company examined by us, the company has not raised any money by way of public issue.
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported.

for **Sushil Poddar & Co.**

Firm Registration No. 014969N

Chartered Accountants

S.K. PODDAR

Prop

Membership No.94479

New Delhi, 25th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

DESCRIPTION	SCHEDULES	CURRENT YEAR (Rs.)
SOURCES OF FUNDS		
Shareholder's Funds		
Share Capital	1	500,000
		<u>500,000</u>
APPLICATION OF FUNDS		
Current Assets, Loans and Advances		
Cash in hand		16,500
Balance with schedule banks		470,507
		<u>487,007</u>
Less: Current Liabilities and Provisions		
Expenses Payable		5,000
Due to holding Company		118,601
		<u>123,601</u>
Net Current Assets		363,406
Miscellaneous Expenditure	2	114,570
(To the Extent not written off or adjusted)		
Profit and Loss Account		22,024
Total		<u>500,000</u>
Notes to Accounts and significant accounting policies Schedule	3	

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 25th May, 2010

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

SANTORINI FASHIONS LTD.**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010**

DESCRIPTION	SCHDULES	CURRENT YEAR (Rs.)
INCOME		
Income from operation		-
		-
EXPENDITURE		
Audit Fees		5,000
Bank Charges		200
Preliminary Expenses		12,730
Rate & Taxes		3,500
Miscellaneous Expenses		594
Total Expenses		22,024
Profit/(Loss) Before Taxes		(22,024)
Provision for Taxation		
Income Tax		-
Deferred Tax		-
Profit/(Loss) After Taxes		(22,024)
Add: Balance brought forward from Previous Year		-
Balance Carried to Balance Sheet		(22,024)
Basic/ Diluted Earning per Share of face Value of Rs. 10 each		(0.44)
Notes to Accounts and significant accounting policies Schedule	3	

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 25th May, 2010

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

DESCRIPTION	CURRENT YEAR (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax and extra ordinary items	(22,024)
Adjusted for :	
Financial Expenses	200
Preliminary Expenses written off	<u>12,730</u>
	<u>12,930</u>
Operating profit before working capital changes	(9,094)
Adjustment for :	
Sundry Creditors	<u>123,601</u>
	<u>123,601</u>
Cash generated from operations	114,507
Financial Expenses	(200)
Cash flow before extra-ordinary items	114,307
Extra Ordinary Items	-
NET CASH FROM OPERATING ACTIVITIES	<u>114,307</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Preliminary Expenses incurred	(127,300)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(127,300)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES	
Issue of Share Capital	500,000
NET CASH USED IN FINANCING ACTIVITIES	<u>500,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	487,007
CASH AND CASH EQUIVALENTS - OPENING BALANCE	-
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	487,007

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 25th May, 2010

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

DESCRIPTION	CURRENT YEAR (Rs.)
SCHEDULE 1: SHARE CAPITAL	
(i) Authorised Capital :	
500000 Equity Shares of Rs. 10/ each	<u>5,000,000</u>
(ii) Issued Subscribed and Paid up :	
50000 Equity Shares of Rs. 10/ each	<u>500,000</u>
	<u>500,000</u>
SCHEDULE 2: PRELIMINARY EXPENSES	
Incurring during the period	127,300
Less : Written off during the year	<u>12,730</u>
	<u>114,570</u>

SCHEDULE 3 : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES.

1. SIGNIFICANT ACCOUNTING POLICIES :

a) Basis of preparation of Financial Statements :

The financial statements have been prepared on accrual basis under the historical cost convention in accordance with the requirement of the Companies Act, 1956.

b) Recognition of Income and Expenditure

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

c) Miscellaneous Expenditure

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

d) Taxes on Income

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

2. Contingent Liabilities :- NIL

3. The activity of the Company during the current year do not attract any disclosure pursuant to the provision of paragraph 3, 4C and 4D of Part ii of schedule vi of the company Act, 1956.

4. Earning per share computed accordance with the mandatory requirements of Accounting Standards No. 20 issued by the Institute of Chartered Accountants of India is as under:

	31.03.2010
a) Net Profit after Tax available for equity shareholders	(22,024)
b) Weighted average number of Equity Shares of Rs. 10/- each	50,000
c) Basic/ Diluted Earning per Share Rs. (a/b)	(0.44)

5. 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 asset in subsequent period having regard to the future developments.

6. No provision for Income Tax has been made as there is no taxable income under the provisions of the Income Tax Act.

7. The financial statements have been prepared for the period of 26th Aug, 2009 (the date of incorporation of the company) to 31st March, 2010. This being the first accounting year of the company, no prior period comparative have been included.

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Chartered Accountants

S. K. Poddar

Prop.

M.No. 94479

New Delhi, 25th May, 2010

For and on behalf of the Board

C.L. Handa

Director

Manoj Khattar

Director

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.

1	9	3	6	0	8
---	---	---	---	---	---

 Balance Sheet Date

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

 State Code

5	5
---	---

2 CAPITAL RAISED DURING THE YEAR -

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

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

Total Liabilities

			5	0	0
--	--	--	---	---	---

 Total Assets

			5	0	0
--	--	--	---	---	---

SOURCES OF FUNDS

Paid Up Capital

			5	0	0
--	--	--	---	---	---

 Reserves and Surplus

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

 Secured Loans

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

 Unsecured Loans

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

APPLICATION OF FUNDS

Net Fixed Assets

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

 Investments

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

 Net Current Assets

			3	6	3
--	--	--	---	---	---

 Mis. Expenditure

			1	1	5
--	--	--	---	---	---

 Profit & Loss

				2	2
--	--	--	--	---	---

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including Other Income

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

 other Income
 Total Expenditure

			2	2
--	--	--	---	---

 Profit/(Loss) Before Tax

			(-)	2	2
--	--	--	-----	---	---

 Profit After Tax

			(-)	2	2
--	--	--	-----	---	---

 Earning Per Share (Basic)

	(-)	0	.	4	4
--	-----	---	---	---	---

 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, 25th May, 2010

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the year ended 31st Decemeber, 2009.

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, 2009 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 2009.

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, 2009.

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, 7th May, 2010

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, 2009 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 notes thereon being prepared on a going concern basis. In view of the net liabilities as at 31st December, 2009 continuance in business as a going concern is dependent upon the retention of financial support of the company's shareholders/directors and or attaining future profitable operations.

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

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 assurances as to whether the financial statements are free from material misstatement. 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 which is undergoing liquidation in Spain. 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 assess the effect of its subsidiary liquidation.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except of the failure to present consolidated financial statements in respect of the Company and its subsidiary as described in the basis for qualified opinion, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the effect of its subsidiary liquidation, the financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2009 and of its loss and cash flows for the year ended and have been properly prepared in accordance with the International Financial Reporting Standards.

Philip C. C. Hau & Co.
Certified Public Accountants
Hong Kong, 7th May, 2010

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Notes	2009 HK\$	2008 HK\$
ASSETS			
Non-current Assets			
Furniture and Fixtures and Motor Vehicles	2(b),8	74,641	212,426
Investment in Subsidiary Company	2(c),7	-	49,079
Current Assets			
Utility and Rental Deposits		11,550	14,850
Debtors and Prepayments		101,249	101,064
Amount due from a Related Company	11	-	1,945,689
Cash at Banks and in Hand		77,898	358,207
		<u>190,697</u>	<u>2,419,810</u>
Current Liabilities			
Bank Overdraft (secured)		2,247,213	2,463,829
Creditors and Accrued Charges		208,642	139,642
Amount due to Holding Company	10	5,376,464	5,346,504
Amount due to Related Companies	12	1,493,553	1,493,553
		<u>9,325,872</u>	<u>9,443,528</u>
NET CURRENT LIABILITIES		<u>(9,135,175)</u>	<u>(7,023,718)</u>
		<u>(9,060,534)</u>	<u>(6,762,213)</u>
CAPITAL AND RESERVES			
Share Capital	9	7,730	7,730
Accumulated Losses		(9,068,264)	(6,769,943)
		<u>(9,060,534)</u>	<u>(6,762,213)</u>

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

	Notes	2009 HK\$	2008 HK\$
Turnover	3	502,876	757,164
Other Revenue		2,017,027	1,853,630
Change in Inventories of Finished Goods		(391,779)	(593,455)
Staff Costs		(906,915)	(729,273)
Depreciation Expenses		(137,785)	(159,777)
Other Operating Costs		(1,075,437)	(1,751,624)
Profit/(Loss) from Operations	4	7,987	(623,335)
Finance Costs	5	(249,214)	(259,065)
Loss before Taxation		(241,227)	(882,400)
Income Tax Expenses	6	(-)	(-)
Loss after Taxation		(241,227)	(882,400)
Loss on liquidation of subsidiary		(2,057,094)	-
Accumulated Losses brought forward		(6,769,943)	(5,887,543)
Accumulated Losses carried forward		<u>(9,068,264)</u>	<u>(6,769,943)</u>

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

Approved by the Board of Directors on 7th May, 2010

Sanjay Vaze

Director

Snehdeep Aggarwal

Director.

