

BHARTIYA

2010-2011



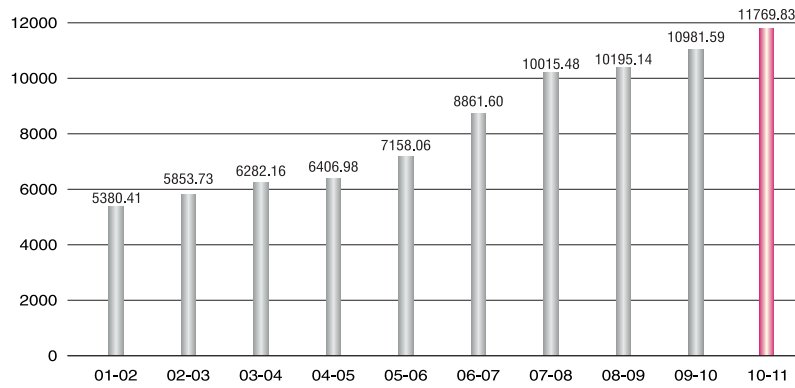
BHARTIYA
FASHION

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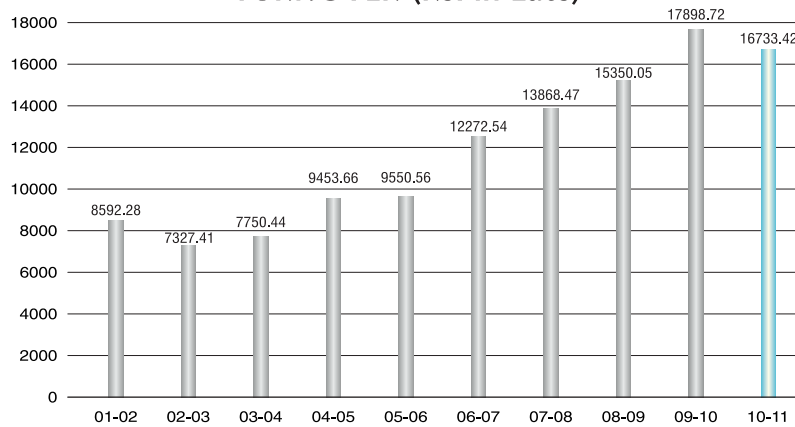
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Performance Highlights

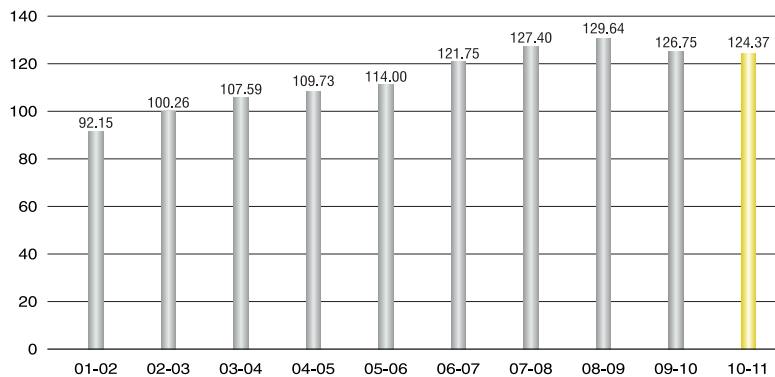
NET WORTH (Rs. in Lacs)



TURNOVER (Rs. in Lacs)



BOOK VALUE (in Rs.)



Board of Directors

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

AUDITORS

Sushil Poddar & Co., New Delhi

BANKERS

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

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, Uttarahalli Hobli, Gottigere Village,
(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 Group Building,
141 Des Voeux Road, Central, Hong Kong
Ph.: 00852-2376 3611, Fax: 00852-2736 5115

ITALY

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

SWITZERLAND

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

U.S.A.

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



“ Our mission is to create
happiness through
innovative design ”

Snehdeep Aggarwal,
Founder

Chairman's Message

I'm happy to inform you that your company has continued its progress over the past year, and is well placed to continue with the growth initiatives announced in the past two years. This is despite significant challenges on costs on account of shortage of raw hides and skins globally, as well continued recessionary overhang in the developed world consumer good markets.

The past year has seen significant macro-economic developments internationally, which particularly influence the Leather industry in India. The past year has seen a 14% to 21% increase in minimum wage in the five largest manufacturing provinces in Southern China. The Leather Products industry also sees a severe shortage of labour. As a consequence, many leading brands are attempting to diversify production and sourcing of leather apparel and accessories away from China. For the first time in recent history, real wages in India are on par or lower than China. India is therefore well placed to capture a larger slice of the global leather product business. This environment presents a number of strategic opportunities for Bhartiya to grow. While we are already seeing addition of large customers in Leather Apparel who are keen to de-risk their business away from China, our SEZ business is set to benefit as many Western brands and their East Asian supply chain partners are keen to look at establishing capacities at cost competitive manufacturing locations outside China.

It is in this backdrop that your company and the Bhartiya Group have taken several immediate and long term initiatives to ensure continued growth. We have started actively marketing our SEZ to investors in South East Asia. While recent changes in Government policy (removing the MAT exemption) have impacted the entire SEZ industry in India, we believe our Leather SEZ will remain attractive to foreign investors for reasons previously outlined. Our first factory in the SEZ for leather accessories is nearing completion and will start commercial operations within the current year, which will also help attract investors. Simultaneously, in our Fashion business, we are diversifying our account base and several large prestigious customers have been added to our Leather Apparel portfolio. Furthermore, our Fashion business aims to expand our Accessories division by cross-selling to existing large Leather Apparel customers, with demonstrated success over the past year. Our Textile business has touched a significant milestone towards scaling up by establishing a sourcing presence in Dhaka.

As Bhartiya continues to endeavour to be the leading design led solutions provider in the fashion industry, there is equal focus on all aspects of the value chain, from design to raw material processing and manufacturing. Your company is currently in the midst of a strategic transformation exercise intended to further its evolution from a Leather centric apparel manufacturer to an integrated fashion business with

presence across design, manufacturing and distribution. As part of this exercise, your company has developed a five year vision plan for our Fashion Business with its four growth engines - Leather Apparel, Leather Accessories, Textile Apparel and Fur and Outerwear. Under this plan, Bhartiya is also actively scouting for avenues for inorganic growth, as well as opportunities for collaborations for skill infusion/access to quality raw material/retail expertise. Through this vision plan, we will thus ensure sustainable growth for our Fashion Business.

Bhartiya's diversification into the real estate and infrastructure sector ("Bhartiya Urban") continues in its implementation phase. With over 17 million square feet of planned construction over the next 10 years for sale and lease, our flagship project "Bhartiya City" aims to be one of the most unique and keenly awaited projects in Bangalore. I will continue to share the development's progress with you from time to time.

Your company is also planning to shift to its new corporate office in Gurgaon later this year. This new office, of contemporary design and energy efficient layout, is intended to serve as the seat of growth for Bhartiya Group in the coming years.

Bhartiya, through its Real estate business as well as its Fashion Business, continues to remain true to its core belief, namely delivering innovative and intelligently design solutions of optimal quality. It is our endeavour to implement the same on a sustainable basis, and create long term shareholder value.

Management Discussion and Analysis

Leather Apparel

Bhartiya continues to be the largest company in India in this segment. Over the past year, we have added six large prestigious brands and retailers in both Europe and USA, and enjoy a full order book. We aim to realise our ambitious growth plans by expanding capacities through our new factories in Ambur which will serve as dedicated production centres for some of our large customers. As our new factories in Ambur mature, we expect over 100% growth in this business over the next four years.



Leather Accessories

Over the past year, our list of customers has consolidated around existing relationships as well as newer clients. Bhartiya's first factory for accessories is fully operational in Chennai. In the immediate term, we are focussed on upgrading technically so as to achieve higher standards of product excellence as well as higher profitability. While our first factory in the Special Economic Zone will become operational later in the current financial year, we also plan to expand capacity at our factory in Chennai over the next two years. With these initiatives, our aim is to grow five-fold in the next four years.

Textile Apparel

The past year has seen extensive reorganisation of our textile business. While continuing to be based on a virtual factory model, this business-line is now strongly linked to our design studio in Milan to enable design driven growth. Further, we have opened an office in Dhaka, Bangladesh towards scaling up our capacities. As these initiatives mature, we expect this business-line to contribute 20% of the total business in the next four years.





Fur and Outerwear

This business-line is based on outsourced manufacturing in China, linked to our operations in Italy via our subsidiary Ultima-Italia. The past year, we have experimented with expanding our product portfolio to Outerwear other than those based on Leather and Fur. Our strategy is to leverage our existing relationships with prestigious brands in Europe to cross-sell these products. We expect to grow this division over the next four years so as to contribute 15% of the total turnover by end of that period.

One of the few companies in the world with vertically integrated production operations across the value chain for Leather (design, sourcing of hides, tanning and manufacturing products); Bhartiya continues to look for opportunities for direct retailing both by green field and inorganic routes, thus creating further value across each of the four divisions.

Bhartiya's Special Economic Zone

Bhartiya continues to develop its 250 acre Special Economic Zone at Tada in Nellore District of State of Andhra Pradesh. A joint venture with Andhra Pradesh Industrial Infrastructure Corporation, this location is intended to house units manufacturing leather products and components. Bhartiya SEZ is a strategic vehicle for growth of our fashion business since it serves as a location for setting up manufacturing units either as solo ventures or as Joint Ventures with leading international brands and manufacturers. Bhartiya is currently in dialogue with potential independent investors as well as potential JV partners and hopes to conclude the first of such transactions this year, while simultaneously our first factory dedicated to production of accessories will become operational there.



Our Company

Internal Control System

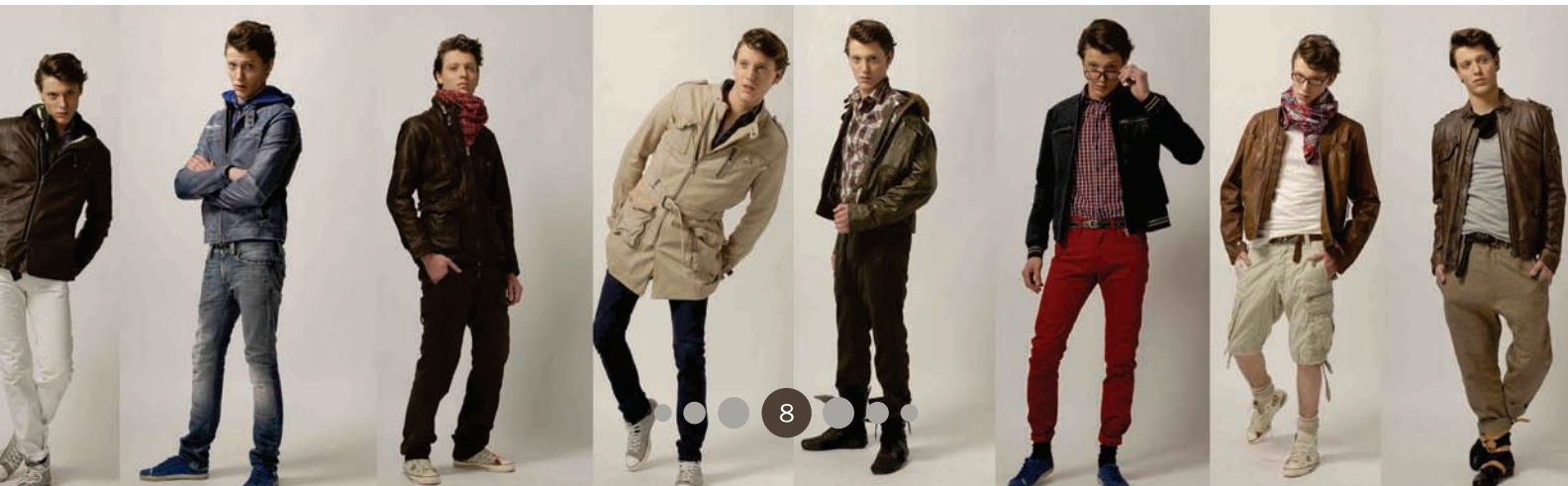
BIL has established robust internal control systems. These are tuned towards safeguarding the company's assets, validating all transactions for required authorization and lastly providing significant assurance at reasonable cost, of the integrity, objectivity and reliability of financial information.

The management of BIL takes appropriate action on recommendations made by statutory auditors and the Audit Committee.



Risk Management

Like any business, our business is also subject to various risks and uncertainties, many of which are not different from those faced by competition. These risks, including but not limited to operational, financial, political, market related and strategic risks, are minimized through strategic planning and proactive efforts by BIL's management team. Foreign currency risk, a key concern for every export driven business, is minimized through well-thought-out financial operations, astute treasury management and effective use of hedge options.



Human Resources

Today, organizations seek to tackle the uncertainties of the changing business world by harnessing the creative potential of the people who define the organization. At BIL, we view our people as assets critical to our growth. To support our assets, BIL seeks to build a high performance culture of continuous learning. As BIL undertakes its ongoing strategic transformation exercise, we are also focused on empowering our people so as to evolve in step with the ever changing fashion industry. We expect our future growth initiatives to be significantly driven by leaders emerging from within the organization.

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.

The achievement of results is subject to unknown risks and uncertainties and other factors that may cause actual results to differ materially. These factors include but are not limited to changes in local and global economic conditions.

By their nature these expectations and projections are only estimates and could be materially different from actual results in the future and the BIL cannot be held responsible in any way for such statements and it undertakes no obligations to publicly update these to reflect subsequent events or circumstances.



BHARTIYA INTERNATIONAL LTD.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24th Annual Report and the Audited Accounts of the Company for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

The standalone performance of the Company for the financial year ended 31st March, 2011 is summarized below:

(Rs. in Lacs)			
Sl. No.	Particulars	2010-2011	2009-2010
1.	Net Sales /Income from Operations	16733.43	17898.72
2.	Other Income	199.61	92.83
3.	Total Expenditure	15410.14	16511.75
4.	Interest	530.52	508.44
5.	Gross Profit after Interest but before Depreciation & Taxes Items	992.38	971.36
6.	Depreciation	143.32	128.13
7.	Exceptional Items	—	—
8.	Profit before Tax	849.06	843.23
9.	Tax Expense	294.83	299.75
10.	Net Profit after Tax	554.23	543.48
11.	Paid up Equity Share Capital	946.38	866.38
12.	Reserves (Excluding Revaluation Reserves)	10823.45	10115.21
13.	Earning Per Share (Basic) Rs.	6.39	6.89
14.	Earning Per Share (Diluted) Rs.	6.21	6.53
15.	Dividend	10%	10%

PERFORMANCE REVIEW

During the year under review the Company achieved a turnover of Rs.16733.43 Lacs against Rs.17898.72 Lacs in the previous year however Net Profit after tax has increased to Rs.554.23 Lacs as compared to Rs.543.48 Lacs in the previous year.

SHARE CAPITAL AND DIVIDEND

During the year under review the Company allotted 800,000 Equity Shares to warrant holders on exercising the right attached to the warrants, allotted on preferential basis as a result paid up capital of the company increased to Rs. 94,638,480/-

Further, 600,000 warrants were converted into Equity Shares on 04.04.2011 as a result the paid -up capital of the company increased to Rs.100,638,480/-

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, 2011.

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, 2011 and of the profit of the Company for the financial year ended 31st March, 2011.
- 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.

BHARTIYA INTERNATIONAL LTD.

DIRECTORS

Mr. C.L.Handa , Mr. A.K.Gadhok and Mr. Sandeep Seth 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 2011-2012 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.

BHARTIYA INTERNATIONAL LTD.

ACKNOWLEDGEMENTS:

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from the valued customers, suppliers, bankers, shareholders and other business constituents during the year under review.

Yours Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff of the Company resulting in the successful performance of the Company during the year.

For and on behalf of the Board

New Delhi, 26th May, 2011

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

ANNEXURE (A) TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO

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

For and on behalf of the Board

New Delhi, 26th May, 2011

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

BHARTIYA INTERNATIONAL LTD.

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

	Bhartiya Global Marketing Ltd., Delhi	Ultima S.A., Switzerland	BIL Group LLC, USA	World Fashion Trade Ltd., Mauritius	Bhartia Fashion Retail Ltd.
(A) Financial year of the subsidiary Company ended on	: 31.03.2011	31.03.2011	31.12.2010	31.12.2010	31.03.2011
(B) Holding Company's Interest Number of Shares	: 2,499,020 Equity Shares Rs. 10 each	1000 Shares of CHF 1,000	Members Contribution Rs. 69,704,950 USD\$ 15,36,980	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. (764,975)	CHF 229,408	USD (2,384)	HK\$ 8,906	Rs. (22,845)
2. For the previous financial years of the subsidiary since it become the Holding Company's subsidiary	: Rs. (614,955)	CHF 215,044	USD (891)	HK\$ (2,298,321)	Rs. (22,024)
(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	: 31.03.2011	31.03.2011	31.03.2011
(B) Holding Company's Interest Number of Shares	: 12,069,230 Equity Shares of Rs. 10 each	125,000 Equity Shares of Rs.100 each	90,000 Shares of € 1.00 each
Extent of holding	: 88.94%	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. (271,942)	Rs. 66,644	€ 9,972
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: Rs. (172,387)	Rs. (1,119,075)	€ 54,589
(ii) Dealt within the Holding Company's accounts			
1. For the financial year of the subsidiary	: -	-	-
2. For the previous financial year of the subsidiary since it become the Holding Company's subsidiary	: -	-	-
(a) This is wholly owned subsidiary of Bhartiya Global Marketing Ltd. Delhi.			
(b) This is wholly owned subsidiary of Ultima S. A. Switzerland.			

For and on behalf of the Board

New Delhi, 26th May, 2011

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

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

We at BIL, believe good Corporate Governance must lay strong emphasis on transparency, accountability, control, ethical Corporate citizenship and integrity.

The Company's business objective and that of its management and employees is to market the Company's products in such a way as to create value that can be sustained over long-term for all its stakeholders including shareholders, employees, customers, government and the lenders.

The Company endeavors to ensure that highest standards of ethical conduct are maintained throughout the organization.

During 2010-2011, the Company kept its commitment towards the required norms and disclosures on Corporate Governance under the listing Agreement executed with the stock exchanges, in which the shares of the Company are listed.

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

Notes:-

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

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

Five(5) Board Meetings were held during the financial year and the gap between two meetings did not exceed four months. The dates on which the meetings were held are:

29th May, 2010, 9th August, 2010, 12th November, 2010, 11th February, 2011 and 28th March, 2011.

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.

BHARTIYA INTERNATIONAL LTD.

AUDIT COMMITTEE

(A) Terms of reference

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

(B) Composition

The Audit Committee consists of three Non-Executive Directors and all are Independent Directors. Mr. C.L Handa is the Chairman of the Audit Committee. Other members of the Audit Committee are Mr. Shashank and Mr. Sandeep Seth. During the financial year Mr. Ramesh Bhatia resigned from the Audit Committee and Mr. Shashank joined the Audit Committee.

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

Four Audit Committee Meetings were held during the financial year.

(C) Meetings and attendance during the financial year 2010-2011

Director	28.05.2010	6.08.2010	11.11.2010	10.02.2011
Mr. C.L.Handa	P	P	P	P
Mr. Ramesh Bhatia	A	P	P	–
Mr. Sandeep Seth	P	P	P	P
Mr. Shashank	–	–	–	P

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Shareholders'/Investors' Grievance Committee consist of three Non-Executive Directors and all are independent Mr. Sandeep Seth is the Chairman of the Shareholders'/ Investors' Grievance Committee. Other members of the Shareholders'/ Investors' Grievance Committee are Mr. Shashank and Mr. C. L. Handa. During the financial year Mr. Ramesh Bhatia resigned from the Shareholders' /investors' Grievance Committee and Mr. Shashank joined the Shareholders' /Investors' Grievance Committee.

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

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

MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR 2010-2011

Director	31.07.2010	30.9.2010	31.12.2010	30.3.2011
Mr. Sandeep Seth	P	P	P	P
Mr. Ramesh Bhatia	P	P	–	–
Mr. C. L. Handa	P	P	P	P
Mr. Shashank	–	–	P	P

Total number of complaints/ communications received during the financial year were 43 (Forty three 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, 2011.

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.

BHARTIYA INTERNATIONAL LTD.

REMUNERATION COMMITTEE

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

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

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

The Company does not have any Employee Stock Option Scheme.

Remuneration Policy:

The 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 2010-2011 are as under:

Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Snehdeep Aggarwal	18,00,000	39,600	18,39,600
Ms. Jaspal Sethi	11,40,000	39,600	11,79,600
Mr. A. K. Gadhok	1,69,224	1,09,752	2,78,976

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 2010-2011 is as under: -

Name of the Director	Board Meeting Fees (Rs.)	Committee Meeting Fees (Rs.)	Total (Rs.)
Mr. C. L. Handa	10000	8000	18000
Mr. Ramesh Bhatia	5000	4000	9000
Mr. A. Sahasranaman	7500	-	7500
Mr. Shashank	10000	3000	13000
Mr. Sandeep Seth	12500	8000	20500
Mr. Nikhil Aggarwal	5000	-	5000

BHARTIYA INTERNATIONAL LTD.

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
21 st AGM	22 nd September,2008	12.00 Noon	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001	–
22 nd AGM	25 th September,2009	11.00 A.M.	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001	1
23 rd AGM	24 th September,2010	11.00 A.M.	'FICCI' Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110 001	–

(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. C.L.Handa, Mr. A.K.Gadhok, and Mr. Sandeep Seth 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. C.L.Handa	Mr. A.K. Gadhok	Mr. Sandeep Seth
Date of Birth	03.03.1937	10.03.1947	26.10.1964
Date of Appointment	26.05.2004	29.01.1999	28.02.2002
Qualifications	B.Sc, CAIIB	B.Com	Chartered Accountant
No. of shares held in the Company	Nil	Nil	Nil
Expertise in Special function areas	Professional with over 35 years' experience in various fields of banking. His specializations are in Credit Management, Foreign Exchange and Merchant Banking.	A 35 years experience in the field of Administration including more than 20 years in Indian Army	A qualified professional with expertise in Accounts, Finance and Taxation
List of outside Directorships as on 31-03-2011 (in Public Companies and Subsidiary of Public Companies)	1. Bhartiya International SEZ Ltd. 2. J & J Leather Enterprises Ltd. 3. Bhartiya Fashion Retail Ltd.	Bhartiya Fashion Retail Ltd.	–
Chairman/ Member of the Board committees of the Companies on 31-03-2011	1. Bhartiya International Ltd. a) Audit Committee. b) Shareholders'/Investors' Grievance Committee c) Remuneration Committee	Bhartiya International Ltd. a) Share Transfer Committee	1. Bhartiya International Ltd. a) Audit Committee. b) Shareholders'/Investors' Grievance Committee c) Remuneration Committee

BHARTIYA INTERNATIONAL LTD.

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, 2011.

New Delhi, 4th April, 2011

Sd/-
Snehdeep Aggarwal
Managing Director

CEO/CFO CERTIFICATION

The requisite Certificate under clause 49 (V) of the Listing Agreement, duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2011 has been placed before the Board in their meeting held on 26th May, 2011 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.

BHARTIYA INTERNATIONAL LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FORMS PART OF THIS ANNUAL REPORT

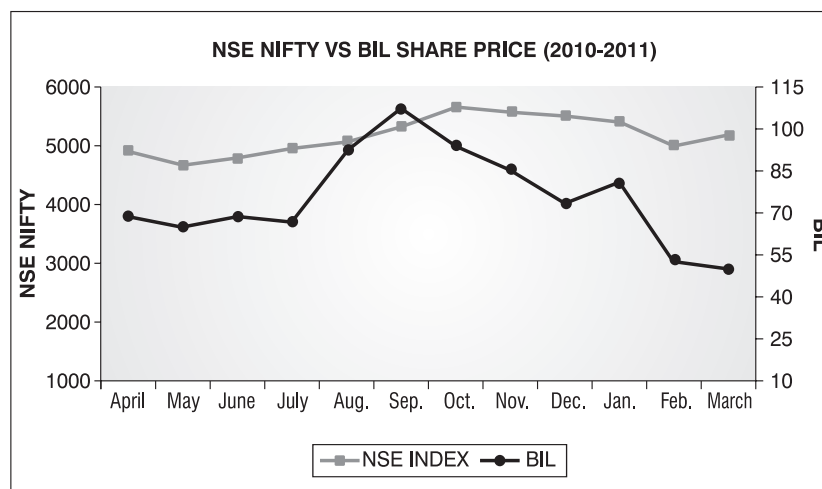
GENERAL INFORMATION FOR SHAREHOLDERS

1. **AGM: Date, Time and Venue** : Monday, 26th September, 2011, 11.30 a.m.
at Sri Sathya Sai International Centre, Pragati Vihar,
Lodhi Road, Institutional Area, New Delhi-110 003.
2. **Financial Calendar for 2011-2012**
Financial year - April to March
Results for Quarter ending 30th June, 2011 : by 14th of August, 2011
Results for Quarter ending 30th Sep., 2011 : by 14th of November, 2011
Results for Quarter ending 31st Dec., 2011 : by 14th of February, 2012
Year ending 31st March, 2012 : by the end of May, 2012
3. **Book Closure** : Monday the 19th September, 2011
to Monday the 26th September, 2011
(both days inclusive)
4. **Dividend Payment** : On or before 25th October, 2011
if declared at Annual General
Meeting on 26th September, 2011
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 2011-2012 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 2010	76.85	65.25	October 2010	112.35	83.10
May 2010	72.45	62.30	November 2010	101.05	76.85
June 2010	78.70	63.90	December 2010	82.90	69.65
July 2010	71.65	67.00	January 2011	99.60	69.30
August 2010	123.75	68.50	February 2011	62.95	46.35
September 2010	119.10	104.35	March 2011	53.55	49.65

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



BHARTIYA INTERNATIONAL LTD.

8. Share Transfer System

To expedite the share transfer process in physical segment, authority has been delegated to Share Transfer Committee which consist of two members i.e. Mr. Snehdeep Aggarwal & Maj. A. K. Gadhok Directors of the Company. Share transfer/transmissions approved by the Committee are placed at the Board Meeting from time to time. Company Secretary of the Company acts as Secretary of the Committee. Committee meetings are held monthly to approve the share transfers. As at 31st March, 2011 there was no Equity Share pending for Transfer, also there was no Demat Request pending as on 31st March, 2011.

9. Distribution of Shareholding as on 31st March, 2011

No. of Shares	SHAREHOLDERS		SHAREHOLDING	
	Number	% to total	Number	%
Upto – 250	6713	83.526	502182	5.31
251 – 500	629	7.826	249357	2.63
501 – 1000	325	4.044	262088	2.77
1001 – 2000	170	2.116	256541	2.71
2001 – 3000	63	0.784	158263	1.67
3001 – 4000	32	0.398	119096	1.26
4001 – 5000	23	0.286	108237	1.14
5001 – 10000	30	0.373	217204	2.30
10001 & above	52	0.647	7590880	80.21
	8037	100.000	9463848	100.000

10. Shareholding Pattern as on 31st March, 2011

Category	No. of Shares held	% of Paid up Capital
Promoters Holding	1470412	15.54
Persons acting in concert	2562224	27.07
Mutual Funds	3200	0.03
Banks	300	0.01
NRIs/OCBs	225128	2.38
Indian Corporate Bodies	3206456	33.88
Indian Public	1996128	21.09
Total	9463848	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, 2011
37.39% of the Paid-up share capital has been dematerialized.
- 13. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity** : on 31.3.2011, 600,000 warrants were outstanding which were converted into Equity Shares on 4.4.2011 hence the paid-up Equity of the Compy increased to Rs. 100,638,480/-
- 14. Plant Locations** : Bangalore and Chennai.
- 15. Address for Correspondence** : Bhartiya International Ltd.
E-52, New Manglapuri, Mandi Road,
(Mehrauli), New Delhi – 110 030.
Tel No.: 26808177, 26803201, 26803202,46002100
Fax No.: 26803485
E-mail: shares@bhartiya.com

BHARTIYA INTERNATIONAL LTD.

To
The Board of Directors
Bhartiya International Ltd.

CEO/CFO CERTIFICATION

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

- (a) We have reviewed the Balance sheet as at 31st March, 2011, Profit and Loss Account, Cash Flow Statement and the Directors' Report for the Financial Year 2010-11 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 2010-2011 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, 26th May, 2011

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, 2011, 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, 2011 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, 2011.
 - 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, 26th May, 2011

ANNEXURE TO AUDITORS' REPORT
(Referred to in paragraph 3 of our Report of even date)

- i. (a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the Company.
- ii. (a) As explained to us, physical verification of inventory, except material lying with third parties and in transit, has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Hence the provision of clause (f) and (g) of paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) There are two wholly owned subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956 to which the Company has granted unsecured loans. The maximum amount involved during the year was Rs 85,421,089/- and the year end balance of loan granted to them was Rs. 85,125,618/-.
- (c) The Company has granted an interest free unsecured loan of Rs 85,125,618/- 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, 2011 for a period of more than six months from the date they became payable.
- (c) Following are the amounts which are disputed and not paid by the Company :

Nature of Demand	Amount in Rs	Period to which the Amount Relates	Forum where appeal has been filed
Income Tax (Tax & Interest)	11,639,722	A.Y 2003-04	ITAT

- x. The Company does not have accumulated losses and has not incurred cash losses in the current financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given by the management, the Company is not a dealer or trader in shares, securities, debentures and other investments. However in respect of transactions relating to investment in shares/ mutual funds. The Company has maintained proper records and timely entries have been made and the investments are held in the name of the Company.
- xv. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by its wholly owned subsidiaries from banks or financial institutions are not prima-facie prejudicial to the interest of the Company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- xviii. In our opinion and based on the information and explanations given to us, during the year the Company has made preferential allotment of shares on conversion of Preferential Share Warrants on private placement basis to a Company covered in the register maintained under section 301 of the Companies Act 1956, and shares have been issued at a price which is not prejudicial to the interest of the Company
- xix. The Company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not 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, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.**BALANCE SHEET AS AT 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUND			
Shareholder's Funds			
Share Capital	1	94,638,480	86,638,480
Advance Subscription	2	25,800,000	15,050,000
Reserves and Surplus	3	1,082,345,068	1,202,783,548
		1,011,521,019	1,113,209,499
Loan Funds			
Secured Loan	4	598,433,308	384,962,013
Deferred Tax Liability (Net)		16,920,442	12,745,678
		<u>1,818,137,298</u>	<u>1,510,917,190</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	5	470,204,455	314,501,228
Less: Depreciation		92,233,400	79,264,595
Net Block		377,971,055	235,236,633
Add: Capital Work in Progress		20,091,357	398,062,412
		398,062,412	93,631,854
			328,868,487
Investments	6	712,501,661	716,376,209
Current Assets, Loans & Advances			
Inventories	7	553,229,509	321,208,320
Sundry Debtors	8	82,702,365	40,123,923
Cash & Bank Balances	9	74,470,385	67,505,172
Loans & Advances	10	336,050,045	290,280,856
		1,046,452,304	719,118,271
Less: Current Liabilities & Provisions			
Current Liabilities	11	280,621,205	212,026,528
Provisions	12	58,257,874	41,419,249
		338,879,079	253,445,777
Net Current Assets		707,573,225	465,672,494
		<u>1,818,137,298</u>	<u>1,510,917,190</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, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		1,514,270,422	1,644,933,839
Export Incentives		159,072,421	144,937,837
Other Income	13	19,961,944	9,282,913
Increase/(Decrease) in Stock	14	74,742,985	(94,939,387)
		<u>1,768,047,772</u>	<u>1,704,215,202</u>
EXPENDITURE			
Raw Material Consumption	15	925,840,998	987,513,239
Purchase For Resale		115,494,373	35,915,476
Manufacturing Expenses	16	352,699,944	316,264,819
Personnel Expenses	17	66,353,122	58,058,757
Administrative & Selling Expenses	18	154,626,328	166,429,891
Financial Expenses	19	53,794,949	42,896,660
Depreciation		14,331,695	12,813,064
		<u>1,683,141,409</u>	<u>1,619,891,906</u>
Profit before Taxes		84,906,363	84,323,296
Provision for Taxes			
– Income Tax		25,308,429	26,107,893
– Deferred Tax		4,174,764	3,867,181
Profit after Taxes		55,423,170	54,348,222
Balance brought Forward		563,204,786	528,959,369
Balance available for appropriation		<u>618,627,956</u>	<u>583,307,591</u>
APPROPRIATIONS			
Proposed Dividend		9,463,848	8,663,848
Provision for Dividend Tax		1,535,273	1,438,957
General Reserve		10,000,000	10,000,000
Surplus Carried to Balance Sheet		597,628,835	563,204,786
Earnings Per Share (face value of Rs. 10 each)			
– Basic		6.39	6.89
– Diluted		6.21	6.53
(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 profit and 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

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	84,906,363	84,323,296
Adjusted for :		
Depreciation	14,331,695	12,813,064
Financial expenses (net)	53,794,949	42,896,660
Loss / (Profit) on sale of fixed assets (net)	435,190	684,934
Loss / (Profit) on sale of Investments (net)	(10,478,188)	(2,987,921)
Dividend Income	(994,256)	(1,385,867)
Rental Income	(8,489,500)	-
Bad Debts Written Off	-	14,558,586
	<u>48,599,890</u>	<u>66,579,456</u>
Operating profit before working Capital change	<u>133,506,253</u>	<u>150,902,752</u>
Adjustment for :		
Inventories	(232,021,189)	190,223,000
Sundry Debtors	(42,578,442)	12,213,362
Loans and Advances	(23,596,517)	(9,910,727)
Sundry Creditors	53,842,093	(128,271,652)
	<u>(244,354,055)</u>	<u>64,253,983</u>
Cash generated from operations	<u>(110,847,802)</u>	<u>215,156,735</u>
Taxes paid	(31,252,514)	(27,732,975)
Financial expenses	(19,998,055)	(6,933,561)
Cash flow before extra-ordinary items	<u>(162,098,371)</u>	<u>180,490,199</u>
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(162,098,371)</u>	<u>180,490,199</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/Purchases of Investment (Net)	14,352,736	(9,760,510)
Dividend received	994,256	1,385,867
Rent Received	8,489,500	-
Sale of Fixed Assets	814,192	392,586
Purchase of fixed assets/Capital W.I.P.	(84,775,002)	(68,481,495)
Security Deposit	14,526,000	-
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(45,598,318)</u>	<u>(76,463,552)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loan	213,471,295	(175,129,973)
Interest Paid	(33,796,894)	(35,963,099)
Share Capital Issue Proceeds (Including Share Premium)	34,400,000	34,400,000
Advance Subscription Received (Net)	10,750,000	15,050,000
Dividend paid (including dividend tax)	(10,162,499)	(9,368,233)
NET CASH USED IN FINANCING ACTIVITIES	<u>214,661,902</u>	<u>(171,011,305)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		
Cash and Cash Equivalents - Opening Balance	67,505,172	134,489,830
Cash and Cash Equivalents - Closing Balance	74,470,385	67,505,172

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, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.