The notes of accounts form part of these financial statements.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

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

	2009 HK\$	2008 HK\$
OPERATING ACITIVIES		
Loss from operations	(2,298,321)	(882,401)
Adjustment for :		
Bank charges and Interest Paid	249,214	259,065
Depreciation	137,785	159,778
Operating cash flow before movements in working capital	<u>(1,911,322)</u>	<u>(463,558)</u>
Decrease in Utility and Rental Deposits	3,300	48,632
Increase/ (Decrease) in Debtors and Prepayments	(185)	74,991
Increase/ (Decrease) in Creditors	69,000	(334,421)
Cash generated from operations	<u>(1,839,207)</u>	<u>(674,356)</u>
Profits Tax Paid	-	-
Net cash from / (used in) Operating Activities	<u>(1,839,207)</u>	<u>(674,356)</u>
INVESTING ACTIVITIES		
Purchase of Furniture and Fixtures	-	(8,040)
Net cash (used in) Investing Activities	<u>-</u>	<u>(8,040)</u>
FINANCING ACTIVITIES		
(Decrease) in Investment in Subsidiary Company	49,079	-
Decrease / (Increase) in Amount due from a Related Company	1,945,689	(37,069)
Decrease / (Increase) in Bank Overdraft	(216,616)	1,203,118
Increase in Amount due to Holding Company	29,960	29,320
Increase in Amount due to Related Companies	-	15,128
Bank charges and Interest Paid	(249,214)	(259,065)
Net cash from / (used in) financing activities	<u>1,558,898</u>	<u>951,432</u>
Net increase in cash and cash equivalents	<u>(280,309)</u>	269,036
Cash and cash equivalents at 1 January	358,207	89,171
	<u><u>77,898</u></u>	<u><u>358,207</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009**

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Revenue

Revenue is 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:–

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

(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 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.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

(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.

	2009 HK\$	2008 HK\$
Sales of goods		
- Unrelated party	334,006	757,164
- Related party	168,870	-
	502,876	757,164
4. LOSS FROM OPERATIONS		
Loss from operations has been arrived after charging (crediting):-		
Depreciation and Amortization	137,785	159,778
Auditor's Remuneration	26,000	24,000
	163,785	183,778
and crediting:-		
Bank Interest Received	-	13,422
5. FINANCE COSTS		
Bank Charges	44,940	42,536
Bank Interest Paid	204,273	216,529
	249,213	259,065
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

	2009	2008
	HK\$	HK\$
Share investment at cost	–	49,079

Particulars of Subsidiary Company as at 31st December, 2009 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. Merix XXI S.L. is undergoing liquidation in Spain. Directors recommended a total impairment loss should be reflected in the financial statements.

8. NON-CURRENT ASSETS

	Furniture & Fixtures	Motor Vehicles	Total
	HK\$	HK\$	HK\$
AT COST			
At 1/1/2009	654,185	320,643	974,828
Additions	–	–	–
At 31/12/2009	<u>654,185</u>	<u>320,643</u>	<u>974,828</u>
AGGREGATE DEPRECIATION/ AMORTIZATION			
At 1/1/2009	452,755	309,647	762,402
Charge for the year	126,790	10,995	137,785
At 31/12/2009	<u>579,545</u>	<u>320,642</u>	<u>900,187</u>
NET BOOK VALUE			
At 31/12/2009	<u>74,640</u>	1.00	<u>74,641</u>
At 31/12/2008	<u>201,430</u>	<u>10,996</u>	<u>212,426</u>
		2009	2008
		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>
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10. AMOUNT DUE TO HOLDING COMPANY

Bhartiya International Ltd., India		
Balance at 1/1/2009	5,346,504	5,317,184
Advances	29,960	29,320
	5,376,464	5,346,504
Repayments	(–)	(–)
Balance at 31/12/2009	5,376,464	5,346,504

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 :-

	2009 HK\$	2008 HK\$
Balance at 1/1/2009	1,945,689	1,908,620
Advances	111,405	37,069
	<u>2,057,094</u>	<u>1,945,689</u>
Written off	<u>(2,057,094)</u>	(-)
Balance at 31/12/2009	<u>-</u>	<u>1,945,689</u>
	Maximum amount	
	Balance at	Balance at
	31/12/2009	31/12/2008
	HK\$	HK\$
Merix XXI S. L. Spain	<u>-</u>	<u>1,945,689</u>
	<u>2,057,094</u>	

Merix XXI S. L., Spain is the Wholly Owned Subsidiary of the Company and is under going liquidation in Spain. A total impairment loss was made in the financial statements.

12. AMOUNT DUE TO RELATED COMPANIES

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

Bhartiya International Limited, Italy

Balance at 1/1/2009	464,441	464,442
Advances	-	-
	<u>464,441</u>	<u>464,442</u>
Repayments	(-)	(-)
Balance at 31/12/2009	<u>464,441</u>	<u>464,442</u>

Bhartiya Global Marketing Limited, India

Balance at 1/1/2009	1,029,111	1,013,983
Advances	-	15,128
	<u>1,029,111</u>	<u>1,029,111</u>
Repayments	(-)	(-)
Balance at 31/12/2009	<u>1,029,111</u>	<u>1,029,111</u>

	Maximum amount	
	Balance at	Balance at
	31/12/2009	31/12/2008
	HK\$	HK\$
Bhartiya International Ltd., Italy	464,441	464,442
Bhartiya Global Marketing Ltd., India	1,029,111	1,029,111
	<u>1,493,552</u>	<u>1,493,553</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 :-

	2009 HK\$	2008 HK\$
Fees	-	-
Other Emoluments	-	-
	<u>-</u>	<u>-</u>

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

14. CONTINGENT LIABILITIES

At 31st December, 2009, 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	2009 HK\$	2008 HK\$
Bhartiya Global Marketing Ltd. India	Agents' Commission	-	15,128
Bhartya International Ltd., India	Sales	168,870	-
	Other Income	2,017,027	1,681,059
		2,185,897	1,681,059

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 and Other Income were carried out at market prices.