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
	<u>170,000,000</u>	<u>170,000,000</u>
ii) Issued, Subscribed and Paid up		
9,463,848 (Previous Year 8,663,848) Equity shares of Rs.10/- each fully paid up of these :	94,638,480	86,638,480
	<u>94,638,480</u>	<u>86,638,480</u>
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		
i) Preferential Share Warrant		
1,400,000 (Previous year 2,200,000) Preferential Share warrant paid up Rs. 10.75 each	15,050,000	23,650,000
Less : 800,000 (Previous Year 800,000) Preferential Share Warrant converted into Equity Shares	8,600,000	8,600,000
	<u>6,450,000</u>	<u>15,050,000</u>
	(A)	-
ii) Share Application Money		
	<u>19,350,000</u>	-
	(B)	-
	<u>19,350,000</u>	-
	(A)+(B)	<u>15,050,000</u>
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.		
SCHEDULE 3: RESERVES & SURPLUS		
i) General Reserves		
As per last year Balance Sheet	159,851,233	149,851,233
Add: Transferred from Profit & Loss A/c	10,000,000	10,000,000
	<u>169,851,233</u>	<u>159,851,233</u>
ii) Share Premium A/c		
As per last year Balance Sheet	279,965,000	253,565,000
Add : Additions during the year on fresh issue of Shares	26,400,000	26,400,000
	<u>306,365,000</u>	<u>279,965,000</u>
iii) Surplus in Profit & Loss A/c		
	597,628,835	563,204,786
v) Preferential Share Warrant Forfeited		
	8,500,000	8,500,000
	<u>1,082,345,068</u>	<u>1,011,521,019</u>

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 4 : SECURED LOANS		
i) Working Capital Loans from Banks	502,029,440	263,431,152
ii) Term Loans from Banks	93,960,162	118,553,288
iii) Vehicle Loans from Bank	2,443,706	2,977,573
	598,433,308	384,962,013

Notes:

- 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.

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITION DURING YEAR	SALE ADJUSTMENT	AS ON 31.03.11	UP TO 31.03.10	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.03.11	AS AT 31.03.11	AS AT 31.03.10
Land	22,149,466	-	-	22,149,466	1,122,500	-	-	1,122,500	21,026,966	21,026,966
Building	122,761,064	120,671,955	-	243,433,019	20,976,098	3,963,548	-	24,939,646	218,493,373	101,784,966
Machinery	87,689,915	21,926,536	732,717	108,883,734	14,413,211	4,496,962	374,191	18,535,982	90,347,752	73,276,704
Vehicles	28,413,173	1,360,376	1,880,055	27,893,494	14,525,731	2,238,354	988,699	15,775,386	12,118,108	13,887,442
Furniture	21,987,788	7,755,253	-	29,743,041	10,235,573	1,368,071	-	11,603,644	18,139,397	11,752,215
Office Equipment	14,520,085	4,748,645	-	19,268,730	5,830,028	706,108	-	6,536,136	12,732,594	8,690,057
Computers	16,979,737	1,853,234	-	18,832,971	12,161,454	1,558,652	-	13,720,106	5,112,865	4,818,283
Total	314,501,228	158,315,999	2,612,772	470,204,455	79,264,595	14,331,695	1,362,890	92,233,400	377,971,055	235,236,633
Previous Year	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

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
2 DSPML India T.I.G.E.R Fund-Growth	118,509	5,000,000	118,509	5,000,000
3 DSPBR Small & Midcap Fund	244,499	2,500,000	244,499	2,500,000
4 DSPBR Top 100 Equity Fund-G	43,518	4,000,000	43,518	4,000,000
5 DSPBR World Energy Fund-D	250,000	2,500,000	250,000	2,500,000
6 DWS Alpha Equity Fund-Growth Option	-	-	72,738	5,000,000
7 HDFC Top 200 Fund-Growth	19,395	3,500,000	19,395	3,500,000
8 HSBC Equity Fund-Growth	-	-	52,828	5,000,000
9 KOTAK 30 Equity Scheme-Growth	-	-	55,240	3,000,000
10 KOTAK Select Focus Fund-Growth	195,599	2,000,000	195,599	2,000,000

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
11 Reliance Rsf-equity Plan-Growth	176,805	5,000,000	176,805	5,000,000
12 Religare Psu Equity Fund-Growth	250,000	2,500,000	250,000	2,500,000
13 Reliance Liq Fund REAS Plan Wkly. Div	250,138	2,502,651	27,834	426,097
14 Reliance Liq Fund REAS Plan Lp Growth	98,684	987,342	14,073	215,453
15 Tata Pure Equity Fund-Growth	66,488	5,972,282	66,488	5,972,282
(ii) Long-Term (Unquoted)				
Mutual Funds				
1 Kotak 8% Guranted Nld-Debunture	-	2,000,000	-	2,000,000
Total Mutual Funds		38,462,275		53,613,832
(Aggregate Nav Of Mutual Funds -Rs. 44,769,423/- previous Year Rs. 56,369,589/-)				
(iii) Current Investments (Quoted)				
Equity Shares				
1 Aditya Birla Nuvo Ltd.	-	-	276	262,701
2 Aries Agro Ltd.	4,058	686,339	-	-
3 Astral Poly Technik Ltd.	3013	512,771	-	-
4 Amara Raja Batteries Ltd.	-	-	3,444	191,456
5 Balrampur Chini Mills Ltd.	-	-	1,152	141,202
6 Bank of Baroda	-	-	699	362,828
7 Balmer Lawrie Co. Ltd.	437	292,790	-	-
8 Bayer Cropscience Ltd.	1,000	546,878	1,000	546,878
9 Bharat Earthmovers	645	391,978	-	-
10 Bharat Electronics Ltd.	353	406,762	439	505,860
11 Bharat Heavy Electricals Ltd.	500	1,195,933	500	1,195,933
12 Bharat Petroleum Corporation Ltd.	1,500	770,135	1,500	770,135
13 Bharati Shipyard Ltd.	2,500	711,886	2,500	711,886
14 Bharti Airtel Ltd.	4,000	1,378,735	6,127	2,180,510
15 Cairn India Ltd.	4,440	1,301,703	2,500	657,257
16 City Union Bank Ltd.	11,778	221,141	22,778	530,553
17 Cipla Ltd.	423	129,516	-	-
18 Clariant Chemicals India Ltd.	960	648,102	-	-
19 Deepak Fert & Petrochem Corp Ltd.	1,247	215,836	-	-
20 DLF Ltd.	1,730	761,576	1,730	761,575
21 Everest Inds. Ltd.	2297	558,233	-	-
22 Excel Crop Care Ltd.	1,090	251,119	-	-
23 Financial Technologies I Ltd.	-	-	101	141,008
24 Fulford India Ltd.	-	-	957	485,792
25 HPCL Ltd.	2,204	579,459	2,169	567,399
26 HDFC Bank Ltd.	495	467,850	583	551,414
27 HDFC Ltd.	1,676	646,910	385	770,872
28 HEG Ltd.	136	54,465	2,133	736,215
29 Hikal Ltd.	-	-	88	32,712
30 Hindustan Zinc Ltd.	4,000	503,299	-	-
31 ICICI Bank Ltd.	1,000	787,000	1,000	787,000
32 IDFC Ltd.	5,000	723,986	5,000	723,986
33 Indiabulls Power Ltd	20,000	618,127	20,000	618,127

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
34 Indian Oil Corp Ltd.	1,601	340,540	1,600	340,217
35 Indoco Remedies Ltd.	1,172	472,465	1,211	446,899
36 ISMT Ltd.	5,644	307,760	-	-
37 Infosys Technologies Ltd.	-	-	75	167,909
38 IPCA Labs. Ltd.	-	-	5,415	992,136
39 ITC Ltd.	-	-	2,891	508,888
40 Jagran Prakashan Ltd.	-	-	1,349	141,847
41 Jindal Steel & Power Ltd.	1,000	611,801	1,000	611,801
42 KCP Sugar & Industries Corporation Ltd.	16,000	498,073	16,000	498,073
43 Karur Vysya Bank Ltd.	1,470	649,408	-	-
44 KEC International Ltd.	-	-	524	400,099
45 Lakshmi Vilas Bank Ltd.	-	-	5,400	499,670
46 Larsan & Toubro Ltd.	1,408	1,415,160	1,000	715,569
47 Maharashtra Seamless Ltd.	1,350	499,308	1,350	499,308
48 Max India Ltd.	3,500	546,749	-	-
49 Mahindra & Mahindra Ltd.	-	-	1,000	518,325
50 MTNL Ltd.	-	-	5,000	332,153
51 Neyveli Lignite Corporation Ltd.	3,250	502,040	3,250	502,040
52 NHPC Ltd.	20,000	669,801	20,000	669,801
53 NTPC Ltd.	5,000	1,032,922	5,000	1,032,922
54 ONGC Ltd.	2,712	782,658	479	473,600
55 Oil India Ltd.	789	960,848	542	656,445
56 Pfizer Ltd.	750	535,153	581	348,129
57 Patni Computers Ltd.	335	157,153	-	-
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 Raymond Ltd.	2,500	573,747	2,500	573,747
62 Reliance Capital Ltd.	1,000	811,186	1,000	811,186
63 Reliance Industries Ltd.	475	499,159	1,267	844,699
64 Reliance Infrastructure Ltd.	350	350,903	-	-
65 Rural Electrification Corporation Ltd.	-	-	6,366	578,160
66 Sai Rayalaseem Paper Mills Ltd.	31,792	386,273	31,792	386,273
67 Standard Chartered IDR Ltd.	4,626	499,072	-	-
68 Sterlite Industries (India) Ltd.	4,000	769,386	2,000	769,386
69 Shipping Corporation of India Ltd.	-	-	5,000	630,237
70 SKF India Ltd.	-	-	1,803	555,522
71 Sonata Software Ltd.	-	-	8,094	342,003
72 SREI Infrastructure Finance Ltd.	-	-	6,000	501,380
73 Sundaram Finance Ltd.	-	-	1,300	494,945
74 Tata Chemicals Ltd.	-	-	3,000	877,117
75 Tata Communications Ltd.	2,500	934,944	2,500	934,944
76 Tata Consultancy Services Ltd.	1,116	730,124	767	461,018
77 Tata Steel Ltd.	1,500	859,017	1,500	859,017
78 United Phosphorous Ltd.	-	-	746	71,205
79 Venkys India Ltd.	836	275,316	1,016	326,064

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

SCHEDULE	NO OF SHARES/UNITS	CURRENT YEAR Rs.	NO OF SHARES/UNITS	PREVIOUS YEAR Rs.
80 Zensar Technologies Ltd.	2,002	283,620	1,001	283,620
81 Zuari Industries Ltd.	216	162,789	-	-
Total Equity Shares		<u>32,479,904</u>		<u>36,436,545</u>
(Market Value of Shares as on 31.03.2011 was Rs. 35,495,506/-				
(Previous Year Rs. 42,716,227/-)				
(c) Trade Investments-Long Term (Unquoted at Cost)				
Investment in Subsidiary Companies				
1 Equity share in Bhartiya Global Marketing Ltd.	2,499,020	24,990,200	999,020	9,990,200
2 Member's Contribution in BIL Group LLC	-	69,704,950	-	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 (having par value of \$ 1)	1,000	44,780	1,000	44,780
5 Equity Shares in Bhartiya International SEZ Ltd.	12,069,230	120,692,300	4,269,230	42,692,300
6 Debentures in Bhartiya International SEZ Ltd.	-	-	7,800,000	78,000,000
7 Bhartiya Fashion Retail Ltd.	50,000	500,000	50,000	500,000
Total Investments in Subsidiary Companies		<u>249,717,738</u>		<u>234,484,088</u>
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		<u>399,960,000</u>		<u>399,960,000</u>
Less: Provision for diminution in Value of Investments		<u>8,124,756</u>		<u>8,124,756</u>
Grand Total		<u>712,501,661</u>		<u>716,376,209</u>

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 7: INVENTORY		
(as taken, valued and certified by the Directors)		
i) Raw-Materials	429,477,706	273,469,336
ii) Finished Goods	90,700,385	15,957,400
iii) Consumable Stores	33,051,418	31,781,584
	<u>553,229,509</u>	<u>321,208,320</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured considered good)		
i) Above 6 months	6,890,615	17,209,498
ii) Others	75,811,750	22,914,425
	<u>82,702,365</u>	<u>40,123,923</u>

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

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 9 : CASH & BANK BALANCES		
i) Cash in hand	3,919,714	2,996,328
ii) Balance with scheduled banks		
– in current accounts	38,508,536	32,029,590
– in fixed deposits	29,114,881	30,812,002
iii) Balance with non scheduled bank -in current accounts (See Note no 17 in Schedule 20)	1,532,993	211,852
iv) Dividend Account	1,394,261	1,455,400
	<u>74,470,385</u>	<u>67,505,172</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	144,460,111	123,078,970
iii) Loan to Subsidiary Companies (See Note no 16 in Schedule 20)	85,125,618	84,203,570
iv) Advances to Subsidiary Companies (See Note no 16 in Schedule 20)	47,006,906	47,510,948
v) Tax deducted at source & advance taxes	42,671,837	20,499,165
vi) Advances to Staff	2,394,756	1,830,479
vii) Security Deposits	5,606,261	5,217,993
viii) Prepaid Expenses	1,484,556	639,731
	<u>336,050,045</u>	<u>290,280,856</u>
SCHEDULE 11 : CURRENT LIABILITIES		
i) Acceptances	32,470,292	18,972,657
ii) Sundry Creditors		
– Micro, Small and Medium Enterprises	–	–
– Others	215,717,562	150,666,423
iii) Unpaid Dividend	1,394,291	1,453,985
iv) Current Liabilities	16,513,060	36,239,364
v) Temporary Book Overdraft	–	4,694,099
vi) Security Deposit	14,526,000	–
	<u>280,621,205</u>	<u>212,026,528</u>

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

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 12 : PROVISIONS		
i) Proposed Dividend	9,463,848	8,663,848
ii) Income Tax	41,982,591	25,754,004
iii) Dividend Tax	1,535,273	1,438,957
iv) Gratuity & Leave Encashment	5,276,162	5,562,440
	<u>58,257,874</u>	<u>41,419,249</u>
SCHEDULE 13 : OTHER INCOME		
i) Dividend Income	994,256	1,385,867
ii) Profit/(Loss) on sale of Investments	10,478,188	2,987,921
iii) Miscellaneous Income	-	4,909,125
iv) Rental Income	8,489,500	-
	<u>19,961,944</u>	<u>9,282,913</u>
SCHEDULE 14 : INCREASE /(DECREASE) IN STOCK		
Opening Stock (Finished Goods)	15,957,400	110,896,787
Closing Stock (Finished Goods)	90,700,385	15,957,400
Increase/(Decrease) in Stock	<u>74,742,985</u>	<u>(94,939,387)</u>
SCHEDULE 15 : RAW MATERIAL CONSUMPTION		
Opening Stock	305,250,920	400,534,533
Add: Purchases	1,083,119,202	892,229,626
	<u>1,388,370,122</u>	<u>1,292,764,159</u>
Less: Closing Stock	462,529,124	305,250,920
Raw Material Consumption	<u>925,840,998</u>	<u>987,513,239</u>
SCHEDULE 16 : MANUFACTURING EXPENSES		
i) Wages	1,276,852	1,292,613
ii) Fabrication Expenses	327,441,056	268,086,013
iii) Other Manufacturing Expenses	10,037,912	31,799,166
iv) Freight & Cartage	13,944,124	15,087,027
	<u>352,699,944</u>	<u>316,264,819</u>
SCHEDULE 17 : PERSONNEL EXPENSES		
i) Salary, Allowance & Bonus	61,038,684	49,266,805
ii) Welfare Expenses	1,999,561	4,187,700
iii) Contribution to Provident & Other funds	3,314,877	4,604,252
	<u>66,353,122</u>	<u>58,058,757</u>

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

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 18 : ADMINISTRATIVE & SELLING EXPENSES		
i) Rent	6,883,882	5,876,768
ii) Travelling & Conveyance	25,107,636	20,154,043
iii) Power & Fuel	5,303,038	4,403,437
iv) Insurance	727,415	939,246
v) Freight on Exports	25,896,050	23,839,291
vi) Commission, Brokerage & Discount	24,619,170	44,147,993
vii) Repair & Maintenance		
– Building	1,821,399	775,736
– Plant & Machinery	1,765,687	949,706
– Others	1,498,944	2,371,834
viii) Miscellaneous Expenses	19,280,252	15,510,625
ix) Communication Cost	5,037,842	4,744,292
x) Consultancy Charges	23,657,822	15,419,990
xi) Rates Taxes & Duties	705,977	3,380,842
xii) Auditors Remuneration	300,000	300,000
xiii) Loss on Sale of Fixed Assets	435,190	684,934
xiv) Directors Meeting Fee	70,000	104,000
xv) Packing Expenses	11,516,024	8,268,568
xvi) Bad Debt	–	14,558,586
	<u>154,626,328</u>	<u>166,429,891</u>
SCHEDULE 19 : FINANCIAL EXPENSES		
i) Interest -Net	33,796,894	35,963,099
ii) Other Financial Charges	19,255,363	14,881,014
iii) Foreign Exchange Fluctuation -Net	742,692	(7,947,453)
	<u>53,794,949</u>	<u>42,896,660</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 affect 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.

e) Inventories

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

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

f) Foreign Exchange Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction or that approximates the actual rate at the date of transaction.

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

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

d) In respect of transactions at the overseas offices,

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

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

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

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

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

g) Retirement Benefits

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

h) Borrowing Costs

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

i) Revenue Recognition**Sale of Goods**

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

Export Incentive

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

Other export incentives are accounted for on actual receipt basis.

Dividend

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

SCHEDULES' (CONTD.)

j) Investment

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

k) Taxation

Provision for tax for the year comprises current Income Tax 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	1,784,924	9,604,132
(b) Contingent liabilities not provided for		
i) Letter of Credit outstanding	46,541,894	43,732,228
ii) Standby Letter of credit (SBLC) issued by companies bankers in favour of the bankers of its subsidiaries		
– Ultima Italia Srl	44,611,000	42,287,000
– Ultima SA	50,984,000	48,328,000
– World Fashion Trade Ltd.	15,655,500	15,778,000
iii) Bills discounted with banks	12,025,386	30,348,225
iv) Other Guarantee given by bank -with corporation Bank	1,699,717	100,000
v) Corporate Guarantee given by the company to a bank against facilities granted by that bank to its wholly owned subsidiaries		
J & J Leather Enterprises Ltd.	35,200,000	35,200,000
Ultima Italia Srl	41,424,500	39,266,500
vi) Income tax demand under dispute	11,639,722	12,269,295
3. Investment in the wholly owned subsidiaries Ultima S.A, Switzerland, Bhartiya Global Marketing Ltd.and Bhartiya Fashion Retail Ltd, formerly known as Santoni 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. 27,001,778/- (previous year Rs 25,321,820/-) 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		

BHARTIYA INTERNATIONAL LTD.

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	15,493.86	1,150.93	88.64	-	16,733.43
		(16,925.06)	(571.49)	(402.17)	-	(17,898.72)
b.	Segment Results	1,881.51	109.79	(58.79)	199.61	2,132.12
		(2,367.26)	(53.22)	(44.93)	(92.83)	(2,468.38)
c.	Less: Unallocable expenses net of Income	-	-	-	752.54	752.54
		-	-	-	(1,116.71)	(1,116.71)
d.	Operating Profit	-	-	-	-	1,379.58
		-	-	-	-	(1,351.67)
e.	Less: Interest	-	-	-	530.52	530.52
		-	-	-	(508.44)	(508.44)
f.	Profit before Tax	-	-	-	-	849.06
		-	-	-	-	(843.23)
g.	Provision for taxation	-	-	-	294.83	294.83
		-	-	-	(299.75)	(299.75)
h.	Profit after Tax	-	-	-	-	554.23
		-	-	-	-	(543.48)
i.	Capital Employed	3,476.83	40.01	149.28	8,361.71	12,027.83
		(2,860.80)	(52.48)	(148.30)	(8,070.51)	(11,132.09)

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. 1,457,035/- (Previous Year Rs. 1,775,186/-).
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 2,384/- (Rs 106,159/-) in its financial year ended 31st December 2010. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 2384/- (Rs 106,159/-) in BIL Group LLC and shall claim deduction of this loss against its Income Tax liability in India.

BHARTIYA INTERNATIONAL LTD.

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. 3,758,429/- (Previous Year Rs. 353,889/-) being taxes paid for earlier years.
- b) In compliance with the Accounting Standard on "Taxation on Income" (AS-22) issued by Institute of Chartered Accountants of India, the breakup of net deferred tax liability as on 31.3.2011 and the deferred tax Liability for the year is provided below :

Particulars	Deferred Tax Liability / (Deferred Tax Assets)		
	As On 01.04.2010	For The Year	As On 31.03.2011
Depreciation	19,907,983	3,815,783	23,723,766
Capital Loss	(7,162,305)	358,981	(6,803,324)
Net Deferred Tax Liability	12,745,678	4,174,764	16,920,442

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

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
i) Sundry Debtors		
– World Fashion Trade Ltd.	–	2,805,690
ii) Loans		
– Bhartiya Global Marketing Ltd.	53,750,000	53,750,000
– World Fashion Trade Ltd.	31,375,618	30,453,570
iii) Advances		
– Bhartiya Global Marketing Ltd.	19,282,115	36,648,418
– Bhartiya Fashion Retail Ltd.	–	118,601
– Ultima S.A Switzerland	2,295,503	–
– World Fashion Trade Ltd.	997,792	833,143
– Bil Group LLc	228,225	228,225
– Bhartiya International SEZ Ltd.	24,203,271	9,682,561
iv) Sundry Creditors		
– Ultima Italia Srl	89,878,486	67,615,220
– Ultima S.A Switzerland	–	1,248,549
– J & J Leather Enterprises Ltd.	583,986	861,568

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

	As at 31.03.2011	As at 31.03.2010	Maximum amount outstanding during the year	Maximum amount outstanding during the previous year
	Rs.	Rs.	Rs.	Rs.
a) Casa Risparia Di Pisa, Italy	1,532,993	211,852	1,539,577	1,415,811

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

	Current Year Rs.	Previous Year Rs.
a) Salary	3,109,224	3,120,509
b) Contribution to Provident Fund	9,360	9,360
c) Allowances & Perquisites	188,952	144,912
	3,307,536	3,274,781

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

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

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.
Bhartiya Fashion Retail Ltd.

Overseas

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

ii) Associate parties

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

iii) Key Management Personnel:

Board Of Directors

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

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	263,441,602 (79,784,570)	-	-	-
b) Sale of Key man insurance Policy	-	-	(10,359,970)	-
c) Purchases / Job Work	65,519,072 (82,283,804)	-	-	-
d) Ticketing	-	6,053,674 (4,117,334)	-	-
e) Salaries	-	-	3,307,536 (3,274,781)	360,000 (360,000)
f) Sitting Fees	-	-	70,000 (104,000)	-
g) Lease Rent / Rent Paid	100,000 (100,000)	-	-	480,000 (480,000)
h) Commission expense	18,888,108 (33,211,346)	-	-	-
i) Lease Rent Received	-	8,070,000 (-)	-	-
j) Balances Outstanding at the year end: Loans Given	85,125,618 (84,203,570)	1,950,340 (1,950,340)	-	-

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

Summary of Transactions during the year :	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
Sundry Creditors	90,462,472	493,873	43,258	36,000
	(69,725,337)	(376,980)	(43,258)	(36,000)
Advances Recoverable	47,006,906	-	-	-
	(47,510,948)	-	-	-
Sundry Debtors	-	-	-	-
	(2,805,690)	-	-	-
Security Deposit (Received)	-	14,526,000	-	-
	-	(-)	-	-

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, 2011 and the year ended 31st March, 2010 :

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Income available to Equity Shareholders	55,423,170	54,348,222
No of Shares at the beginning of the Year (A)	8,663,848	7,863,848
Equity allotted during the year	800,000	800,000
Weighted Average Shares (B)	8,767	28,493
Weighted Average Shares Outstanding (nos)(A+B)	8,672,615	7,892,341
Effect of Dilutive Securities (nos):		
Add: Adjustment for warrants convertible into Equity Shares	253,830	429,032
Weighted Average number of equity shares for Diluted EPS	8,926,445	8,321,373
Nominal Value per share	10.00	10.00
Earnings per share (Basic)	6.39	6.89
Earnings per share (Diluted)	6.21	6.53

21. Auditor's Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	300,000	300,000
Certification	125,000	112,500
Tax Audit	75,000	75,000
Reimbursement of Expenses	25,000	25,000

22. A. LICENSE CAPACITIES AND PRODUCTION

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

B. PRODUCTION / PURCHASE, TURNOVER & STOCK

Product	UNIT	Opening Stock		Purchase		Production		Sales		Closing Stock	
		Qty	Value(Rs)	Qty	Value(Rs.)	Qty	Value(Rs)	Qty	Value(Rs)	Qty	Value(Rs)
LEATHER GARMENTS	PCS	15,779	15,914,035	66,438	41,933,680	316,040	-	356,053	1,114,846,754	42,204	89,764,299
		(43,071)	(105,727,121)	-	-	(314,360)	-	(341,652)	(1,350,679,724)	(15,779)	(15,914,035)
TEXTILE APPARELS	PCS	1,158	43,365	478,595	73,560,694	-	-	475,652	109,609,388	4,101	703,268
		(30)	(5,954)	(176,051)	(35,915,476)	(10,420)	-	(185,343)	(54,208,346)	(1,158)	(43,365)
FASHION ACCOSSORIES	PCS	-	-	-	-	260,940	-	260,669	250,187,635	271	232,818
		(-)	(-)	(-)	(-)	(156,662)	-	(156,662)	(180,034,210)	(-)	(-)
OTHERS		-	-	-	-	-	-	-	39,626,645	-	-
		-	(5,163,712)	-	(-)	-	-	-	(60,011,559)	-	-

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

C. CONSUMPTION OF RAW MATERIAL

Product	UNIT	Current Year		Previous Year	
		Qty	Value in (Rs.)	Qty	Value in (Rs.)
Leather	DCM	117,476,812	674,631,937	118,233,699	781,438,299
Consumables/Others			251,209,061		206,074,940
		117,476,812	925,840,998	118,233,699	987,513,239

D. CONSUMPTION OF IMPORTED & INDIGENOUS RAW MATERIAL

	%	Current Year Rs.	%	Previous Year Rs.
Indigenous	60	555,353,737	66	652,897,723
Imported	40	370,487,261	34	334,615,516
	100	925,840,998	100	987,513,239

E. VALUE OF IMPORTS ON CIF BASIS

	Current Year Rs.	Previous Year Rs.
Raw Material	377,821,055	353,767,536
Capital Goods	21,275,904	8,064,566
Purchase under Merchandise Trade	76,878,737	20,123,955

F. EXPENDITURE IN FOREIGN CURRENCY (on payment basis)

	Current Year Rs.	Previous Year Rs.
Agent Commission	4,157,143	13,942,574
Foreign Travelling	3,350,024	3,066,946
Overseas Consultancy	1,522,500	946,560
Others	3,128,856	4,932,954
Reconditioning Charges	10,938,600	-
Interest on Import Bills	337,994	620,077
Administration, Selling and other Expenses at Overseas Trading Offices (on accrual basis)	3,653,577	2,658,557

G. EARNING IN FOREIGN CURRENCY

	Current Year Rs.	Previous Year Rs.
FOB Value of Sales	1,370,421,291	1,550,326,701
Export Under Merchandising Trade	86,458,788	24,943,132

H. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

	Current Year Rs.	Previous Year Rs.
a) Year to which the dividend relates	2009-10	2008-09
b) Number of non-resident shareholders to whom remittances were made	35	43
c) No of shares on which remittances were made.	186,153	178,682
d) Amount remitted in Rs.	186,153	178,682

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

23. **Following Non Trade Investment have been Purchased and Sold during the year.**

Equity Shares (Quoted)

Particulars	Units	Amount Rs.	Sold Qty.	Amount Rs.
Aditya Birla Nuvo	638	504,956	638	482,161
Axis Bank Ltd.	622	976,452	622	829,804
Deepak Fert.	304	53,942	304	55,837
EID PARRY	350	125,373	350	135,577
Excel Crop Care	279	52,238	279	74,567
Grasim Inds.	120	294,657	120	227,373
Hind.Zinc	85	77,989	85	78,656
Insecticides India Ltd	1071	253,410	1071	235,830
Maruti Udyog	617	789,601	617	849,946
Standard Charteded IDR	3943	424,585	3943	450,498
State Bank of India	109	271,894	109	299,826
Sterlite Industries India Ltd	1283	790,892	1283	858,339
Sun TV Network Ltd	1353	509,493	1353	538,165

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

25. 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, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' CONTD.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.

2	6	6	0	7
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 Balance Sheet Date

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

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

Total Liabilities

1	8	1	8	1	3	7
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 Total Assets

1	8	1	8	1	3	7
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SOURCES OF FUNDS

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

APPLICATION OF FUNDS

Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>9</td><td>8</td><td>0</td><td>6</td><td>2</td></tr></table>	3	9	8	0	6	2	Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>7</td><td>1</td><td>2</td><td>5</td><td>0</td><td>2</td></tr></table>		7	1	2	5	0	2
3	9	8	0	6	2											
	7	1	2	5	0	2										
Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>0</td><td>7</td><td>5</td><td>7</td><td>3</td></tr></table>	7	0	7	5	7	3	Mis. Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	
7	0	7	5	7	3											
-	-	-	-	-	-											

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

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

Deepti Gambhir
 Company Secretary

Manoj Khattar
 Vice President
 (Accounts)

Snehdeep Aggarwal
 Managing Director

Ramesh Bhatia
 Director

New Delhi, 26th May, 2011

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

PARTICULARS	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Equity Share Capital	583.88	583.88	583.88	583.88	627.88	727.88	786.38	786.38	866.38	946.38
Reserves & Surplus	4796.53	5269.85	5698.28	5823.10	6530.18	8133.72	9229.10	9408.75	10115.21	10823.45
Net Worth	5380.41	5853.73	6282.16	6406.98	7158.06	8861.60	10015.48	10195.14	10981.59	11769.83
Capital Employed	7353.81	8087.30	8451.85	7410.92	12128.48	17040.80	14807.19	15796.06	14831.21	17754.16
Gross Fixed Assets	1172.20	1359.20	1438.65	1640.12	1732.49	1792.46	1858.32	2964.94	3145.01	4702.04
Net Fixed Assets	993.46	1131.69	1150.80	1290.55	1311.05	1296.92	1285.33	2296.65	2352.37	3779.71
Export Sales including Export Incentives	8592.28	7327.41	7750.44	9453.66	9550.56	12272.54	13868.47	15350.05	17898.72	16733.42
Other Income	48.12	118.29	29.93	44.62	43.58	214.64	268.84	-171.40	92.83	199.62
Total Income	8621.04	7464.87	7971.25	9498.28	9594.14	12487.19	14137.31	15178.65	17991.55	16933.04
EBDIT	1320.37	890.45	692.33	835.29	921.09	1032.38	1245.27	1638.41	1400.33	1530.33
Depreciation	50.98	56.73	64.73	68.25	74.68	79.23	82.92	97.83	128.13	143.32
EBIT	1269.39	833.72	627.60	767.04	846.41	953.15	1162.35	1540.58	1272.20	1387.01
Profit before Tax	1030.06	731.91	583.08	609.79	616.45	694.43	811.74	541.42	843.23	849.06
Provision for Tax	133.02	126.86	55.84	110.71	197.98	194.33	189.86	269.76	299.75	294.83
Profit after Tax	897.04	605.05	527.24	499.08	418.47	500.10	621.88	271.66	543.48	554.23
Equity Dividend (%)	20.00	20.00	15.00	15.00	15.00	15.00	15.00	10.00	10.00	10.00
EPS (Basic) Rs.	15.36	10.36	9.03	8.54	7.08	7.33	7.91	3.45	6.89	6.39
EPS (Diluted) Rs.	15.36	10.36	9.03	8.54	6.90	7.17	7.91	3.45	6.53	6.21

BHARTIYA GLOBAL MARKETING LTD.

DIRECTORS' REPORT

The Directors present their 15th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Sales	103.45	163.89
Share of Profit from firm	(0.01)	(0.01)
Other Income	8.50	9.74
Increase/Decrease in Stock	0.45	(2.63)
Total Income	112.39	170.99
Total Expenditure	120.52	169.23
Profit/ (Loss) before Tax	8.13	1.76
Provision for Tax	0.48	(7.91)
Profit/ (Loss) after Tax	(7.65)	(6.15)

REVIEW OF OPERATION

The sales turnover for the financial year 2010-2011 is Rs. 103.45 Lacs. The Company is in a process to expand its global operations by strengthening its marketing base in Europe and American markets. Sourcing base has also been expanded in India and China by making alliances with reputed vendors. The Company continues to act as buying agents for World Fashion Trade Ltd., Hong Kong and expects revenues to grow in future period.

SHARE CAPITAL OF THE COMPANY

During the year the authorized share capital of the Company has increased to Rs. 30,000,000/- and paid -up Equity share capital has been increased to Rs. 24,990,200/-

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, 2011 as well as the statement under Section 212 of the Companies Act, 1956, is annexed herewith.

DIRECTORS

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

FIXED DEPOSITS

The Company did not accept any fixed deposit during the year under review. No deposits were outstanding as on 31st March, 2011.

AUDITORS

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

The Auditors observation in the Audit Report have been explained by the Company in details in Notes to the accounts which from part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

BHARTIYA GLOBAL MARKETING LTD.

- (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, 2011 and of the profit/losses of the Company for the year ended on that date;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) They have prepared the annual accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

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

PARTICULARS OF EMPLOYEES

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

OTHER MATTERS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

New Delhi, 25th May, 2011

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, 25th May, 2011

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

BHARTIYA GLOBAL MARKETING LTD.

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

		J & J Leather Enterprises Ltd.
A.	Financial year of the Subsidiary Company ended on	: 31.03.2011
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. 66,644
	2. For the previous financial years of the subsidiary since it become the holding company's subsidiary	: Rs. (1,119,075)
(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, 25th May, 2011

Snehdeep Aggarwal
Director

Ramesh Bhatia
Director

BHARTIYA GLOBAL MARKETING LTD.

COMPLIANCE CERTIFICATE

COMPANY NO. : U74899DL1996PLC075128

NOMINAL CAPITAL : **Rs. 300 lacs**

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

We have examined the registers, records, books and papers of **Bhartiya Global Marketing Ltd.** As required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents. We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and rules made thereunder.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met 08 times on 15.04.2010, 28.05.2010, 29.05.2010, 30.06.2010, 20.09.2010, 15.12.2010, 22.03.2011 and 25.03.2011 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting of the financial year ended 31st March, 2010 was held on 23rd September, 2010 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. Two Extra Ordinary General Meeting was held during the financial year after giving due notice to the members of the company and resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons of firms of companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of the section 297 of the Act in respect of contract specified in that section.
10. The Company has made necessary entries regarding disclosure of interest by the directors, in the register maintained under Section 301 of the Act.
11. As informed by the Company, there was no instance falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company has
 - (i) delivered all the certificates on allotment of equity shares and no transfer/ transmission 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.

BHARTIYA GLOBAL MARKETING LTD.

14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the year.
16. The Company has not appointed sole selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, CLB, 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 issued 1,500,000 equity shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2011.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered provisions of memorandum with respect to situation of Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has altered the provisions of the memorandum with respect to Share Capital of the company during the year under scrutiny and complied with the provisions of the Act
30. The Company has altered its Articles of Association after obtaining approval of members in the general meeting and the amendments of the Articles of Association have been duly filed with the Registrar of Companies.
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 deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

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

(RAVI SHARMA)
Partner (C. P. No. – 3666)
New Delhi, 25th May, 2011

BHARTIYA GLOBAL MARKETING LTD.

ANNEXURE - A

Registers as maintained by the Company

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

ANNEXURE - B

Forms and Returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2010.

Forms/ Returns	Under Section	For
Form 20 B (Annual Return)	159	the AGM held on 23.09.2010 filed on Dt. 12.11.2010
Form 23AC & Form-23ACA (Annual Report)	220	the financial year 2009-10 filed on Dt.19.10.2010
Form 66 (Compliance Certificate)	383A	the financial year 2008-09 filed on Dt. 16.10.2010
Form 23	192	For registration of resolution filed on 04.06.2010
Form 23	192	For registration of resolution filed on 15.07.2010
Form-5	94A	For increased in share capital filed on 05.06.2010
Form-2	75	For return of allotment filed on 26.07.2010

R.S.M. & Co.

Company Secretaries

(RAVI SHARMA)

Partner (C. P. No. – 3666)

New Delhi, 25th May, 2011

BHARTIYA GLOBAL MARKETING LTD.