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, 2009**

		2009 HK\$	2008 HK\$
SALES		<u>502,876</u>	757,164
LESS : COST OF SALES			
Purchases	153,812		504,312
Add : Direct Expenses			
Agents' Commission	29,517		15,128
Bank Charges	44,941		42,536
Certificate and Declaration Charges	5,276		3,806
Freight	9,126		(38,291)
Labels	138,739		91,654
Marine Insurance	6,463		1,113
Samples	48,846		11,174
Testing Charges	-		4,559
		<u>436,720</u>	635,991
GROSS PROFIT		<u>66,156</u>	121,173
Add : Bank Interest Received	-		13,422
Commission Received	-		115,950
Other Income	2,017,027		1,681,059
Scrap value of Furniture and Fixtures Sold	-		1,800
Sundry Income	-		41,399
		<u>2,017,027</u>	1,853,630
		<u>2,083,183</u>	1,974,803
LESS : ADMINISTRATION EXPENSES			
Advertising and Promotion Expenses	2,344		-
Audit Fee	26,000		24,000
Bank Interest Paid	204,273		216,529
Consultancy Fee	123,517		708,841
Depreciation on:-			
Furniture and Fixtures	126,790		126,790
Motor Vehicles	10,995		32,987
Difference in Exchange	(33,492)		(140,287)
Electricity and Water	3,406		2,581
Handling Charges	-		780
Insurance	1,144		-
Legal Fee	-		2,000
Management and Accountancy Fees	218,400		218,400
Mandatory Provident Fund-Staffs	16,000		12,000
Motor Vehicle Expenses	91,438		157,558
Postage and Courier Charges	91,595		118,807
Printing and Stationery	1,579		3,570
Rent and Rates	112,200		111,960
Repairs and Maintenance	48,395		58,954
Secretarial Fee	7,800		7,730
Staff Messing	33,286		39,564
Staff Salaries and Allowances	890,915		717,273
Sundry Expenses	78,797		65,650
Telephone and Fax	67,326		94,605
Travelling Expenses-			
Overseas	201,702		276,911
		<u>2,324,410</u>	2,857,203
Loss form operations		<u>(241,227)</u>	882,400
Add: Loss on liquidation of subsidiary		<u>(2,057,094)</u>	-
Loss for the year		<u>(2,298,321)</u>	882,400

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, 2009, 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, 2009, 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 24th, 2010.

BALANCE SHEET AS OF DECEMBER 31, 2009

(See accompanying Independent Auditors' Report)

PARTICULARS	2009 US\$
ASSETS	
CURRENT ASSETS :	
Cash & Cash equivalents	2,834
TOTAL CURRENT ASSETS	2,834
FIXED ASSETS:	
Property and Equipment, (Net of accumulated depreciation)	-
TOTAL ASSETS	2,834
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES:	
Accrued Expenses	2,450
TOTAL CURRENT LIABILITIES	2,450
OWNERS EQUITY	
Members Equity	384
TOTAL LIABILITIES	2,834

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

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009**

PARTICULARS	SCHEDULE	2009 US\$
SALES, NET OF DISCOUNTS		-
COST OF GOODS SOLD		-
GROSS PROFIT		-
OTHER INCOME		4,566
OPERATING EXPENSES:		
Selling, General and Administrative Expenses	A	5,002
NET INCOME BEFORE TAXES		(436)
CITY & STATE INCOME TAXES		(455)
NET INCOME		(891)

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

**STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009**

PARTICULARS	2009 US\$
Balance at January 1, 2009	1,275
Net Income	(891)
Balance at December 31, 2009	384

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2009

PARTICULARS	2009 US\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	(891)
Adjustments to reconcile net income to net cash provided in operating activities:	
Changes in Operating Assets and Liabilities:	
Decrease in Accounts Payable	(4,567)
Increase in Accrued Expenses	925
Total Adjustment	(3,642)
Net Cash provided by Operating Activities	(4,533)
CASH FLOWS FROM INVESTING ACTIVITIES:	-
CASH FLOWS FROM FINANCING ACTIVITIES:	-
Net Increase (Decrease) in Cash and Cash Equivalents	(4,533)
Cash and cash equivalents at beginning of the year	7,367
Cash and Cash Equivalents at End of the Year	2,834
Supplemental Disclosure for Cash Flow Information	
Cash paid during the year for Income taxes	455

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

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 but due to economic downturn in America and other countries, this is taking longer to achieve the goals.

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

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, 2009.

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:

	2009 (US\$)
Property and equipment	9,244
Less: Accumulated depreciation	9,244
Total	<u> </u> <u> </u> -

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 2009 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 could 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 could maintain balances in bank in excess of federally insured limits. These are significant concentration of risks, but the company has not suffered any loss in this regards.

The Company has no receivables in the year 2009 and has paid its vendors.

**SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

PARTICULARS	AMOUNT
Bank & Credit card charges	417
Dues & Subscriptions	1,210
Professional fees	3,375
Total	5,002

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the period ended 31st March, 2010.

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, 2010 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, 2010.

DIRECTORS

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

Director
19th May, 2010

AUDITORS' REPORT

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

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Ultima SA for the period from 1st April, 2009 to 31st March, 2010.

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

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

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

Nevertheless, we inform you that the company mention in its accounts an investment in Ultima Italia S.r.l and a loan agreed to Ultima Italia S.r.l. and that this company is overdebt as at 31st March, 2010.

But the Board of directors is convinced that this situation will be recovered and has renounced to constitute any provision.

If it will not be the case, we attract your attention to the dispositions of the article 725 al. 2 of the code of obligations.

Revifidu SA

A. Mazenauer
(Auditor in charge)

Christian Erard

Neuchâtel, 19th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010 CHF	31.03.2009 CHF
ASSETS		
Short Term Assets		
Bank accounts	755,983.88	110,225.80
Debtors Ultima Italia S.r.l.	2,984,019.44	3,417,913.75
Other debtors	–	411,832.13
C/A Bhartiya International Ltd.	29,206.26	–
Stock of goods	489,611.00	269,510.00
Transitional and other debtors	641.58	554.11
Total Short Term Assets	4,259,462.16	4,210,035.79
Fixed Assets		
Loan Ultima Italia S.r.l.	886,007.82	638,529.99
Investment Ultima Italia S.r.l.	138,612.00	138,612.00
TOTAL FIXED ASSETS	1,024,619.82	777,141.99
TOTAL ASSETS	5,284,081.98	4,987,177.78
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Creditors	111,244.69	68,438.51
Bank accounts	1,296,285.79	1,149,232.87
C/A Bhartiya International Ltd.	–	101,236.86
Transitional and other Liabilities	68,770.00	75,532.00
TOTAL CUURENT LIABILITIES	1,476,300.48	1,394,440.24
TOTAL LIABILITIES	1,476,300.48	1,394,440.24
Equity		
Share capital	1,000,000.00	1,000,000.00
General reserve	130,000.00	120,000.00
Retained earnings	2,462,737.54	2,255,653.93
Net income of the year	215,043.96	217,083.61
Total Equity	3,807,781.50	3,592,737.54
TOTAL LIABILITES AND EQUITY	5,284,081.98	4,987,177.78

INCOME STATEMENT

	2009-2010 CHF	2008-2009 CHF
Revenues		
Sales to foreign customers	5,543,674.64	7,664,001.97
Total Revenues	<u>5,543,674.64</u>	<u>7,664,001.97</u>
Merchandises Costs		
Costs of goods	5,111,875.30	6,852,901.59
Variation of stock	(220,101.00)	138,810.00
Total Merchandises Costs	<u>4,891,774.30</u>	<u>6,991,711.59</u>
Other Expenses		
Design and Consultancy	60,860.00	153,390.12
Domiciliation and Directors	37,247.50	35,367.00
Audit and Lawyers	5,487.60	5,326.20
Travel Expenses	18,208.70	7,414.36
Various Administration Overheads	1,354.85	1,417.55
Total Other Expenses	<u>123,158.65</u>	<u>202,915.23</u>
Result Before Interests and Taxes	528,741.69	469,375.15
Financial Incomes and Charges		
Interests and bank fees (net)	69,441.35	92,057.40
Exchange rate difference	219,442.63	135,157.24
Total Financial Incomes and Charges	<u>288,883.98</u>	<u>227,214.64</u>
Result Before Taxes	239,857.71	242,160.51
Taxes		
Federal tax	17,846.45	20,310.50
Canton and commune tax	6,967.30	4,766.40
Total Taxes	<u>24,813.75</u>	<u>25,076.90</u>
Net Income of the year	<u><u>215,043.96</u></u>	<u><u>217,083.61</u></u>

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31.03.2010 CHF	31.03.2009 CHF
Profit available to the Annual General Meeting		
Retained earnings at the beginning of the year	2,462,737.54	2,255,653.93
Net Income	215,043.96	217,083.61
	<u>2,677,781.50</u>	<u>2,472,737.54</u>
Proposal of Board of Directors		
Attribution to general reserve	10,000.00	10,000.00
Carried forward	2,667,781.50	2,462,737.54
	<u>2,677,781.50</u>	<u>2,472,737.54</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, 2010 and of the results of its operation for the period ended on that date.