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, 2011, 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, 2011 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the directors of the Company do not, prima facie, have any disqualification as referred to in clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account and read together with significant accounting policies and other notes to the accounts in Schedule 16 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2011.
 - 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, 25th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
(c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- iii. (a) The Company has taken an interest free unsecured loans from its holding Company M/s Bhartiya International Limited for Rs 53,750,000/- It has also given an interest free unsecured loan to its wholly owned subsidiary for Rs. 53,750,000/-.
(b) As per the information & explanation given to us by the management and in view of the long term involvement with the above companies , we are of the opinion that the terms & conditions of the above loans are prima facie not prejudicial to the interest of the company.
(c) There are no stipulations as to the repayment of the principal amount of the above interest free loans.
(d) In view of our observation in sub clause (c) above there are no overdue amounts more than Rs 1 Lakh .
- iv. In our opinion and according to the information and explanation given to us, there are 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, 2011 for a period of more than six months from the date they became payable and also that there is no dispute pending before any forum in respect of the above taxes.
- x. According to the records of the company, the accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth. The company has incurred cash losses of Rs. 586,949/- during the financial year covered by our audit. However the company has not incurred cash loss in the immediately preceding financial year.
- xi. According to the information and explanations given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly the provisions of clause 4(xi) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xii. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence provisions of paragraph 4 (xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
- xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. The company has given guarantees for loans taken by its subsidiary and holding company from bank. According to information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xvi. As per the records of the company, it has not taken any term loans and hence the reporting provisions of this clause are not applicable.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- xviii. In our opinion and based on the information and explanations given to us, during the year, the Company has made allotment of equity shares to its holding company and shares have been issued at a price which is not prejudicial to the interest of the Company.
- 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, 25th May, 2011

BHARTIYA GLOBAL MARKETING LTD.**BALANCE SHEET AS AT 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	24,990,200	9,990,200
Loan Funds			
Unsecured Loan	2	53,750,000	53,750,000
		<u>78,740,200</u>	<u>63,740,200</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	4,490,040	5,029,240
Less: Depreciation		<u>3,046,983</u>	<u>3,335,895</u>
Net Block		1,443,057	1,693,345
Investments			
	4	15,075,000	15,075,000
Current Assets, Loans & Advances			
Inventories	5	1,600,542	1,555,502
Sundry Debtors	6	14,475,577	27,542,962
Cash & Bank Balances	7	825,649	1,693,734
Loans & Advances	8	56,424,766	56,345,942
		<u>73,326,534</u>	<u>87,138,140</u>
Less: Current Liabilities & Provisions			
Current Liabilities	9	22,993,509	51,125,276
Provisions		-	-
Net Current Assets		22,993,509	50,333,025
		50,333,025	51,125,276
		51,125,276	36,012,864
Deferred Tax Assets (Net)			
		2,822,300	2,774,148
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	10	117,000	-
Profit & loss A/c			
		8,949,818	8,184,843
		<u>78,740,200</u>	<u>63,740,200</u>
Notes on accounts and Significant Accounting Policies	16		

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, 2011

For and on behalf of the Board

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

BHARTIYA GLOBAL MARKETING LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		10,345,445	16,389,241
Share of Profit from Firm		(1,708)	(1,784)
Other Income	11	850,500	974,799
Increase /(Decrease) in stock	12	45,040	(263,074)
		<u>11,239,277</u>	<u>17,099,182</u>
EXPENDITURE			
Purchases for Resale		9,001,039	13,161,234
Personnel Expenses	13	2,155,127	2,284,033
Administrative & Selling Expenses	14	620,203	433,380
Financial Expenses	15	49,857	801,275
Depreciation		226,178	243,361
		<u>12,052,404</u>	<u>16,923,283</u>
Profit/(Loss) before Taxes		(813,127)	175,899
Provision for Taxes			
– Income Tax		–	–
– Deferred Tax		48,152	(790,854)
Profit/(Loss) after Taxes		(764,975)	(614,955)
Balance brought forward		(8,184,843)	(7,569,888)
Balance carried over to Balance Sheet		<u>(8,949,818)</u>	<u>(8,184,843)</u>
Basic/Diluted Earnings Per Share Rs. 10/- each		(0.36)	(0.62)
Notes on accounts and Significant Accounting Policies	16		

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

S.K.Poddar

Prop.

M.No. 94479

New Delhi, 25th May, 2011

For and on behalf of the Board

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

BHARTIYA GLOBAL MARKETING LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(813,127)	175,899
Adjusted for :		
Depreciation	226,178	243,361
Fixed Assets Written off	24,110	-
Preliminary Exp Written off	13,000	-
Financial Expenses	49,857	801,275
	<u>313,145</u>	<u>1,044,636</u>
Operating Profit before Working Capital Changes	(499,982)	1,220,535
Adjustment for :		
Inventories	(45,040)	263,074
Sundry Debtors	13,067,385	(12,703,853)
Loans and Advances	38,262	(9,919,235)
Sundry Creditors	(28,131,767)	12,041,267
	<u>(15,071,160)</u>	<u>(10,318,747)</u>
Cash generated from Operations	(15,571,142)	(9,098,212)
Taxes (Paid)/Refunded (net)	(117,086)	18,700
Financial Expenses (net)	(49,857)	(801,275)
Cash flow before Extra-Ordinary Items	(15,738,085)	(9,880,787)
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(15,738,085)</u>	<u>(9,880,787)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES	-	-
NET CASH USED IN INVESTMENT ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of the Share Capital	15,000,000	-
Share Capital Issue Expenses	(130,000)	-
Unsecured Loans	-	10,000,000
NET CASH USED IN FINANCING ACTIVITIES	<u>14,870,000</u>	<u>10,000,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(868,085)	119,213
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,693,734	1,574,521
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	825,649	1,693,734

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, 25th May, 2011**Snehdeep Aggarwal**

Director

Ramesh Bhatia

Director

BHARTIYA GLOBAL MARKETING LTD.

SCHEDULES' FORMING PART OF THE ACCOUNTS

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised		
3,000,000 (Previous year 1,000,000)		
Equity shares of Rs. 10/- each	<u>30,000,000</u>	<u>10,000,000</u>
Issued, Subscribed and paid up		
2,499,020 (Previous year 999,020)		
Equity Shares of Rs.10/- each fully paid up	<u>24,990,200</u>	<u>9,990,200</u>
	<u>24,990,200</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>53,750,000</u>
	<u>53,750,000</u>	<u>53,750,000</u>

SCHEDULE 3 : FIXED ASSETS

PARTI- CULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALE DURING THE YEAR	AS ON 31.3.2011	UP TO 31.3.2010	FOR THE YEAR	SALE ADJUST- MENTS	UP TO 31.3.2011	UP TO 31.3.2011	AS AT 31.3.2010
Land	492,800	-	-	492,800	-	-	-	-	492,800	492,800
Vehicles	1,686,455	-	-	1,686,455	1,284,404	58,968	-	1,343,372	343,083	402,051
Computer Office Equipments	952,186	-	539,200	412,986	832,803	51,586	515,090	369,299	43,687	119,383
Furniture & Fixture	285,274	-	-	285,274	101,872	13,551	-	115,423	169,851	183,402
	1,612,525	-	-	1,612,525	1,116,816	102,073	-	1,218,889	393,636	495,709
Total	5,029,240	-	539,200	4,490,040	3,335,895	226,178	515,090	3,046,983	1,443,057	1,693,345
Previous Year	5,029,240	-	-	5,029,240	3,092,534	243,361	-	3,335,895	1,693,345	1,936,706

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>1,600,542</u>	<u>1,555,502</u>
	<u>1,600,542</u>	<u>1,555,502</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	13,935,577	13,994,319
– others	540,000	13,548,643
	<u>14,475,577</u>	<u>27,542,962</u>
SCHEDULE 7 : CASH & BANK BALANCES		
Cash in hand	36,757	367,695
Balances with Scheduled Bank-Current A/c	788,892	1,326,039
	<u>825,649</u>	<u>1,693,734</u>
SCHEDULE 8 : LOANS & ADVANCES		
Advances recoverable in cash or in Kind	1,531,250	1,528,700
Current A/c- Balance in Bhartiya Prakash Leather (Partnership Firm)	626,681	628,389
Security Deposits	38,000	59,057
AdvanceTax/TDS	376,567	259,481
Advances to Staff	97,680	114,032
Loans To Subsidiary-J&J Leather Enterprises Ltd.	53,750,000	53,750,000
Prepaid Expenses	4,588	6,283
	<u>56,424,766</u>	<u>56,345,942</u>
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors		
– Micro, Small and Medium Enterprises	–	–
– Others	2,603,579	13,383,273
Other Liabilities	1,107,814	1,093,585
Due to Holding Co.-Bhartiya International Ltd.	19,282,116	36,648,418
	<u>22,993,509</u>	<u>51,125,276</u>
B. Provisions		
Income Tax	–	–
	<u>–</u>	<u>–</u>
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	–	–
Add : Incurred during the year	130,000	–
	<u>130,000</u>	<u>–</u>
Less Written off during the year	13,000	–
Balance	<u>117,000</u>	<u>–</u>
SCHEDULE 11 : OTHER INCOME		
Service Charges	680,000	627,038
Other Income	70,500	247,761
Lease Rent Received	100,000	100,000
	<u>850,500</u>	<u>974,799</u>

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

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 12 : INCREASE/(DECREASE) IN STOCK		
Opening Stock	1,555,502	1,818,576
Closing Stock	1,600,542	1,555,502
Increase/(Decrease) in Stock	45,040	(263,074)
SCHEDULE 13 : PERSONNEL EXPENSES		
Salary, Allowances and Bonus	1,785,253	2,055,882
Staff Welfare	88,176	90,556
Contribution to PF and Other Funds	281,698	137,595
	2,155,127	2,284,033
SCHEDULE 14 : ADMINISTRATION & SELLING EXPENSES		
Printing & Stationery	3,255	18,444
Travelling & Conveyance	560	64,867
Legal & Professional	112,789	53,056
Sampling Expenses	86,682	28,705
Balance Written off	164,122	-
Miscellaneous Expenses	42,855	11,096
Preliminary Expenses Written off	13,000	-
Electricity Charges	98,395	114,835
Insurance	9,844	9,348
Auditors Remuneration	25,000	25,000
Fixed Assets Written off	24,110	-
Repair & Maintenance -Others	1,271	6,729
Rates & Taxes	3,240	40,029
Telephone	25,756	53,271
Fees & Subscription	9,324	8,000
	620,203	433,380
SCHEDULE 15 : FINANCIAL EXPENSES		
Bank charges	2,255	6,627
Foreign Exchange Fluctuation	47,602	794,648
	49,857	801,275

SCHEDULE 16 : 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.

BHARTIYA GLOBAL MARKETING LTD.

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. 33 Crores).
- b) Land and Building at Chennai of Rs. 492,800 (Previous Year Rs. 492,800) is pledged with the bank for various limits and facilities granted to its holding company 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. During the Year, the Company has allotted 1,500,000 Equity Shares of Rs. 10/- each at par to its holding company.
5. 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.
6. The Company is a partner in Bhartiya Prakash Leather and has 60% share in profit / loss and accordingly the share of Loss as per the audited balance sheet of M/s Bhartiya Prakash Leathers as at 31st March, 2011 has been taken in the books of accounts of the company. The details of the partners and their profit / loss sharing ratio is as under.

Bhartiya Prakash Leather	40%
M/s Bhartiya Global Marketing Ltd.	60%

7. 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.
8. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this act have not been given.
9. (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) 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 31st March, 2011 and the deferred tax assets for the year is provided below :

Particulars	01.04.2010	for the year	31.03.2011
Depreciation	83,086	(39,804)	43,282
Carried Forward Losses	(2,857,234)	(8,348)	(2,865,582)
Net Deferred Tax Liability / (Asset)	(2,774,148)	(48,152)	(2,822,300)

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

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

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Sundry Debtors-World Fashion Trade Ltd.	6,397,301	6,483,946
J & J Leather Enterprises Ltd	540,000	-
Loans- J & J Leather Enterprises Ltd.	53,750,000	53,750,000
Advances - Bhartiya Prakash Leather	626,681	628,389
Sundry Creditor -Ultima Italia SRL	2,549,200	2,434,800

11. Related party disclosures

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

BHARTIYA GLOBAL MARKETING LTD.

a) Relationship:

i) Subsidiary Companies

Domestic

J&J Leather Enterprises Ltd.

ii) Associate Parties

Bhartiya Prakash Leather

World Fashion Trade Ltd.

Ultima Italia SRL

iii) Key Management Personnel

Board of Directors

Snehdeep Aggarwal

Jaspal Sethi

Ramesh Bhatia

	Subsidiary Company	Associate Parties	Key Management Personnel	Relatives of Key Management Personnel's
b) Summary of transactions during the year :				
a) Service Charges/ Management Fees	600,000	-	-	-
	(-)	-	-	-
c) Balances Outstanding at the year end:				
Loans Given	53,750,000	-	-	-
	(53,750,000)	-	-	-
Advances Recoverable	-	626,681	-	-
	-	(628,389)	-	-
Sundry Debtors	540,000	6,397,301	-	-
	(-)	(6,483,946)	-	-
Sundry Creditors	-	2,549,200	-	-
	-	(2,434,800)	-	-

12. 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	(764,975)	(614,955)
b) Weighted Average no of equity shares outstanding during the year	2,124,020	999,020
c) Basic/Diluted earnings per share (of Rs. 10/- each) Rs. (a/b)	(0.36)	(0.62)

13. Auditor's Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	25,000	25,000
Tax & Consultancy	15,000	20,000

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

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

BHARTIYA GLOBAL MARKETING LTD.

16. 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.

17. Quantative 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	25,045	8,711,384	-	-	25,045	10,003,320	540	513,000
	Pcs	(540)	(513,000)	(41,819)	(13,161,234)	-	-	(41,819)	(15,981,829)	(540)	(513,000)
Leather	DCM	131,975	461,902	-	-	-	-	-	-	131,975	461,902
	DCM	(207,139)	(724,976)	-	-	-	-	(75,164)	(407,412)	(131,975)	(461,902)
Others	Pcs	-	580,600	-	289,655	-	-	-	342,125	-	625,640
	Pcs	-	(580,600)	-	-	-	-	-	-	-	(580,600)

b) Purchase under merchandising Trade Rs. 8,711,384/- (Previous Year Rs.13,128,964/-)

c) Earning in Foreign Currency

– Direct Export (FOB value Rs.NIL (Previous Year Rs. 35,497/-)

– Exports under Merchandising Trade Rs.10,003,320/- (Previous Year Rs. 15,946,332/-)

d) Expenditure in Foreign Currency – Balance Written off Rs. 164,122/- (Previous Year Rs.Nil)

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

19. Figures has been rounded off to the nearest rupees.

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, 25th May, 2011

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 (Amount in Rs.) -

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 Misc. 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

New Delhi, 25th May, 2011

Snehdeep Aggarwal

Director

Ramesh Bhatia

Director

J & J LEATHER ENTERPRISES LTD.

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, 2011, the Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.

FINANCIAL RESULTS:

PARTICULARS	(Rs. in Lacs)	
	2010-1011	2009-2010
INCOME	564.76	568.44
EXPENDITURE	466.60	488.59
PROFIT BEFORE TAX	5.59	(12.87)

DIRECTORS

Mr. A.P.S. Narag has been appointed as Managing Director of the Company. Mr. Manoj Khattar, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Dr. S. Chandra resigned from the Board of Directors of the Company w.e.f. 12th April, 2011.

DEPOSITS

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

AUDITORS

M/s. Padmanabhan, Ramani & Ramanujam, 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, 2011 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 the financial year ended 31st March, 2011.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. 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, 1988 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 receive continued support from them. The Directors also wish to thank the employees of the Company for their dedicated performance and also place on record their commitments to the Company and Combined efforts to turn around the Company.

For and on behalf of the Board

Chennai, 24th May, 2011

A.P.S. Narag
Managing Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.

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, 2011.

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

Chennai, 24th May, 2011

A.P.S. Narag
Managing Director

Manoj Khattar
Director

COMPLIANCE CERTIFICATE

To
The Members
J&J Leather Enterprises Ltd.
Chennai

I have examined the registers, records, books and papers of M/s. J & J Leather Enterprises Ltd., as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. 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 27.05.2010, 29.09.2010, 11.10.2010 (twice), 15.11.2010, 24.12.2010 and 30.03.2011 the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not opted to close its Register of Members during the financial year under review.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 22.09.2010 and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held during the financial year ended 31st March, 2011.
8. As per the information provided by the Management, the Company had not advanced any loan to its directors and / or persons or firms or Companies referred in Section 295 of the Act during the financial year under review.
9. As per the information provided by the Management, the Company had not entered into any arrangements / contracts falling within the purview of Section 297 of the Act during the financial year under review.
10. The Company made necessary entries in the register maintained under Section 301 of the Act.
11. As per the information provided by the Management, there were no instances falling within the purview of Section 314 of the Companies Act, 1956 and the Company was not required to obtain any approval from the Board of Directors, Members, and Central Government during the financial year under review.
12. The Board of Directors has not issued any duplicate Share Certificates during the financial year under review.
13. (i) There were no transfer, transmission and allotment of Shares / securities during the financial year.
(ii) Not declared any dividend or interim dividend
(iii) There is no unpaid dividend to be transferred to Investor Education and Protection Fund.
(iv) Generally complied with the requirements of Section 217 of the Act, with regard to the above.
14. The Board of Directors of the Company is duly constituted and there were no appointment of directors, appointment of additional directors, alternate directors and Directors to fill casual vacancy during the financial year.
15. The Company has appointed Managing Director but no Whole-time Director/Manager were not appointed during the financial year.
16. The Company has not appointed sole-selling agents during the Financial Year.
17. As per the information provided by the Management the Company was not required to obtain any approval of the Registrar of Companies, Central Government, Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.

J & J LEATHER ENTERPRISES LTD.

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

B. Chitra

Parc. Company Secretary

C.P. No. - 2928

Chennai, 24th May, 2011

J & J LEATHER ENTERPRISES LTD.