Dr. Enrico Cantoni

23rd June, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Expressed in Euro)

Notes	As at 31st March, 2010	As at 31st March, 2009
ASSETS		
Fixed Assets, net of depreciation	258,130	249,655
CURRENT ASSETS		
Inventories	418,655	695,603
Accounts receivables	1,891,248	1,631,244
Deposits	5,757	5,757
Cash at bank	280,070	69,106
TOTAL ASSETS	2,853,860	2,651,365
LIABILITIES		
Share capital	90,000	90,000
Loan from holding co.	622,198	422,197
Profit/(-Loss) for the previous years	-480,644	-395,847
Profit/ (-Loss) for the period	54,589	-84,797
Bank overdraft/Limit		1,795
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,299,150	2,415,963
Other credits	268,567	202,054
TOTAL LIABILITIES	2,853,860	2,651,365

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Expressed in Euro)

	2009-2010	2008-2009
INCOME		
Sales	4,204,501	4,597,834
TOTAL INCOME	4,204,501	4,597,834
COSTS AND EXPENSES		
Costs of goods sold	2,846,901	3,449,001
Selling, general and administrative	1,201,938	1,031,356
Depreciation	46,091	71,744
Financial charges	-12,592	119,449
TOTAL COSTS	4,082,338	4,671,550
Profit/(Loss) before taxes	122,163	-73,716
Taxes	20,224	15,566
Deferred taxes	47,350	-4,485
Profit/(-Loss) for the period	54,589	-84,797

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2010

PRELIMINARY REMARKS

Dear Shareholders,

The balance sheet as at 31st March, 2010 shows a profit of € 54,589 as compared to the loss of the order of € 84,799 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.

ACCOUNTING POLICIES (EVALUATION CRITERIA)

The evaluation criteria used are compliant with provisions of art. 2426 of the Civil Code and do not deviate from the criteria used for establishing the budget of the previous year.

The evaluation of the budget items is based on general criteria of prudence and competence in the perspective of the continuation of the activity.

In accordance with the prudence principle elements making up the individual item or items of assets and liabilities are assessed individually in order to avoid offset between losses that should be recognized and that profits should not be recognized as unrealized.

In accordance with the principle of competence, the effect of transactions and other events is detected by accounting and is attributed to the activity and events to which they relate, other than the one which describes the relative movements of cash (earnings and payments).

The constant application of evaluation criteria over time, is necessary for the comparability of financial statements of companies in various activities.

In particular, the evaluation criteria adopted in the financial statement 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

Capital assets, originally expressed in foreign currency shall continue to be entered at the exchange rate in effect at the time of their acquisition.

Instead the values of assets and liabilities that were not originally expressed in foreign currency and registered according to the exchange rate effective on the date of accounting, are aligned to the exchange rates prevailing at balance sheet in compliance to art. 2426 Civil Code Section 8- bis. The economic effects of variation in exchange rates are expressed in article 17 bis); given that the same intends to the pay off, and is detailed with a specific statement within this integrative note for a better understanding of events as suggested by the OIC 1.

INCOME TAX

Taxes are set aside under the principle of competence, therefore, represents the provision for outstanding taxes for the year, determined in accordance with the rates and rules. The balance sheet and income statement include, in addition to current taxes, deferred taxes anticipated calculated and allocated in the budget considering the temporary differences that originated between the result and the statutory income tax assessment.

BUSINESS OPERATION**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	418,655		
Opening Balance	695,603		
Variations	- 276,948		
Final Stock	Value year N. 0	Value N.+1	Variation
Raw Materials	8,978	41,542	32,564
Stock	686,625	377,113	- 309,512
Total	<u>695,603</u>	<u>418,655</u>	<u>- 276,948</u>

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

II. Credits

Closing Balance	1,861,443		
Opening Balance	1,587,199		
Variations	274,244		
Credits payable within 12 months	Value year No.0	Value No.+1	Variation
Clients within 12 months	1,279,735	1,843,127	563,392
Tax credits within 12 months	234,718	8,380	- 226,338
Other credits within 12 months	18,327	2,867	- 15,460
Total credits within 12 months	<u>1,532,780</u>	<u>1,854,374</u>	<u>321,594</u>
Credits due after 12 months			
Anticipated Taxes	54,419	7,069	- 47,350
Total credits due after 12 months	<u>54,419</u>	<u>7,069</u>	<u>- 47,350</u>
Total Credits	<u>1,587,199</u>	<u>1,861,443</u>	<u>274,244</u>

Description of allocation of credits (customers) according to the geographical location

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	Balance on 31st March, 2010
Italian Clients	403,668	632,218
Clients EEC	681	17,244
Clients other than EEC	875,386	1,193,665
Total	<u>1, 279,735</u>	<u>1, 843,127</u>

CASH AVAILABILITY

Closing Balance	280,070		
Opening Balance	69,106		
Variations	210,964		
	Value year N. 0	Value N.+1	Variation
Bank	56,989	252,350	195,361
Cash	12,117	27,720	15,603
Total	69,106	280,070	210,964

LIABILITIES

A) NET EQUITY

ENTRIES OF NET EQUITY AND RELATIVE MOVEMENTS. POSSIBILITY OF UTILIZATION AND DISTRIBUTION (n. 7-bis art. 2427 civil code).

Closing Balance	286,143		
Opening Balance	31,552		
Variation	254,591		
Net Worth	Value year N. 0	Value N.+1	Variation
Capital	90,000	90,000	-
Legal Reserves	-	-	-
Rounded Unity of Euro	-1	1	2
Other Reserves	422,197	622,197	200,000
Profits / Losses brought forward	-395,847	-480,644	-84,797
Profit / Loss during the Year	-84,797	54,589	139,386
Total	31,552	286,143	254,591

The Share Capital is follows as:

90.000 shares of nominal value of € 1 each.

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

Nature	Amount	Possibility of utilization	Share available
Capital Reserve			
- Share Capital	90,000	B	
- Financing Capital Account	622,197	AB	
Profit Reserves			
- Legal	-		
- Rounding off euro	1		
Profits / Losses brought forward	-480,644		
Profit / Loss during the Year	54,589	AB	
Total	286,143		

Possibility of utilization of reserves

A = Increase in Capital

B = Loss coverage

C = Distribution to Shareholders

B) PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges			
Final Balance	41,285		
Opening Balance	18,744		
Variations	22,541		
	Balance Financial	Balance Financial	Variation
	Year N. 0	Year N.+ 1	
Fund Contractual Risks	–	15,000	15,000
Fund Ind Suppl. Clientele	18,744	26,285	7,541
Total	18,744	41,285	22,541

C) PROVISION FOR TERMINATION OF SUBORDINATE EMPLOYMENT

Closing Balance	110,970		
Opening Balance	86,865		
Variations	24,105		
TFR Opening Balance			86,865
Increase in share for financial year			24,338
Decrease Use / Substitutive Tax			-233
TFR Closing Balance			110,970

D) DEBTS

Closing Balance	2,411,503		
Opening Balance	2,513,943		
Variation	- 102,440		
Debts due within 12 months	Value year N. 0	Value N.+ 1	Variation
To Suppliers	2,415,964	2,299,150	-116,814
To Revenue (Tributary)	9,356	27,314	17,958
To Social Security Institutions	9,472	11,526	2,054
To Others	77,356	73,513	-3,843
Total Debts within 12 months	2,512,148	2,411,503	-100,645
Debts Due after 12 months			
To Banks	1,795	–	-1,795
Total Debts after 12 months	1,795	–	-1,795
Total Debts	2,513,943	2,411,503	-102,440

Classification of debts (suppliers) according to geographical areas.