ANNEXURE - A

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

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the Financial Year ended 31st March, 2011

1. Form 20B
2. Form 23AC and 23ACA
3. Form 66
4. Form 23 (2 Nos).
5. Form 25C
6. Form 32

B. Chitra

Parc. Company Secretary
C.P. No. - 2928
Chennai, 24th May, 2011

J & J LEATHER ENTERPRISES LTD.

AUDITORS' REPORT

We have audited the attached Balance Sheet of J&J Leather Enterprises Ltd. as at 31st March, 2011 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, 2011 and taken on record by the Board, we report that none of the Directors are disqualified as on 31st March, 2011 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, 2011; 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, 24th May, 2011

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph (1) of our Report

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of fixed assets so as to affect the going concern status of the Company.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has not granted any loan secured or unsecured loan to companies, firms or other parties in the register maintained under Section 301 of the Act.
- (b) The company has not taken any loan secured or unsecured loan from companies, firms or other parties in the register maintained under Section 301 of the Act.
- (iv) In our opinion, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control;
 - (a) According to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered into the register required to be maintained under that Section.
 - (b) In our opinion and according to information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- (v) In our opinion and according to information and explanations given to us, the company has not accepted deposits from the public.
- (vi) In our opinion and according to information and explanations given to us, the company has an internal audit system commensurate with its size and nature of its business;
- (vii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act.
- (viii) (a) The company is regular in depositing undisputed statutory dues wherever applicable including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) There are no disputed Sales Tax/Income Tax/Custom Tax/Wealth Tax/Service Tax/Excise Duty/Cess.
- (ix) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) During the year the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion, the company is not chit fund or a nidhi / mutual benefit fund / society. As such provisions of clause 4 (xiii) of the said order are not applicable to the company.
- (xii) In our opinion and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.

J & J LEATHER ENTERPRISES LTD.

- (xiii) In our opinion and according to information and explanations given to us, the Company has executed guarantee for loan taken by its holding Company from bank, and the terms and conditions on which the guarantee has been executed are not prejudicial to the interest of the Company.
- (xiv) In our opinion, term loans were applied for the purpose for which the loans were obtained.
- (xv) In our opinion and according to information and explanations given to us and overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long time investment.
- (xvi) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act, and if so whether the price at which shares have been issued is prejudicial to the interest of the Company.
- (xvii) During the year, the Company has not issued any debentures and as such provisions of clause 4(xix) of the said Order are not applicable to the Company.
- (xviii) During the year there has been no public issue and as such provisions of clause 4(xx) of the said Order are not applicable to the Company.
- (xix) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

for **Padmanabhan Ramani & Ramanujam**

Chartered Accountants

Firm Reg. No. 002510S

N. Ramani

Partner

M. No. 22438

Chennai, 24th May, 2011

J & J LEATHER ENTERPRISES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2011**

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	11,389,971	11,323,327
Loan Funds :			
Secured Loans	3	111,275	7,809,759
Unsecured Loans	4	53,750,000	53,750,000
Deferred Tax Liability (Net)		2,323,404	2,047,468
		<u>80,074,650</u>	<u>87,430,554</u>
APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block	5	125,880,605	123,037,110
Less Depreciation		<u>58,659,185</u>	<u>49,401,557</u>
Net Block		67,221,420	73,635,553
Add : Capital Work In Progress		<u>943,543</u>	<u>2,503,492</u>
		68,164,963	76,139,045
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	3,684,929	3,632,545
Sundry Debtors	7	583,986	1,017,749
Cash & Bank Balance	8	1,538,206	2,261,456
Loans & Advances	9	10,814,555	10,850,360
		<u>16,621,676</u>	<u>17,762,110</u>
LESS: CURRENT LIABILITIES			
Current liabilities	10	4,061,913	5,517,273
Provisions	10	<u>650,076</u>	<u>953,328</u>
Net Current Assets		<u>11,909,687</u>	<u>11,291,509</u>
		<u>80,074,650</u>	<u>87,430,554</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, 24th May, 2011

A. P. S. Narag
Managing Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Job Work		55,952,647	56,295,787
Other Income	16	523,696	547,793
		<u>56,476,343</u>	<u>56,843,580</u>
EXPENDITURE			
Material Cost	11	2,377,278	2,857,722
Manufacturing Expenses	12	30,668,927	32,595,184
Personnel Expenses	13	5,838,283	6,080,587
Administrative Expenses	14	7,569,886	5,691,503
Financial Charges	15	205,381	1,633,846
		<u>46,659,755</u>	<u>48,858,842</u>
Profit /(Loss) before Depreciation & Taxes		9,816,588	7,984,738
Depreciation		9,257,628	9,271,461
Profit/(Loss) before taxes		558,960	(1,286,723)
Provision for Taxes:			
Income Tax		216,380	-
Deferred Tax		475,556	(167,648)
Deferred Tax - Earlier years		(199,620)	-
Profit after taxes		66,644	(1,119,075)
Balance brought Forward		6,702,044	7,821,119
Profit/(Loss) carried to Balance Sheet		6,768,688	6,702,044
Earning Per Share (face Value of Rs.100 each)			
Basic		0.53	(8.95)
Diluted		0.53	(8.95)

Notes on accounts and significant Accounting Policies 17

Schedule referred to above form an integral part of the profit and loss account

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

N. Ramani
Partner
M.No. 22438
Chennai, 24th May, 2011

For and on behalf of the Board

A. P. S. Narag
Managing Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	558,960	(1,286,723)
Adjusted for :		
Depreciation	9,257,628	9,271,461
Financial Expenses	205,381	1,633,846
	<u>9,463,009</u>	<u>10,905,307</u>
Operating profit before working capital changes	<u>10,021,969</u>	<u>9,618,584</u>
Adjustment for :		
Inventories	(52,384)	69,839
Sundry Debtors	433,763	1,118,738
Loans and Advances	1,749,192	(2,596,033)
Provision for Gratuity & Leave Encashment	84,328	170,765
Sundry Creditors	(1,455,360)	(456,556)
	<u>759,539</u>	<u>(1,693,247)</u>
Cash generated from operations	<u>10,781,508</u>	<u>7,925,337</u>
Taxes paid	(2,317,347)	(1,268,681)
Cash flow before extra-ordinary items	<u>8,464,161</u>	<u>6,656,656</u>
NET CASH FROM OPERATING ACTIVITIES	<u>8,464,161</u>	<u>6,656,656</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets / Capital W.I.P.	(1,283,546)	(6,867,072)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(1,283,546)</u>	<u>(6,867,072)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Subsidy	-	1,975,683
Unsecured Loans	-	10,000,000
Secured Loans	(7,698,484)	(9,764,676)
Financial Expenses (Net)	(205,381)	(1,633,846)
NET CASH USED IN FINANCING ACTIVITIES	<u>(7,903,865)</u>	<u>577,161</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	<u>(723,250)</u>	<u>366,745</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	2,261,456	1,894,711
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1,538,206	2,261,456

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, 24th May, 2011

A. P. S. Narag
Managing Director

Manoj Khattar
Director

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

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1 : SHARE CAPITAL		
i) Authorised Share Capital 125,000 (Previous Year 125,000) Equity Share of Rs. 100/- each	<u>12,500,000</u>	<u>12,500,000</u>
ii) Issued Subscribed & Paid Up Capital 125,000 (Previous Year 125,000) Equity Shares of Rs.100/- each	<u>12,500,000</u>	<u>12,500,000</u>
	<u>12,500,000</u>	<u>12,500,000</u>
SCHEDULE 2: RESERVES & SURPLUS		
i) Capital Reserve -Subsidy & Grant	<u>4,621,283</u>	<u>4,621,283</u>
ii) Surplus In Profit & Loss Account	<u>6,768,688</u>	<u>6,702,044</u>
	<u>11,389,971</u>	<u>11,323,327</u>
SCHEDULE 3 : SECURED LOANS		
i) Term Loan from ING Vysya Bank	-	<u>7,599,984</u>
ii) HDFC Bank- Vehicle Loan	<u>111,275</u>	<u>209,775</u>
	<u>111,275</u>	<u>7,809,759</u>
Notes:		
i) Loan from HDFC Bank , secured against hypothecation of the Vehicles		
SCHEDULE 4 : UNSECURED LOANS		
Bhartiya Global Marketing Ltd.(Holding Company)	<u>53,750,000</u>	<u>53,750,000</u>
	<u>53,750,000</u>	<u>53,750,000</u>

J & J LEATHER ENTERPRISES LTD.

SCHEDULES (CONTD.)

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITIONS DURING THE YEAR	SALES DURING THE YEAR	AS ON 31.3.2011	UPTO 31.3.2010	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.3.2011	AS AT 31.3.2011	AS AT 31.3.2010
Land	527,731	–	–	527,731	–	–	–	–	527,731	527,731
Building	50,268,565	134,740	–	50,403,305	15,384,649	3,499,651	–	18,884,300	31,519,005	34,883,916
Roads	286,195	–	–	286,195	115,454	8,537	–	123,991	162,204	170,741
Machinery	68,033,990	2,482,945	–	70,516,935	31,173,865	5,424,616	–	36,598,481	33,918,454	36,860,125
Vehicles	1,491,648	–	–	1,491,648	1,028,634	119,874	–	1,148,508	343,140	463,014
Furniture & Fixtures	285,039	29,528	–	314,567	185,875	32,794	–	218,669	95,898	99,164
Office Equipments	1,377,638	39,065	–	1,416,703	915,682	69,372	–	985,054	431,649	461,956
Computers	766,304	157,217	–	923,521	597,398	102,784	–	700,182	223,339	168,906
Total	123,037,110	2,843,495	–	125,880,605	49,401,557	9,257,628	–	58,659,185	67,221,420	73,635,553
Previous Year	114,185,739	8,851,371	–	123,037,110	40,130,096	9,271,461	–	49,401,557	73,635,553	74,055,643

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

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

i) Leather	1,289,694	1,289,694
ii) Chemical	2,187,107	2,187,107
iii) Consumable Stores	208,128	155,744
	3,684,929	3,632,545

SCHEDULES 7: SUNDRY DEBTORS

(Unsecured and Considered good)

i) For more than 6 months	–	–
ii) Others	583,986	1,017,749
	583,986	1,017,749

SCHEDULES 8: CASH & BANK BALANCES

i) Cash In Hand	353,411	358,782
ii) Balance with Scheduled Bank – In Current Account	1,184,795	1,902,674
	1,538,206	2,261,456

SCHEDULE 9: LOAN & ADVANCE

i) Unsecured & Considered good- Advances Recoverable in Cash & Kind or for value to be received	6,936,714	8,113,451
ii) Advances to Suppliers	415,000	987,455
iii) Advance Income tax & TDS	3,462,841	1,749,454
	10,814,555	10,850,360

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	2,859,720	4,500,440
ii) Other Liabilities	1,202,193	1,016,833
	4,061,913	5,517,273
PROVISIONS		
i) Income Tax / FBT	-	387,580
ii) Leave Encashment	324,417	273,311
iii) Gratuity	325,659	292,437
	650,076	953,328
SCHEDULE 11 : MATERIAL COST		
i) Opening Stock of Raw Materials	3,476,801	3,596,640
ii) Add : Purchases	2,377,278	2,737,883
Leathers		
Chemicals	-	-
Consumables	2,377,278	2,737,883
	5,854,079	6,334,523
Less : Closing Stock	3,476,801	3,476,801
	2,377,278	2,857,722
SCHEDULE 12: MANUFACTURING EXPENSES		
i) Job work expenses	16,997,331	23,249,739
ii) Electricity Expenses	3,956,317	2,462,675
iii) Machinery Maintenance	2,874,624	4,304,696
iv) Rent-Factory	2,070,000	517,500
v) ETP Expenses	1,140,000	-
vi) Carriage Inwards	9,000	-
vii) Generator Running & Maintenance	3,621,655	2,060,574
	30,668,927	32,595,184
SCHEDULES 13 : PERSONNEL EXPENSES		
i) Salary,Bonus,Allowances & Contribution to Provident & Others	4,905,990	5,298,860
ii) Staff Welfare	777,345	592,988
iii) Gratuity & leave Encashment	154,948	188,739
	5,838,283	6,080,587
SCHEDULES 14 : ADMINISTRATIVE EXPENSES		
i) Printing & Stationery	153,946	140,787
ii) Traveling & Conveyances	1,198,899	1,151,432
iii) Postages & Telegram	4,854	17,048
iv) Legal & Professional	839,364	987,732
v) Building Maintenance	845,962	271,116
vi) Repair & Maintenance	499,659	252,339
vii) Rent-Others	84,400	53,400
viii) Rate & Taxes	210,806	587,374
ix) Freight Outward	1,295,656	1,323,649
x) Miscellaneous Expenses	50,357	197,328
xi) Communication Expenses	150,632	132,530
xii) Auditors Remuneration - As Auditors	49,635	55,150
xiii) Insurance	86,521	123,421
xiv) Computer Expenses	17,300	5,746
xv) Fees & Subscription	175,808	30,888
xvi) Security Expenses	1,306,087	361,563
xvii) Service Charges	600,000	-
	7,569,886	5,691,503

J & J LEATHER ENTERPRISES LTD.

SCHEDULES (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULES 15 : FINANCIAL EXPENSES		
i) Interest	196,592	1,554,637
ii) Bank Charges	10,863	71,909
iii) Foreign Exchange Fluctuation	(2,074)	7,300
	<u>205,381</u>	<u>1,633,846</u>
SCHEDULES 16 : OTHER INCOME		
i) Rent Income	108,000	108,000
ii) Misc. Income	415,696	439,793
	<u>523,696</u>	<u>547,793</u>

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 case of "Cycle" where the depreciation is charged @ 28.91%, which is higher than what has been prescribed in the Companies Act, 1956.

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

iv) Recognition of Income and Expenditure

Revenue / Incomes and Cost/Expenditure are generally accounted on accrual basis, 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.

J & J LEATHER ENTERPRISES LTD.

SCHEDULES' (CONTD.)

vi) Inventories

Raw material ,stores and spares and finished goods are valued at lower of Cost or estimated net relisable value. Cost is determined on the first in first out cost method and in the case of work in progress and finished goods, it also include an appropriate porition 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 depreciaion or carry forward losses, deferred tax assets are recognized only to the extent there is reasonable certainty of relization 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 recongnised 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 recongnised in the accounts in respet 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 occurrene 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 (Rs. in Lacs)	1.78	10.79

J & J LEATHER ENTERPRISES LTD.

SCHEDULES' (CONTD.)

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

Particulars	Current year (Rs. In Lacs)	%	Previous year (Rs. In Lacs)	%
Indigenous	23.77	100.00	28.58	100.00
Imported	-	-	-	-
	23.77	100.00	28.58	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)	583,986	861,568
Bhartiya Global Marketing Ltd. (Loan Received)	53,750,000	53,750,000
Bhartiya Global Marketing Ltd. (Sundry Creditor)	540,000	-

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. Narag

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	-	-
	(108,000)	-	-
Job Work	55,932,257	-	-
	56,139,568	-	-
Management Fees	600,000	-	-
	-	-	-
Salaries	-	300,000	-
	-	(300,000)	-
b) Balances Outstanding at the year end:			
a) Unsecured Loans	53,750,000	-	-
	(53,750,000)	-	-
b) Advances			
c) Sundry Debtors	583,986	-	-
	(861,568)	-	-
d) Sundry Creditors	540,000	24,500	-
	-	(25,000)	-

J & J LEATHER ENTERPRISES LTD.

SCHEDULES (CONTD.)

11	Consumption of Raw Material	Current Year		Previous Year	
		Qty	Value (Rs.Lacs)	Qty	Value (Rs. Lacs)
	Chemical (Kgs)	-	-	470	1.2
	Consumable	-	23.77	-	27.38
			23.77		28.58

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

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

B. Production/Purchase, Turnover & Stock (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 31.03.2011 is as below:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Depreciation	2,581,808	2,307,429
Losses	-	(259,961)
Provision for Gratuity / Bonus	(258,404)	-
	2,323,404	2,047,468

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	66,644	(1,119,075)
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)	0.53	(8.95)

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
M.No. 22438
Chennai, 24th May, 2011

A. P. S. Narag
Managing Director

Manoj Khattar
Director

J & J LEATHER ENTERPRISES LTD.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE:

1 REGISTRATION DETAILS

Registration No.
Balance Sheet Date State Code

2 CAPITAL RAISED DURING THE YEAR

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

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid Up Capital Reserves and Surplus
Secured Loans Unsecured Loans
Net Deferred Tax Liability Advance Subscription

APPLICATION OF FUNDS

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income
Total expenditure
Profit Before Tax
Profit 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 annexed
for **Padmanabhan Ramani & Ramanujam**
Chartered Accountants

For and on behalf of the Board

N. Ramani
Partner
M.No. 22438
Chennai, 24th May, 2011

A. P. S. Narag
Managing Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.

DIRECTORS' REPORT

The Directors present their 5th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Income	–	–
Expenditure	305,740	230,510
Provision for Taxes	–	2,446
Profit/ (Loss) for the Year	(305,740)	(232,956)

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 had received environment clearance and has also now received DTCP approval. The work for compound wall/ fence is in an advanced stage of completion and is expected to be completed within the next few weeks. After getting the approval from the Development Commissioner, the land for the first unit has been allotted and the construction of the factory building is in progress.

DIRECTORS

Mr. Manoj Khattar, Director retires by rotation & being eligible offers himself for re-appointment.

The Board of Directors appointed Dr. C. Sreedhar, as an Additional Director of the Company on 30.03.2011, In terms of the provisions of the Companies Act, 1956, the Additional Director shall hold office till the conclusion of ensuing Annual General Meeting. The notice for his appointment has been received from the shareholder of the Company. Dr. C. Sreedhar has conveyed his willingness to be appointed as Director of the Company.

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, 2011 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.

BHARTIYA INTERNATIONAL SEZ LTD.

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

New Delhi, 18th May, 2011

Snehdeep Aggarwal
Director

Manoj Khattar
Director

ANNEXURE 'A' TO DIRECTORS' REPORT

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

a. CONSERVATION OF ENERGY

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

b. TECHNOLOGY ABSORPTION

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

c. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Not Applicable.