The countries mentioned indicate the supplier's registered office

Countries	Balance on 31st March, 2009	Balance on 31st March, 2010
Suppliers ITALY	90,468	201,802
Suppliers NON-EEC	2,325,496	2,097,005
Suppliers EEC	–	343
Total	2,415,964	2,299,150

INCOME STATEMENT

A) Value of Production

Year N. +1	4,211,035		
Year N. 0	4,600,160		
Variation	-389,125		
Value of Production	Year N. 0	Year N.+1	Variation
Sale of Goods and Services	4,511,938	4,154,248	-357,690
Increases in Fixed Assets Interior Work	86,078	49,499	-36,579
Other receipts and revenue	2,144	7,288	5,144
Total	4,600,160	4,211,035	-389,125

B) Cost of Production

Year N. +1	4,094,930		
Year N. 0	4,557,058		
Variation	-462,128		
Cost of Production	Year N. 0	Year N.+1	Variation
Raw Materials and Goods	3,412,550	2,569,953	-842,597
Services Acquisition Costs	518,112	610,127	92,015
Cost for use of other's Assets	54,043	61,380	7,337
Personnel Costs	447,996	474,597	26,601
Depreciation and Amortization	71,744	46,091	-25,653
Variation in stock	36,451	276,948	240,497
X Risk Provision	-	15,000	15,000
Other Operating Expenses	16,162	40,834	24,672
Total	4,557,058	4,094,930	-462,128

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	40,834		
Year N. 0	16,162		
Variation	24,672		
	Year N. 0	Year N.+1	Variation
Taxes not on Income	3,951	5,010	1,059
Capital Losses	-	-	-
Passive Survives of Management	-	5,470	5,470
Loss on Credits	2,619	21,676	19,057
Fine and Penalties	1,646	491	-1,155
Other Charges	7,946	8,187	241
Total	16,162	40,834	24,672

C) Financial Revenues and Expenses

Year N. +1	12,592		
Year N. 0	-119,449		
Variations	132,041		
Financial Revenues	Year N. 0	Year N.+1	Variation
Financial Income	8,222	4,736	- 3,486
Interests and Expenses	-34,132	-20,563	13,569
Profit/Loss on Foreign Exchange	-93,539	28,419	121,958
Total Financial Revenues	-119,449	12,592	132,041

Financial Revenues and Expenses

	Year N. 0	Year N.+1	Variation
Financial Revenues			
Interest Income from Banks	659	13	-646
Interest Income Others	7,563	4,723	-2,840
Total Financial Revenues	8,222	4,736	-3,486
Interests and other Charges			
Interest Expense Current Account	-33,822	- 20,554	13,268
Commercial Interest Expense	-13	-	13
Interest Expense on Loans	-297	-9	288
Total Interests and Charges	-34,132	-20,563	13,569
Profits / Losses on Foreign Exchange			
Profits on Foreign Exchange	6,144	45,223	39,079
Losses on Foreign Exchange	-99,683	-16,804	82,879
Total Profits / Losses on Foreign Exchange	-93,539	28,419	121,958
Total Financial Revenues and Charges	-119,449	12,592	132,041

Income Tax for the Year

	Year N. 0	Year N.+ 1	Variation
Current Taxes			
IRAP	15,566	20,224	4,658
Total	15,566	20,224	4,658

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 impairment 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.

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

There is no case to comment in accordance with the effects of this legislative provision.

OFF-BALANCE SHEET AGREEMENTS (n. 22 Ter. art. 2427 Civil Code)

There is no case to comment in accordance with the effects of this legislative provision.

OTHER INFORMATION

PAYMENTS TO DIRECTORS

According to the law please note that in the current year. The Company has paid a compensation totaling € 44,720 to the directors.

PERSONAL SHARES AND QUOTAS OF THE CONTROLLING COMPANY ACQUIRED ALSO THROUGH THE TRUST COMPANY OR THROUGH NOMINEES (n. 3 art. 2428 Civil Code)

There is no case to comment in accordance with the effects of this legislative provision.

PERSONAL SHARES AND QUOTAS OF THE CONTROLLING COMPANY ACQUIRED DURING THE FINANCIAL YEAR, ALSO THROUGH THE TRUST COMPANY OR THROUGH NOMINEES (n. 4 art. 2428 Civil Code)

There is no case to comment in accordance with the effects of this legislative provision.

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 Members 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, 2010, and also the consolidated profit and loss account for the year ended on that date annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 488,187,753/- as at 31st March, 2010 and Rs. 511,367,175/- as at 31st March 2009 and a total revenues of Rs. 587,125,820/- for the year ended 31.03.2010 and Rs. 667,770,752/- for the year ended 31.03.2009. 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. Based on our audit and on the consideration of reports of other auditors on separate financial statements and on other financial information of the components, and to the best of information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements read together with notes thereto give true and fair view in conformity with accounting principles generally accepted in India:
 - a) in case of the consolidated balance sheet, of the state of affairs of group as at 31st March, 2010.
 - b) in case of the consolidated profit and Loss account, of the profit of the group for the year ended on that date ; and
 - c) in case of the consolidated cash flow statement, of the cash flows of group for the year ended on that date

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

S. K. Poddar
Prop.
M. No. 94479
New Delhi, 29th May, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUND			
Shareholders' Funds			
Share Capital	1	86,638,480	78,638,480
Advance Subscription	2	15,050,000	–
Reserves and Surplus	3	958,409,627	891,505,019
Minority Interest		14,867,574	14,928,143
Loan Funds			
Secured Loan	4	460,766,422	644,965,917
Deferred Tax Liability (Net)		8,614,949	1,264,148
		1,544,347,052	1,631,301,707
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	493,543,967	463,307,920
Less: Depreciation		168,922,788	144,135,370
Net Block		324,621,179	319,172,550
Add: Capital Work in Progress		96,135,347	49,099,939
		420,756,526	368,272,489
Goodwill (on Consolidation)		2,525,000	2,525,000
Investments	6	449,346,535	441,338,032
Current Assets, Loans & Advances			
Inventories	7	515,636,430	712,829,555
Sundry Debtors	8	105,187,801	142,895,884
Cash & Bank Balances	9	121,667,895	150,383,543
Loans & Advances	10	177,112,273	201,111,850
		919,604,399	1,207,220,832
Less: Current Liabilities & Provisions			
Current Liabilities	11	205,111,739	351,806,296
Provisions	12	44,098,634	37,614,551
		249,210,373	389,420,847
Net Current Assets		670,394,026	817,799,985
Miscellaneous Expenditure	13	1,324,965	1,366,201
		1,544,347,052	1,631,301,707
Notes on Accounts and Significant Accounting Policies	21		

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 May, 2010

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31ST MARCH, 2010**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		1,918,572,464	1,687,029,202
Export Incentives		144,937,837	133,082,126
Other Income	14	(392,826)	(15,161,352)
Increase/(Decrease) in Stock	15	(108,132,387)	65,763,036
		<u>1,954,985,088</u>	<u>1,870,713,012</u>
EXPENDITURE			
Raw Material Consumption	16	921,028,576	848,762,559
Purchase for Resale		205,532,851	237,983,286
Manufacturing Expenses	17	348,414,936	282,153,887
Personnel Expenses	18	107,258,525	81,735,292
Admn. & Selling Expenses	19	202,044,521	213,953,608
Financial Expenses	20	59,685,695	120,355,714
Depreciation		25,153,883	20,416,199
		<u>1,869,118,987</u>	<u>1,805,360,545</u>
Profit before extraordinary items		85,866,101	65,352,467
- Provision for diminution in value of investment (Refer Note no. 12 in Schedule 19)		-	8,124,756
Profit before Taxes		85,866,101	57,227,711
Provision for Taxes			
- Income Tax		28,402,144	28,593,443
- Fringe Benefits Tax		-	2,230,785
- Deferred Tax		7,350,800	(1,681,194)
Profit after Taxes		50,113,157	28,084,677
Less : Minority Interest		(60,569)	(71,857)
Less : Share of Loss of Associate		4,239,929	5,913,261
Net Profit for the year		45,933,797	22,243,273
Balance brought Forward		467,956,375	421,413,411
Add: Transferred from Debenture Redemption Reserve		-	43,500,000
Balance Available for Appropriations		513,890,172	487,156,684
APPROPRIATIONS			
Proposed Dividend		8,663,848	7,863,848
Provision for Dividend Tax		1,438,957	1,336,461
General Reserve		10,422,600	10,000,000
Surplus carried to Balance Sheet		493,364,767	467,956,375
Earnings per Share (face value of Rs. 10 each)			
- Basic		5.82	2.83
- Diluted		5.52	2.83
(Refer to Note No. 15 on Schedule 21)			
Notes on Accounts and Significant Accounting Policies	21		

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 May, 2010

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST MARCH, 2010**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	85,866,101	57,227,711
Adjusted for :		
Depreciation	25,153,883	20,416,199
Financial Expenses	59,685,695	120,355,714
Preliminary Expenses Written off	168,536	155,806
Dividend Income	(1,385,867)	(687,504)
Loss/(Profit) on sale of Fixed Assets	684,934	171,311
Provision for dimunition in value of Investments	-	8,124,756
Profit/(Loss) on sale of Investments	8,425,605	18,352,495
	<u>92,732,786</u>	166,888,777
Operating profit before working capital changes	178,598,887	224,116,488
Adjustment for :		
Inventories	197,204,088	(276,844,240)
Sundry Debtors	37,708,083	13,431,328
Loans and Advances	25,097,257	93,008,993
Sundry Creditors	(146,526,633)	160,452,533
	<u>113,482,795</u>	(9,951,386)
Cash generated from operations	292,081,682	214,165,102
Taxes (paid) / Refunded (Net)	(23,918,237)	(27,557,920)
Financial Expenses	(18,795,765)	(75,502,579)
Currency Fluctuation Reserve on Consolidation	2,697,934	586,522
Cash Flow Before Extra-Ordinary Items	252,065,614	111,691,125
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>252,065,614</u>	<u>111,691,125</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/Purchases of Investments (Net)	(20,674,037)	14,565,085
Dividend Received	1,385,867	687,504
Preliminary Expenses Incurred	(127,300)	(1,377,807)
Sale of Fixed Assets	392,586	126,296
Purchase of Fixed Assets/Capital W.I.P.	(78,726,403)	(157,969,065)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(97,749,287)</u>	<u>(143,967,987)</u>

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loan	(184,199,495)	139,147,204
Subsidy from TIIC	1,975,683	-
Share Capital Issue Proceeds (Including Share Premium)	34,400,000	-
Issue of Shares to Minorities	-	15,000,000
Advance Subscription Received	15,050,000	-
Dividend paid (including dividend tax)	(9,368,233)	(13,633,469)
Interest Paid (Net)	(40,889,930)	(44,853,135)
NET CASH USED IN FINANCING ACTIVITIES	(183,031,975)	95,660,600
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(28,715,648)	63,383,738
CASH AND CASH EQUIVALENTS - OPENING BALANCE	150,383,543	86,999,804
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	121,667,895	150,383,543

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 May, 2010

CONSOLIDATED 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	50,000,000
	170,000,000	170,000,000
ii) Issued, Subscribed and Paid Up		
8,663,848 (Previous Year 7,863,848) equity shares of Rs.10/- each fully paid up of these :	86,638,480	78,638,480
	86,638,480	78,638,480
a) 2,089,308 equity shares of Rs. 10/- each were allotted as bonus shares by capitalisation the General Reserve		
b) 400,000 equity shares of Rs. 10/- each have been allotted during the year, at a premium of Rs. 33/- per shares to promoters associate company on conversion of preferential Share Warrants.		
c) 400,000 equity shares of Rs. 10/- each have been allotted during the year, at a premium of Rs. 33/- per shares to non-promoters company on conversion of preferential Share Warrants.		
SCHEDULE 2: ADVANCE SUBSCRIPTION		
2,200,000 (Previous year Nil) Preferential Share warrant paid up Rs. 10.75 each	23,650,000	-
Less : 800,000 Preferential Share Warrant converted into Equity Shares	8,600,000	-
	15,050,000	-
<p>The Company has allotted 10,00,000 warrants to promoters associate company & 12,00,000 warrants to non-promoter on 8th Oct., 2009 on preferential basis, convertible into equity shares of Rs. 10/- each fully paid up. The holders of warrants have a right to apply for one equity shares of Rs. 10/- each at a premium of Rs. 33/- within a period 18 months from the date of allotment. Against this, company has received Rs. 10.75 per warrant, which will be forfeited if the option of conversion is not exercised before the specified date.</p>		
SCHEDULE 3: RESERVES & SURPLUS		
i) General Reserve		
As per last year balance sheet	150,442,130	140,442,130
Add : Transferred from Profit & Loss A/c	10,422,600	10,000,000
	160,864,730	150,442,130
ii) Capital Reserve		
As per last year balance sheet	2,645,600	2,645,600
Add: Subsidy from TIIC	1,975,683	-
	4,621,283	2,645,600
iii) Share Premium A/c		
As per last year balance sheet	253,565,000	253,565,000
Add : Additions during the year on fresh issue of Shares	26,400,000	-
	279,965,000	253,565,000
iv) Debenture Redemption Reserve		
As per last year balance sheet	-	43,500,000
Less : Transferred to Profit & Loss A/c	-	43,500,000
	493,364,767	467,956,375
v) Surplus in Profit & Loss A/c		
Currency Fluctuation Reserve on Consolidation-Opening balance	8,395,914	7,809,392
Add : During the Year	2,697,933	586,522
	11,093,847	8,395,914
vii) Preferential Share Warrant Forfeited		
	8,500,000	8,500,000
	958,409,627	891,505,019

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 4: SECURED LOANS		
Working Capital Loans from Banks	331,425,802	544,028,620
Term Loans from Banks	126,153,272	98,866,471
Vehicle Loan from Banks	3,187,348	2,070,826
	460,766,422	644,965,917

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITION DURING YEAR	SALE DURING YEAR	AS ON 31.03.10	UP TO 31.03.09	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.03.10	AS AT 31.03.10	AS AT 31.03.09
Land	23,169,997	-	-	23,169,997	1,120,209	2,291.0	-	1,122,500	22,047,497	22,049,788
Building	160,925,209	12,390,614	-	173,315,823	29,472,747	7,003,456.0	-	36,476,203	136,839,620	131,452,462
Machinery	145,908,585	19,382,447	9,567,128	155,723,904	36,244,754	9,342,421.0	-	45,587,175	110,136,729	109,663,831
Vehicle	35,763,974	3,313,010	1,454,948	37,622,036	18,214,618	3,157,368.0	377,428	20,994,558	16,627,478	17,549,356
Furniture & Fixtures	39,195,662	3,832,233	-	43,027,895	20,078,049	2,840,654.0	-	22,918,703	20,109,192	19,117,613
Office Equipment	15,683,826	908,623	-	16,592,449	6,509,164	732,307.0	-	7,241,471	9,350,978	9,174,662
Computer	17,308,031	1,431,196	-	18,739,227	12,111,860	1,491,984.0	-	13,603,844	5,135,383	5,196,171
Goodwill	25,352,636	-	-	25,352,636	20,383,969	594,365.0	-	20,978,334	4,374,302	4,968,667
TOTAL	463,307,920	41,258,123	11,022,076	493,543,967	144,135,370	25,164,846.0	377,428	168,922,788	324,621,179	319,172,550
Previous Year	291,820,709	172,439,433	952,222	463,307,920	124,368,258	20,421,727.0	654,615	144,135,370	319,172,550	167,452,451

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 6 : 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 #	247,404,414	251,644,343
Preference Shares	119,960,000	119,960,000
	367,414,414	371,654,343
Non Trade Investments		
Long-Term (Quoted)		
Mutual Fund & Other Marketable Securities	53,613,832	51,375,558
Current Investments (Quoted)		
Equity Shares	36,436,545	26,426,387
	90,050,377	77,801,945
Gross Total	457,471,291	449,462,788
Less: Provision for diminution in market value of investment	8,124,756	8,124,756
	449,346,535	441,338,032
#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	(32,595,586)	(28,355,657)
Carrying Value	247,404,414	251,644,343