(ii) Total foreign exchange used and earned:

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

For and on behalf of the Board

New Delhi, 18th May, 2011

Snehdeep Aggarwal
Director

Manoj Khattar
Director

BHARTIYA INTERNATIONAL SEZ LTD.

AUDITORS' REPORT

The Members of
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, 2011 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, 1956, 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, 2011 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, 2011;
 - 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, 18th May, 2011

ANNEXURE TO THE AUDITOR'S REPORT

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

- i. (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No discrepancies with respect to book records were noticed on such verification.
(c) In our opinion and according to explanations given to us, no fixed asset has been disposed off during the year.
- ii. (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. No discrepancies with respect to book records were noticed on such verification.
- iii. As informed to us, the Company has not taken or granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- iv. In our opinion and according to the information and explanation given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, during the year under review the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance to contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. Maintenance of cost accounts under Section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Central Government for the Company.
- ix. According to the information and explanations given to us and the records of the company examined by us:
 - a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31 March 2011 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. In our opinion and based on the information and explanations given to us, during the year, the Company has made allotment of equity shares to its holding company and shares have been issued at a price which is not prejudicial to the interest of the company.
- 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, 18th May, 2011

BHARTIYA INTERNATIONAL SEZ LTD.**BALANCE SHEET AS AT 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	135,692,300	57,692,300
Loan Funds			
Unsecured Loan	2	–	78,000,000
		<u>135,692,300</u>	<u>135,692,300</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	248,808	122,490
Less: Depreciation		<u>35,514</u>	<u>16,189</u>
Net Block		213,294	106,301
		213,294	106,301
Current Assets, Loans and Advances			
Inventories	4	157,729,733	143,258,154
Cash and Bank Balances		3,237,263	268,122
Loans and Advances		<u>63,147</u>	<u>116,000</u>
		161,030,143	143,642,276
Less: Current Liabilities and Provisions			
Current Liabilities	5	<u>27,420,794</u>	<u>9,776,000</u>
Net Current Assets		133,609,349	133,866,276
Miscellaneous Expenditure			
(To the Extent not written off or adjusted)	6	1,054,589	1,210,395
Profit & Loss Account			
		815,068	509,328
		<u>135,692,300</u>	<u>135,692,300</u>

Notes on accounts and significant Accounting Policies 7

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
New Delhi, 18th May, 2011**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director

BHARTIYA INTERNATIONAL SEZ LTD.**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011**

DESCRIPTION	Current Year Rs.	Previous Year Rs.
INCOME		
Income	-	-
	<u>-</u>	<u>-</u>
EXPENDITURE		
Salary	72,000	-
Audit Fees	15,000	15,000
Bank Charges	8,626	7,363
Preliminary Expenses	155,806	155,806
Legal & Professional Charges	45,803	22,500
Rates & Taxes	8,505	29,841
Total Expenses	<u>305,740</u>	<u>230,510</u>
Profit / (Loss) Before Tax	(305,740)	(230,510)
Provision for Taxes		
Income Tax	-	-
Deferred Tax	-	-
Taxes for earlier Years	-	2,446
Profit / (Loss) After Tax	(305,740)	(232,956)
Add: Balance brought forward from Previous Year	(509,328)	(276,372)
Balance Carried to Balance Sheet	<u>(815,068)</u>	<u>(509,328)</u>

Notes on accounts and significant Accounting Policies 7

Schedule referred to above form an integral part of the profit and 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, 18th May, 2011**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director

BHARTIYA INTERNATIONAL SEZ LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	(305,740)	(230,510)
Adjusted for :		
Financial Expenses	8,626	7,363
Preliminary Expenses written off	155,806	155,806
	<u>164,432</u>	<u>163,169</u>
Operating profit before working capital changes	(141,308)	(67,341)
Adjustment for :		
Inventories	(14,452,254)	(6,281,751)
Loans and Advances	52,853	(16,000)
Sundry Creditors	17,644,794	6,614,249
	<u>3,245,393</u>	<u>316,498</u>
Cash generated from operations	3,104,085	249,157
Taxes Paid	-	(16,946)
Financial Expenses (net)	(8,626)	(7,363)
Cash flow before Extra-Ordinary Items	3,095,459	224,848
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>3,095,459</u>	<u>224,848</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(126,318)	(81,490)
Preliminary Expenses Incurred	-	-
NET CASH USED IN INVESTMENT ACTIVITIES	<u>(126,318)</u>	<u>(81,490)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital Issued	78,000,000	-
Unsecured Loans	(78,000,000)	-
See Note No. 5 in schedule 7	-	-
NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	<u>2,969,141</u>	<u>143,358</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	268,122	124,764
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	<u>3,237,263</u>	<u>268,122</u>

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, 18th May, 2011**Niraj Jain**
Company Secretary**Snehdeep Aggarwal**
Director**Manoj Khattar**
Director

BHARTIYA INTERNATIONAL SEZ LTD.

SCHEDULES FORMING PART OF THE ACCOUNTS

DESCRIPTION	Current Year Rs.	Previous Year Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised Capital		
20,000,000 (Previous year 2,000,000) Equity Share of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & Paid up Capital		
13,569,230 (Previous Year 5,769,230) Equity Share of Rs. 10/- each fully paid	<u>135,692,300</u>	<u>57,692,300</u>
Of the above shares:		
15,00,000 equity shares allotted to Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIICL) as fully paid up, pursuant to contracts, without payment being received in cash	<u>135,692,300</u>	<u>57,692,300</u>
SCHEDULE 2: LOAN FUNDS		
Unsecured Loan		
Debenture		
Nil (Previous Year 78,00,000) Unsecured Compulsorily Fully Convertible Debentures of Rs. 10/- each.	<u>–</u>	<u>78,000,000</u>
	<u>–</u>	<u>78,000,000</u>

SCHEDULE 3: FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost	Additions During the Year	Sale During the Year	As on 31.03.11	Up To 31.03.10	For the Year	Sale Adjustments	Up to 31.03.11	As at 31.03.11	As at 31.03.10
Computer	41,000	116,180	–	157,180	11,872	14,187	–	26,059	131,121	29,128
Furniture & Fixture	65,250	3,950	–	69,200	3,632	4,247	–	7,879	61,321	61,618
Office Equipments	16,240	6,188	–	22,428	685	891	–	1,576	20,852	15,555
Total	122,490	126,318	–	248,808	16,189	19,325	–	35,514	213,294	106,301
Previous Year	41,000	81,490	–	122,490	5,226	10,963	–	16,189	106,301	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	<u>125,245,000</u>	<u>125,245,000</u>
Expenses incurred (See note no.6 In Schedule 7)	<u>32,484,733</u>	<u>18,013,154</u>
	<u>157,729,733</u>	<u>143,258,154</u>
Cash and Bank Balances		
Cash in hand	<u>76,319</u>	<u>65,395</u>
Balances with Scheduled Bank		
-In Current Accounts	<u>3,160,944</u>	<u>202,727</u>
	<u>3,237,263</u>	<u>268,122</u>
Loans and Advances		
(Unsecured and considered good unless and otherwise stated)		
Advance recoverable in cash or in kind or for value to be received	<u>63,147</u>	<u>–</u>
Security Deposit	<u>–</u>	<u>116,000</u>
	<u>63,147</u>	<u>116,000</u>

BHARTIYA INTERNATIONAL SEZ LTD.

DESCRIPTION	Current Year Rs.	Previous Year Rs.
SCHEDULE 5: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	2,731,432	21,250
Expenses Payable	346,000	70,939
TDS Payable	140,091	1,250
Due to holding company	24,203,271	9,682,561
	27,420,794	9,776,000

**SCHEDULE 6: MISCELLANEOUS EXPENDITURE
(to the extent not written off or adjusted)**

Preliminary Expenses		
Opening Balance	1,210,395	1,366,201
Less : Written off during the year	155,806	155,806
	1,054,589	1,210,395

SCHEDULE 7 : NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES**1. Significant Accounting Policies****a) Basis of preparation of Financial Statements**

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

b) Fixed Assets

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

c) Depreciation

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

d) Inventories

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

e) Foreign Currency Transactions

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

f) Taxation

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

g) Impairment of Assets

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

BHARTIYA INTERNATIONAL SEZ LTD.

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. 1,081,545/- (Previous year NIL).

3 The Company is a subsidiary of Bhartiya International Ltd. by virtue of Section 4 (1) (b) of the Companies Act, 1956 and was incorporated to carry on the activities relating to development of Sector Specific Special Economic Zone for Leather & Leather Products in the state of Andhra Pradesh.

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, 1,500,000/- equity shares of Rs.10/- each at par to APIIC (Andhra Pradesh Industrial Infrastructure Corporation Ltd.) as part consideration of said land.

5 During the year the Company has allotted 7,800,000 equity shares of Rs. 10/- each at par to its holding company by way of conversion of 7,800,000 unsecured Compulsorily fully convertible Debentures.

6 Following are the expenditure incurred during construction period and has been included in work- in-progress and shown Inventory WIP.

Particulars	As at 31st March, 2011	As at 31st March, 2010
Administrative Expenses	907,435	421,137
Business Promotion	235,351	84,738
Exhibition Participation	735,197	-
Electricity Expenses	568,844	45,563
Training Centre	431,809	200,000
Land Development	3,278,537	3,278,537
Legal & Professional	14,443,409	11,757,432
Traveling Expenses	1,224,101	842,412
Personnel Expenses	1,697,030	851,990
Depreciation	35,541	16,189
Road Work	515,156	515,156
Temporary Shed	572,074	-
Fencing WIP	7,840,276	-
Grand Total	32,484,760	18,013,154

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

	As at 31.03.2011 Rs.	As at 31.3.2010 Rs.
Due to Bhartiya International Ltd.	24,203,271	9,682,561
Due to Itopia Management Private Ltd.	100,251	-

BHARTIYA INTERNATIONAL SEZ LTD.

8 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, 2011 and the year ended 31st March, 2010 :

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Income available to Equity Shareholders	(305,740)	(225,131)
No of Shares at the beginning of the year (A)	5,769,230	5,769,230
Equity allotted during the year	7,800,000	
Weighted Average Shares (B)	2,991,781	
Weighted Average Shares Outstanding (nos)(A+B)	8,761,011	5,769,230
Effect of Dilutive Securities (nos):		
Add: Adjustment for Debentures convertible into Equity Shares		7,800,000
Weighted Average number of equity shares for Diluted EPS	8,761,011	13,569,230
Nominal Value per share	10	10
Earnings per share (Basic)	(0.03)	(0.04)
Earnings per share (Diluted)	(0.03)	(0.02)

9 Auditor's Remuneration

Audit Fees	15,000	15,000
------------	--------	--------

- 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 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.
- 12 Debit and Credit balances of parties are subject to their confirmation.
- 13 Segment Reporting Disclosure as per accounting standard AS -17 are at present not applicable to the Company.
- 14 Quantitative Details pursuant to the provision of paragraph 3,4 C & 4 D of part-II of Schedule VI of the Companies Act, 1956

	Current Year Rs.	Previous Year Rs.
Expenditure in Foreign Currency		
-Foreign Traveling	120,989	Nil
-Participation Fees	359,942	Nil

- 15 Figures has been rounded off to the nearest rupee.
- 16 Previous years figure have been re-grouped wherever necessary.

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

For and on behalf of the Board

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 18th May, 2011

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	1
---	---	---	---	---	---	---	---

 State Code

5	5
---	---

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

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

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

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

 Reserves and Surplus

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

 Secured Loans

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

 Unsecured Loans

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

APPLICATION OF FUNDS

Net Fixed Assets

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

 Investments

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

 Net Current Assets

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

 Mis. Expenditure

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

 Profit & Loss

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

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including other income

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

 other Income
 Total expenditure

			3	0	6
--	--	--	---	---	---

 Profit/(Loss) Before Tax (-)

			3	0	6
--	--	--	---	---	---

 Profit After Tax (-)

			3	0	6
--	--	--	---	---	---

 Earning Per Share (Basic)

	0	.	0	0	2
--	---	---	---	---	---

 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
New Delhi, 18th May, 2011

Niraj Jain
Company Secretary

Snehdeep Aggarwal
Director

Manoj Khattar
Director

BHARTIYA FASHION RETAIL LTD.

DIRECTORS' REPORT

The Directors present their 2nd Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Income	–	–
Expenditure	22,845	22,024
Profit/(Loss) for the Year	(22,845)	(22,024)

REVIEW OF OPERATIONS

The Company has not done any business during the year. The Company is expected to carry on the business in Fashion Industry.

DIRECTORS

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

CHANGE OF OBJECT AND NAME

During the year under review the management has decided to expand the activities of the Company connected with the retail of leather and textile products and allied industry and for that purpose amended the main object of the Company to includes the object of retail of leather and textile products.

Consequent upon the change of the main objects, the name of the Company changed from "Santorini Fashions Ltd." to "Bhartiya Fashion Retail Ltd." The Company has duly obtained shareholders approval for change of objects and name, Company has received amended Certificate of Incorporation on 29th October, 2010.

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 Auditors' 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, 2011 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.

BHARTIYA FASHION RETAIL LTD.

PARTICULARS OF EMPLOYEES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENTS

Your directors acknowledge with gratitude the co-operation and assistance received from employees to the Company during the year under review and acknowledge the support extended by the Bankers, Vendors and Clients which has helped in the development of the Company.

For and on behalf of the Board

New Delhi, 23rd May, 2011

C.L. Handa
Director

Manoj Khattar
Director

ANNEXURE TO DIRECTORS' REPORT

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

(A) Conservation of Energy and Technology Absorption

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

(B) Foreign Exchange Earnings & Outgo

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, 23rd May, 2011

C.L. Handa
Director

Manoj Khattar
Director

AUDITORS' REPORT

The Members of
Bhartiya Fashion Retail Ltd.
New Delhi

1. We have audited the attached balance sheet of M/s Bhartiya Fashion Retail Ltd. as on 31st March, 2011 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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, 2011 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, 2011;
 - ii. In the case of the profit and loss account, of the Loss of the Company for the year ended on that date ; and
 - iii. In the case of the cash flow statement, of the cash flows for the period ended on that date.

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

S.K. PODDAR
Prop
Membership No.94479
New Delhi, 23rd May, 2011

ANNEXURES TO THE AUDITORS' REPORT

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

1. According to the information and explanations given to us, the company does not have any fixed assets. Accordingly the provisions of clause 4(i) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
2. According to the information and explanations given to us, the company does not have any Inventory. Accordingly the provisions of clause 4(ii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
3. As informed to us, the Company has not taken or granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
4. According to the information and explanations given to us, the company's operations during the period do not give rise to any purchase of inventory and fixed assets and sale of goods and services. Accordingly, the provisions of clause 4(iv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
5. Based on the examination of the books of account and related records and according to the information and explanations given to us, there were no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under Section 301 of the Companies Act, 1956 accordingly, the provision of clause 4(v) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public as defined under the provision of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section 209 of the Companies Act, 1956 for any of the products of the Company.
9. According to the information and explanations given to us and the records of the company examined by us:
 - a. The company has generally been regular in depositing its undisputed statutory dues including Income Tax and Cess with the appropriate authorities during the period and that there were no undisputed amounts payable in respect of these statutory dues which have remained outstanding as at 31 March, 2011 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.
10. The company is registered for less than five years. Accordingly provisions of clause 4(x) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
11. According to the information and explanation given to us, the company has not taken any loan from banks or financial institutions and has not issued any debentures. Accordingly provisions of clause 4(xi) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
12. According to the information and explanations given to us and based on documents and records examined by us, the company has not granted loans and advances on the basis of security by pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual fund/society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
14. In our opinion and according to information and explanation given to us, the company is not dealing in or trading in shares, debentures, securities and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.

BHARTIYA FASHION RETAIL LTD.

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

for **Sushil Poddar & Co.**

Firm Registration No. 014969N

Chartered Accountants

S.K. PODDAR

Prop

Membership No.94479

New Delhi, 23rd May, 2011

BHARTIYA FASHION RETAIL LTD.**BALANCE SHEET AS AT 31ST MARCH, 2011**

DESCRIPTION	SCHDULES	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
Current Assets, Loans and Advances			
Cash in hand		12,000	16,500
Balance with Schedule Banks		346,291	470,507
		<u>358,291</u>	<u>487,007</u>
Less: Current Liabilities and Provisions			
Expenses Payable		5,000	5,000
Due to holding Company		-	118,601
		<u>5,000</u>	<u>123,601</u>
Net Current Assets		353,291	363,406
Miscellaneous Expenditure	2	101,840	114,570
(To the Extent not written off or adjusted)			
Profit and Loss Account		44,869	22,024
Total		<u>500,000</u>	<u>500,000</u>

Notes to Accounts and significant
accounting policies Schedule

3

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

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 23rd May, 2011

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

BHARTIYA FASHION RETAIL LTD.**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011**

DESCRIPTION	SCHEDULES	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
INCOME			
Income from operation		-	-
		<u>-</u>	<u>-</u>
EXPENDITURE			
Audit Fees		5,000	5,000
Bank Charges		100	200
Preliminary Expenses		12,730	12,730
Legal & Professional		1,500	-
Rate & Taxes		3,000	3,500
Miscellaneous Expenses		515	594
Total Expenses		<u>22,845</u>	<u>22,024</u>
Profit/(Loss) Before Taxes		<u>(22,845)</u>	<u>(22,024)</u>
Provision for Taxation			
Income Tax		-	-
Deferred Tax		-	-
Profit/(Loss) After Taxes		<u>(22,845)</u>	<u>(22,024)</u>
Add: Balance brought forward from previous year		<u>(22,024)</u>	-
Balance Carried to balance sheet		<u>(44,869)</u>	<u>(22,024)</u>
Basic/ Diluted Earning per Share of face Value of Rs. 10 each		<u>(0.46)</u>	<u>(0.44)</u>
Notes to Accounts and significant accounting policies Schedule	3		
Schedule referred to above form an integral part of the profit and loss account			

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 23rd May, 2011

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

BHARTIYA FASHION RETAIL LTD.**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011**

DESCRIPTION	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra-Ordinary Items	(22,845)	(22,024)
Adjusted for :		
Financial Expenses	100	200
Preliminary Expenses written off	12,730	12,730
	<u>12,830</u>	<u>12,930</u>
Operating profit before working capital changes	(10,015)	(9,094)
Adjustment for :		
Sundry Creditors	(118,601)	123,601
	<u>(118,601)</u>	<u>123,601</u>
Cash generated from operations	(128,616)	114,507
Financial Expenses	(100)	(200)
Cash flow before Extra-Ordinary Items	(128,716)	114,307
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(128,716)</u>	<u>114,307</u>
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Preliminary Expenses Incurred	-	(127,300)
NET CASH USED IN INVESTMENT ACTIVITIES	<u>-</u>	<u>(127,300)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	500,000
NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>	<u>500,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(128716)	487007
Cash and Cash Equivalents - Opening Balance	487007	-
Cash and Cash Equivalents - Closing Balance	358291	487007

As per our report of even date attached

for **SUSHIL PODDAR & Co**
Chartered Accountants

S. K. Poddar
Prop.
M.No. 94479
New Delhi, 23rd May, 2011

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

BHARTIYA FASHION RETAIL LTD.**SCHEDULES FORMING PART OF THE ACCOUNTS**

DESCRIPTION	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
SCHEDULE 1: SHARE CAPITAL		
(i) Authorised Capital :		
500,000 (Previous Year 500,000) Equity Shares of Rs. 10/ each	<u>5,000,000</u>	<u>5,000,000</u>
(ii) Issued Subscribed and Paid up :		
50,000 (Previous Year 50,000) Equity Shares of Rs. 10/ each fully paid up	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>
SCHEDULE 2: MISCELLANEOUS EXPENDITURE (to the extend not written off or adjusted)		
Preliminary Expenses		
Opening Balance	114,570	-
Add: Incurred during the period	-	127,300
	<u>114,570</u>	<u>127,300</u>
Less : Written off during the year	<u>12,730</u>	<u>12,730</u>
	<u>101,840</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 basis, 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 Companies Act,1956.