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 7: INVENTORIES		
Stock in trade (as taken, valued and certified by the management)		
i) Raw Materials	308,883,465	404,236,917
ii) Finished Goods	63,494,811	171,627,198
iii) Work in Progress	143,258,154	136,965,440
	<u>515,636,430</u>	<u>712,829,555</u>
SCHEDULE 8 : SUNDRY DEBTORS		
i) Unsecured and Considered Good	105,187,801	142,895,884
	<u>105,187,801</u>	<u>142,895,884</u>
SCHEDULE 9 : CASH & BANK BALANCES		
i) Cash In Hand	5,524,411	3,312,980
ii) Balances with Bank :		
– In Current Account	83,876,082	114,475,868
– In Fixed Deposit	30,812,002	30,962,655
iii) Share Application Money	1,445	2,170
iv) Dividend Account	1,453,955	1,629,870
	<u>121,667,895</u>	<u>150,383,543</u>
SCHEDULE 10 : LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated)		
i) Advances for immovable property	7,300,000	7,300,000
ii) Advances Recoverable in cash or in kind or for value to be received	136,487,707	161,182,442
iii) Tax Deducted at Source & Advance Taxes	22,508,100	21,410,420
iv) Advances to Staff	2,117,704	1,642,324
v) Security Deposit	5,808,744	6,000,785
vi) Prepaid Expenses	2,890,018	3,575,879
	<u>177,112,273</u>	<u>201,111,850</u>
SCHEDULE 11 : CURRENT LIABILITIES		
i) Acceptances	18,972,657	10,421,928
ii) Sundry Creditors	120,717,441	138,578,034
iii) Other Liabilities	59,269,437	201,059,214
iv) Temporary Bank Overdraft	4,694,099	121,091
v) Share Application Money Refundable	4,120	4,120
vi) Unpaid Dividend	1,453,985	1,621,909
	<u>205,111,739</u>	<u>351,806,296</u>
SCHEDULE 12 : PROVISIONS		
i) Proposed Dividend	8,663,848	7,863,848
ii) Income Tax/Wealth Tax	33,995,829	28,414,242
iii) Dividend Tax	1,438,957	1,336,461
	<u>44,098,634</u>	<u>37,614,551</u>
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off /or adjusted)		
Preliminary Expenses - Opening Balance	1,366,201	144,200
Incurred during the year	127,300	1,377,807
	<u>1,493,501</u>	<u>1,522,007</u>
Less: Written off during the year	168,536	155,806
	<u>1,324,965</u>	<u>1,366,201</u>

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 14 : OTHER INCOME		
i) Other Income	6,646,912	2,503,639
ii) Dividend Income	1,385,867	687,504
iii) Profit/(Loss) on sale of Investments	(8,425,605)	(18,352,495)
	<u>(392,826)</u>	<u>(15,161,352)</u>
SCHEDULE 15 : INCREASE/DECREASE IN STOCK		
Opening Stock (Finished Goods)	171,627,198	105,864,162
Closing Stock (Finished Goods)	63,494,811	171,627,198
Increase/(Decrease) in Stock	<u>(108,132,387)</u>	<u>65,763,036</u>
SCHEDULE 16 : RAW MATERIAL CONSUMPTION		
Opening Stock	404,236,917	330,121,154
Add: Purchases	825,625,124	922,878,322
	<u>1,229,862,041</u>	<u>1,252,999,476</u>
Less: Closing Stock	308,833,465	404,236,917
Raw Material Consumption	<u>921,028,576</u>	<u>848,762,559</u>
SCHEDULE 17: MANUFACTURING EXPENSES		
i) Job work/ Fabrication Charges	294,062,683	237,186,875
ii) Wages	1,292,613	1,224,402
iii) Freight & Cartage	21,260,474	26,041,942
iv) Other Manufacturing Expenses	31,799,166	17,700,668
	<u>348,414,936</u>	<u>282,153,887</u>
SCHEDULE 18 : PERSONNEL EXPENSES		
i) Salary, Allowance & Bonus	96,653,289	73,884,349
ii) Welfare Expenses	5,766,749	5,266,546
iii) Contribution to Provident & Other funds	4,838,487	2,584,397
	<u>107,258,525</u>	<u>81,735,292</u>
SCHEDULE 19 : ADMINISTRATIVE & SELLING EXPENSES		
i) Rent	11,540,486	9,787,443
ii) Travelling	27,628,160	32,457,476
iii) Power & Fuel	9,677,646	11,867,366
iv) Insurance	2,021,389	2,306,979
v) Freight Outward	27,338,619	48,758,052
vi) Commission, Brokerage & Discount	24,316,322	20,541,508
vii) Repair & Maintenances	10,741,452	6,985,432
viii) Miscellaneous Expenses	37,678,494	26,868,415
ix) Communication Cost	6,503,221	7,457,067
x) Consultancy Charges	28,274,461	26,723,053
xi) Rates, Taxes & Duties	6,216,730	9,347,625
xii) Auditors Remuneration	801,937	649,577
xiii) Loss on Sale of Fixed Assets	684,934	171,311
xiv) Directors Meeting Fees	104,000	83,500
xv) Packing Expenses	8,348,134	9,792,998
xvi) Preliminary Expenses Written/off	168,536	155,806
	<u>202,044,521</u>	<u>213,953,608</u>
SCHEDULE 20 : FINANCIAL EXPENSES		
i) Interest - Net	40,889,930	44,853,135
ii) Other Financial Charges	18,536,652	26,340,939
iii) Foreign Exchange Fluctuation - Net	259,113	49,161,640
	<u>59,685,695</u>	<u>120,355,714</u>

**CONSOLIDATED FINANCIAL STATEMENT- SCHEDULES FORMING
PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

SCHEDULE 21: NOTES ON 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 Subsidiaries				
Bhartiya Global Marketing Ltd	India	100%	31.03.2010	Sushil Poddar & Co.
J&J Leather Enterprises Ltd	India	100%	31.03.2010	Padmanabhan, Ramani & Ramanujam
Bhartiya International Sez Ltd	India	74%	31.03.2010	Sushil Poddar & Co.
Santorini Fashions Ltd.	India	100%	31.03.2010	Sushil Poddar & Co.
Foreign Subsidiaries				
World Fashion Trade Ltd.	Mauritius	100%	31.12.2009	Phillip C.C Hau & Co.
BIL Group LLC	USA	100%	31.12.2009	S. Grover & Co., LLC
Ultima S.A.	Switzerland	100%	31.03.2010	Revifidu SA
Ultima Italia Srl	Italy	100%	31.03.2010	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, non refundable taxes, incidental expenses related to acquisition and reduced by subsidy/Grant in respect of projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Interest on 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.

d) Investment

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

SCHEDULES' (CONTD.)**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 currency fluctuation reserve account.

g) Retirement Benefits

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. The gratuity liability is provided as per the actuarial valuation. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Taxation

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

i) Government Grants

Grants received from the Government which are in the nature of promoters contribution, and are with reference to the total investment without any liability for repayment, are treated as capital reserve. Grant received against specific fixed assets are adjusted to the cost of assets. Revenue Grants are recognised in the profit and loss account in accordance with the relevant scheme.

SCHEDULES' (CONTD.)
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.

k) Provisions Contingent Liabilities and Contingent Assets

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

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

4. CONTINGENT LIABILITIES NOT PROVIDED FOR

	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)	9,604,312	10,304,269
2. Contingent liabilities not provided for		
a) Letter of Credit outstanding	43,732,228	71,318,298
b) Standby Letter of credit (SBLC) issued by companies bankers in favor of the bankers of its subsidiaries		
– Ultima Italia Srl	42,287,000	47,593,000
– Ultima S.A., Switzerland	48,328,000	54,392,000
– WFT Ltd. Hongkong	15,778,000	17,913,000
c) Bills discounted with banks	30,348,225	60,290,443
d) Other Guarantee given by bank - with corporation Bank	100,000	155,000
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.	80,200,000	80,200,000
Ultima Italia S.r.l	39,266,500	44,193,500
f) Corporate Guarantee given by subsidiaries companies to banks against facilities given by banks to its holding companies	455,000,000	455,000,000
g) Income tax matters under dispute	12,269,295	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) Purchases	9,637,410	–
ii) Sales	3,378,957	1,575,365
iii) Commission Expenses	–	2,407,336
iv) Advances	–	228,225
v) Creditors	686,427	100,246

SCHEDULES' (CONTD.)

6. i) Working Capital facilities are secured against hypothecation of stocks of raw - materials, stock in process, finished goods, Other Current assets specified immovable property, movable fixed assets, lien on fixed deposits, exports bills and personal guarantees of Directors.
- ii) Term Loans are secured by exclusive charge on specific movable and immovable properties, parri passu charge on fixed assets & second charge on current assets and personal guarantee of one director.
- 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.
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 436/- (Rs 19,657-) in its financial year ended 31st December, 2009. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 436/- (Rs 19,657/-) 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. The Company has filed legal Suit for recovery of Rs. 6,712,337/- against its customers. Management is confident of recovery of the same and hence has not made any provision for bad & doubtful debts against this.
10. Debit and Credit balances of parties are subject to their confirmation.
11. Fixed deposits of Rs. 25,321,820/- (previous year Rs 23,362,363/-) are pledged with the banks for various limits and facilities granted. Indira Vikas Patra totaling to Rs. 6,500/- (Previous Year Rs. 6,500/-) each are given as security both to Sales Tax Department and RTO.
12. Registration formalities in respect of properties purchased for Rs. 2,342,800/- (Previous Year Rs. 2,342,800/-) are pending.
13. a) Provisions for taxes includes Rs. 352,889/- (Previous Year Rs. 502,223/-) 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 31.03.2010 and the deferred tax asset for the year is provided below :

Deferred Tax Liability / (Deferred Tax Assets)

Particulars	As On		As On
	01.04.2009	For The Year	31.03.2010
Depreciation	19,415,682	2,594,833	22,010,515
Carried Forward Losses	(9,700,043)	3,466,781	(6,233,262)
Capital Loss	(8,451,491)	1,289,186	(7,162,305)
Net Deferred Tax Liability	1,264,148	7,350,800	8,614,948

SCHEDULES' (CONTD.)

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

	Current Year Rs.	Previous Year Rs.
a) Salary & Allowances	7,176,843	6,707,219
b) Contribution to Provident Fund	9,360	9,360
c) Other emoluments	144,912	81,600
	<u>7,331,115</u>	<u>6,798,179</u>

15. 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 profit of Rs. 2,697,933/- (Previous year Rs.586,522/-) on account of consolidation of assets and liabilities of subsidiaries have been transferred to currency fluctuation reserve account.

16. 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, 2010 and the year ended 31st March, 2009:

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Income available to Equity Shareholders	45,933,799	22,243,273
No of Shares at the beginning of the Year (A)	7,863,848	7,863,848
Equity allotted during the year	800,000	-
Weighted Average Shares (B)	28,493	-
Weighted Average Shares Outstanding (nos) (A+B)	7,892,341	7,863,848
Add: Adjustment for warrants convertible into Equity Shares	429,032	-
Weighted Average number of equity shares for Diluted EPS	8,321,373	7,863,848
Nominal Value per share	10	10
Earnings per share (Basic)	5.82	2.83
Earnings per share (Diluted)	5.52	2.83

17. 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.

SCHEDULES' (CONTD.)

		Rs. In Lacs				
		Leather Products	Textile Apparels	Others	Unallocable	Total
a.	Segment Revenue	19,481.45	751.48	402.17	(3.92)	20,631.18
		(15,844.63)	(762.86)	(1,593.62)	(151.61)	(18,049.50)
b.	Segment Results	2,602.71	59.43	(44.93)	(3.92)	2,613.29
		(2,377.33)	(230.93)	(77.85)	(151.61)	(2,378.80)
c.	Less: Unallocable expenses net of Income					1,160.36
						(1,094.58)
d.	Operating Profit					1,452.93
						(1,284.22)
e.	Less: Interest					594.27
						(711.94)
f.	Profit before Tax					858.66
						(572.28)
g.	Provision for taxation (Current Tax, deferred and fringe benefit tax)					357.53
						(291.43)
h.	Profit after Tax					501.13
						(280.85)
i.	Capital Employed	4,239.57	153.59	148.30	6,059.52	10,600.98
		(3,209.99)	(99.60)	(415.47)	(5,976.47)	(9,701.53)

18. RELATED PARTY DISCLOSURE

Transactions with related parties during the financial year and outstanding balance as on 31.03.2010.

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)
Keyman Insurance Policy	–	10,359,970	–	–	10,359,970
	–	–	–	–	–
Lease Rent / Rent	–	–	480,000	–	480,000
	–	–	(480,000)	–	(480,000)
Ticketing	4,117,334	–	–	–	4,117,334
	(617,616)	–	–	–	(617,616)
Sitting Fees	–	104,000	–	–	104,000
	–	(83,500)	–	–	(83,500)
Professional Fees	–	–	–	1,088,090	–
	–	–	–	–	–
Salaries	–	7,331,115	360,000	–	7,691,115
	–	(6,798,179)	(360,000)	–	(7,158,179)
Outstanding Balance					
in capital a/c partnership	50,000	–	–	–	50,000
	(50,000)	–	–	–	(50,000)
in current a/c -partnership	628,389	–	–	–	628,389
	(630,173)	–	–	–	(630,173)
Sundry Creditors	376,980	43,258	36,000	–	456,238
	(484,784)	(67,258)	(33,820)	–	(585,862)
Loan Given	1,950,340	25,000	–	–	1,975,340
	(21,950,340)	(24,000)	–	–	(21,974,340)

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. Sahasranaman S. Chandra Sanjay Vaze A.P.S. 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

19. Previous years figures are shown in brackets and have been re-grouped wherever necessary so as to make them comparable with current year figures.

20. 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**Deepti Gambhir**

Company Secretary

Manoj KhattarVice President
(Accounts)**Snehdeep Aggarwal**

Managing Director

Ramesh Bhatia

Director

New Delhi, 29th May, 2010

ATTENDANCE SLIP

BHARTIYA INTERNATIONAL LIMITED

Regd. Office: E – 52, New Manglapuri, Mandi Road, (Mehrauli), New Delhi – 110 030.

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

NAME AND ADDRESS OF THE MEMBER AND/OR PROXY

Reg. Folio No.	:	
DP ID*	:	
Client ID*	:	

No. of shares held	:	
--------------------	---	--

I hereby record my presence at the **23rd ANNUAL GENERAL MEETING** of the Company being held at **'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001**, on **Friday, the 24th September, 2010 at 11.00 A.M.**

Member's/Proxy's Signature

*Applicable for investors holding shares in electronic form

----- **TEAR HERE** -----

PROXY FORM

BHARTIYA INTERNATIONAL LIMITED

Regd. Office: E – 52, New Manglapuri, Mandi Road, (Mehrauli), New Delhi – 110 030.

Reg. Folio No	:	No. of Shares held	:
DP ID*	:	Client ID*	:

I/ We _____ of _____ being a member(s) of **BHARTIYA INTERNATIONAL LIMITED**, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the **23rd ANNUAL GENERAL MEETING** of the Company to be held at **'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110 001**, on **Friday, the 24th September, 2010 at 11.00 A.M.** or at any adjournment thereof.

Signed this day of2010.

Signature(s) of the Member(s)

Affix a 15 paise Revenue Stamp

Notes:

1. This form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

*Applicable for investors holding shares in electronic form.



BHARTIYA

Bhartiya International Limited

E-52, New Manglapuri, Mandi Road (Mehrauli), New Delhi-110 030. INDIA
email:bhartiya@bhartiya.com