4. Earning per share computed as per Accounting Standards No. 20 issued by the Institute of Chartered Accountants of India is as below :

	31.03.2011	31.03.2010
a) Net Profit/(Net loss) after Tax available for equity shareholders	(22,845)	(22,024)
b) Weighted average number of Equity Shares of Rs. 10/- each	50,000	50,000
c) Basic/ Diluted Earning per Share Rs. (a/b)	(0.46)	(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.

As per our report of even date attached

for **SUSHIL PODDAR & Co**

Chartered Accountants

S. K. Poddar

Prop.

M.No. 94479

New Delhi, 23rd May, 2011

For and on behalf of the Board

C.L. Handa

Director

Manoj Khattar

Director

BHARTIYA FASHION RETAIL LTD.**BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE****1 REGISTRATION DETAILS**

Registration No.
 Balance Sheet Date State Code

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

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid Up Capital Reserves and Surplus
 Secured Loans Unsecured Loans

APPLICATION OF FUNDS

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

4 PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover including Other Income
 other Income
 Total Expenditure
 Profit/(Loss) before Tax
 Profit after Tax
 Earning Per Share (Basic)
 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, 23rd May, 2011

For and on behalf of the Board

C.L. Handa
Director

Manoj Khattar
Director

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

The result of the company's operations for the year ended 31st December, 2010 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 2010.

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 ensuing year.

DIRECTORS' INTEREST

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

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

NON-CURRENT ASSETS

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

SHARE CAPITAL

There was no change of share capital for the year ended 31st December, 2010.

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, 2011

Chairman

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
WORLD FASHION TRADE LTD.
(incorporated in Republic of Maritius with limited liability)

We have audited the financial statements of World Fashion Trade Ltd., which comprise the balance sheet as at 31st December, 2010 and 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the suitability of the balance sheet together with the notes thereon being prepared on a going concern basis. In view of the net liabilities as at 31st December, 2010 continuance in business as a going concern is dependent upon the retention of financial support of the company's shareholders/directors and or attaining future profitable operations.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2010 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Philip C. C. Hau & Co.
Certified Public Accountants
Hong Kong, 7th May, 2011

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

BALANCE SHEET AS AT 31ST DECEMBER, 2010

	Notes	2010 HK\$	2009 HK\$
ASSETS			
Non-current Assets			
Furniture and Fixtures and Motor Vehicles	2(b),7	<u>197,928</u>	<u>74,641</u>
Current Assets			
Utility and Rental Deposits		12,870	11,550
Debtors and Prepayments		1,276,881	101,249
Cash at Banks and in Hand		<u>362,408</u>	<u>77,898</u>
		<u>1,652,159</u>	<u>190,697</u>
Current Liabilities			
Bank Overdraft (secured)	15	2,295,945	2,247,213
Creditors and Accrued Charges		1,137,942	208,642
Amount due to Holding Company	9	5,407,415	5,376,464
Amount due to Related Companies	10	<u>2,060,413</u>	<u>1,493,553</u>
		<u>10,901,715</u>	<u>9,325,872</u>
NET CURRENT LIABILITIES		<u>(9,249,556)</u>	<u>(9,135,175)</u>
		<u>(9,051,628)</u>	<u>(9,060,534)</u>
CAPITAL AND RESERVES			
Share Capital	8	7,730	7,730
Accumulated Losses		<u>(9,059,358)</u>	<u>(9,068,264)</u>
		<u>(9,051,628)</u>	<u>(9,060,534)</u>

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

	Notes	2010 HK\$	2009 HK\$
Turnover	3	7,640,541	502,876
Other Revenue		2,148,038	2,017,027
Change in Inventories of Finished Goods		<u>(6,902,792)</u>	<u>(391,779)</u>
Staff Costs		<u>(784,040)</u>	<u>(906,915)</u>
Depreciation Expenses		<u>(122,074)</u>	<u>(137,785)</u>
Other Operating Costs		<u>(1,701,489)</u>	<u>(1,075,437)</u>
Profit/(Loss) from Operations	4	278,184	7,987
Finance Costs	5	<u>(269,278)</u>	<u>(249,214)</u>
Profit/(Loss) before Taxation		8,906	(241,227)
Income Tax Expenses	6	<u>(-)</u>	<u>(-)</u>
Profit/(Loss) after Taxation		8,906	(241,227)
Loss on liquidation of subsidiary		<u>(-)</u>	<u>(2,057,094)</u>
Accumulated Losses brought forward		<u>(9,068,264)</u>	<u>(6,769,943)</u>
Accumulated Losses carried forward		<u>(9,059,358)</u>	<u>(9,068,264)</u>

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

Nikhil Aggarwal

Director

Snehdeep Aggarwal

Director.

The notes of accounts form part of these financial statements.

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

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

	2010 HK\$	2009 HK\$
OPERATING ACITIVIES		
Profit/(Loss) from operations	8,906	(2,298,321)
Adjustment for :		
Bank charges and Interest Paid	400,187	249,214
Loss on Motor Vehicles Written Off	1.00	-
Depreciation	122,074	137,785
Operating cash flow before movements in working capital	531,168	(1,911,322)
(Increase)/Decrease in Utility and Rental Deposits	(1,320)	3,300
(Increase) in Debtors and Prepayments	(1,175,632)	(185)
Increase in Creditors	1,496,160	69,000
Cash generated from operations	850,376	(1,839,207)
Profits Tax Paid	-	-
Net cash from / (used in) operating Activities	850,376	(1,839,207)
INVESTING ACTIVITIES		
Purchase of Furniture and Fixtures	(70,462)	-
Purchase of Motor Vehicle	(174,900)	-
Net cash (used in) Investing Activities	(245,362)	-
FINANCING ACTIVITIES		
Decrease in Investment in Subsidiary Company	-	49,079
Decrease in Amount due from a Related Company	-	1,945,689
Increase/(Decrease) in Bank Overdraft	48,732	(216,616)
Increase in Amount due to Holding Company	30,950	29,960
Bank charges and Interest Paid	(400,187)	(249,214)
Net cash from / (used in) Financing Activities	(320,505)	1,558,898
Net increase in cash and cash equivalents	284,510	(280,309)
Cash and cash equivalents at 1 January	77,898	358,207
	362,408	77,898

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2010

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, 41 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 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; and

(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) Foreign Currency Translation

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

(d) Taxation

Income Tax expense represents current tax 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.

(e) Impairment of Assets

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

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

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

(f) Related Parties

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

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

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

3. TURNOVER

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

	2010 HK\$	2009 HK\$
Sales of goods		
- Unrelated party	7,640,541	334,006
- Related party	-	168,870
	<u>7,640,541</u>	<u>502,876</u>

4. PROFIT/(LOSS) FROM OPERATIONS

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

Depreciation and Amortization	122,074	137,785
Auditor's Remuneration	29,000	26,000
	<u>151,074</u>	<u>163,785</u>

and crediting:-

Provision for Depreciation Written Back	<u>320,642</u>	<u>-</u>
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5. FINANCE COSTS

Bank Charges	75,452	44,940
Bank Interest Paid	193,826	204,273
	<u>269,278</u>	<u>249,213</u>

6. INCOME TAX EXPENSES

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

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

7. NON-CURRENT ASSETS

	Furniture & Fixtures HK\$	Motor Vehicles HK\$	Total HK\$
AT COST			
At 1/1/2010	654,185	320,643	974,828
Less: Written Off	–	(320,643)	(320,643)
	654,185	–	654,185
Additions	70,462	174,900	245,362
At 31/12/2010	724,647	174,900	899,547
AGGREGATE DEPRECIATION/ AMORTIZATION			
At 1/1/2010	579,545	320,642	900,187
Less: Written Back	–	320,642	320,642
	579,545	–	579,545
Charge for the year	69,604	52,470	122,074
At 31/12/2010	649,149	52,470	701,619
NET BOOK VALUE			
At 31/12/2010	75,498	122,430	197,928
At 31/12/2009	74,640	1.00	74,641
		2010 HK\$	2009 HK\$

8. SHARE CAPITAL

Authorized, Issued and Fully paid:–
1,000 Ordinary share of US\$ 1.00 each

7,730 7,730

9. AMOUNT DUE TO HOLDING COMPANY

Bhartiya International Ltd., India
Balance at 1/1/2010

5,376,465 5,346,504

Advances

30,950 29,960

5,407,415 5,376,464

Repayments

(–) (–)

Balance at 31/12/2010

5,407,415 5,376,464

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

10. AMOUNT DUE TO RELATED COMPANIES

Detailed of amounts due from a related companies disclosed are as follows :–

Bhartiya International Ltd., Italy

Balance at 1/1/2010

464,441 464,442

Advances

– –

464,441 464,442

Repayments

(–) (–)

Balance at 31/12/2010

464,441 464,442

Bhartiya Global Marketing Ltd., India

Balance at 1/1/2010

1,029,111 1,029,111

Advances

– –

1,029,111 1,029,111

Repayments

(–) (–)

Balance at 31/12/2010

1,029,111 1,029,111

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

	2010 HK\$	2009 HK\$
Ultima Italia Srl, Italy		
Balance at 1/1/2010	-	-
Advances	<u>566,861</u>	-
	566,861	-
Repayments	<u>(-)</u>	<u>(-)</u>
Balance at 31/12/2010	<u>566,861</u>	<u>-</u>
	Maximum amount	
	Balance at 31/12/2010 HK\$	Balance at 31/12/2009 HK\$
Bhartiya International Ltd., Italy	464,441	464,442
Bhartiya Global Marketing Ltd., India	1,029,111	1,029,111
Ultima Italia Srl, Italy	566,861	-
	<u>2,060,413</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.

11. DIRECTORS' REMUNERATION

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

	2010 HK\$	2009 HK\$
Fees	-	-
Other Emoluments	<u>-</u>	<u>-</u>
	-	-

12. CONTINGENT LIABILITIES

At 31st December, 2010, there were contingent liabilities in respect of :-

Unutilized Portion of Standby Letter of Credit	<u>2,730,000</u>	<u>2,705,500</u>
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13. RELATED PARTY TRANSACTIONS

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

Related Party	Transaction	2010 HK\$	2009 HK\$
Bhartiya International Ltd., India	Purchases	<u>1,002,300</u>	-
	Sales	-	168,870
	Other Income	<u>2,148,038</u>	<u>2,017,027</u>
		<u>2,148,038</u>	<u>2,185,897</u>
Ultima Italia Srl, Italy	Agent's Commission	<u>206,360</u>	-
	Consultancy Fee	<u>360,500</u>	-
		<u>566,860</u>	<u>-</u>

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

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

14. OPERATING LEASE COMMITMENT

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

	2010 HK\$	2009 HK\$
Lease expiring		
– within one year	161,783	–
– in the second to fifth year inclusive	100,872	–
– over the fifth year	–	–
	<u>262,655</u>	<u>–</u>

15. PLEDGE OF ASSETS

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

16. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Risk

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

(b) Credit Risk

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

(c) Liquidity Risk

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

(d) Cash Flow Interest Rate Risk

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

(e) Fair Value Estimation

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

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

WORLD FASHION TRADE LTD. HONG KONG REPRESENTATIVE OFFICE

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2010**

	2010 HK\$	2009 HK\$
SALES	7,640,541	502,876
LESS : COST OF SALES		
Purchases	6,396,041	153,812
Add : Direct Expenses		
Agents' Commission	206,360	29,517
Bank Charges	75,452	44,940
Certificate and Declaration Charges	-	5,276
Freight	-	9,126
Labels	191,054	138,739
Marine Insurance	10,351	6,463
Samples	97,651	48,846
Testing Charges	1,334	-
	6,978,243	436,719
GROSS PROFIT	662,298	66,156
Add: Other Income	2,148,038	2,017,027
	2,810,336	2,083,183
LESS : ADMINISTRATION EXPENSES		
Advertising and Promotion Expenses	-	2,344
Audit Fee	29,000	26,000
Bank Interest Paid	193,827	204,273
Consultancy Fee	575,399	123,517
Depreciation on:-		
Furniture and Fixtures	69,604	126,790
Motor Vehicles	52,470	10,995
Difference in Exchange	2,868	(33,492)
Electricity and Water	1,764	3,406
Entertainment	6,667	-
Handling Charges	2,043	-
Insurance	1,246	1,144
Loss on Motor Vehicles Written Off	1.00	-
Management and Accountancy Fees	218,400	218,400
Mandatory Provident Fund-Staffs	12,000	16,000
Motor Vehicle Expenses	70,214	91,438
Postage and Courier Charges	129,266	91,595
Printing and Stationery	2,032	1,579
Rent and Rates	149,453	112,200
Repairs and Maintenance	86,870	48,395
Secretarial Fee	7,800	7,800
Staff Messing	22,776	33,286
Staff Salaries and Allowances	772,040	890,915
Sundry Expenses	99,583	78,797
Telephone and Fax	67,330	67,326
Travelling Expenses-		
Overseas	228,777	201,702
	2,801,430	2,324,410
Profit/(Loss) form operations	8,906	(241,227)
Add: Loss on liquidation of subsidiary	(-)	(2,057,094)
Profit/(Loss) for the year	8,906	(2,298,321)

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, 2010, 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, 2010, 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
 March 30th, 2011.

BALANCE SHEET AS OF DECEMBER 31, 2010

(See accompanying Independent Auditors' Report)

PARTICULARS	2010 US\$
ASSETS	
CURRENT ASSETS :	
Cash & Cash equivalents	5,000
TOTAL CURRENT ASSETS	<u>5,000</u>
FIXED ASSETS:	
Property and Equipment, (Net of accumulated depreciation)	-
TOTAL ASSETS	<u>5,000</u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES:	
Accrued Expenses	2,000
TOTAL CURRENT LIABILITIES	<u>2,000</u>
OWNERS EQUITY	
Members Equity	3,000
TOTAL LIABILITIES	<u>5,000</u>

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

BIL GROUP LLC, N.Y.**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010**

PARTICULARS	SCHEDULE	2010 US\$
SALES, NET OF DISCOUNTS		-
COST OF GOODS SOLD		-
GROSS PROFIT		-
OPERATING EXPENSES:		
Selling, General and Administrative Expenses	A	2,359
NET INCOME BEFORE TAXES		(2,359)
CITY & STATE INCOME TAXES		(25)
NET INCOME		(2,384)

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

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

PARTICULARS	2010 US\$
Balance at January 1, 2010	384
Capital Contribution	5,000
Net Income	(2,384)
Balance at December 31, 2010	3,000

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

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

PARTICULARS	2010 US\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	(2,384)
Adjustments to reconcile net income to net cash provided in operating activities	
Changes in Operating Assets and Liabilities:	
Decrease in Accounts Payable	(450)
Total Adjustments	(2,834)
Net Cash provided by Operating Activities	(2,834)
CASH FLOWS FROM INVESTING ACTIVITIES:	
	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital Contribution	5,000
Net Cash provided by Financing Activities	5,000
Net Increase (Decrease) in Cash and Cash Equivalents	2,166
Cash and cash equivalents at beginning of the year	2,834
Cash and Cash Equivalents at End of the Year	5,000
Supplemental Disclosure for Cash Flow Information	
Cash paid during the year for Income taxes	25

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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, 2010.

g) Use of Estimates

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

NOTE 2 Accounts Receivable

NIL

The entire accounts receivable had been realized.

Note 3 Property and Equipment

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

	2010 (US\$)
Property and equipment	9,244
Less: Accumulated depreciation	9,244
Total	<u> -</u>

BIL GROUP LLC, N.Y.

Note 4 Related Party Transactions and Economic Dependency

The Company purchases a substantial portion of its merchandise from Bhartiya International Ltd. ("Bhartiya") and its affiliates which is the sole member of this LLC. This vendor has agreed to support the operations of this company in future too. However, there were no purchases during the year 2010 and the payables were paid off last year.

However, during the year 2010 Bhartiya International Ltd. contributed a sum of \$5,000 in the company.

Note 5 Concentration of Risk

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

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

The Company has no receivables and payables in the year 2010.

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

PARTICULARS	AMOUNT
Bank & Credit card charges	359
Professional fees	2,000
Total	2,359

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and the audited financial statements of the Company for the period ended 31st March, 2011.

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, 2011 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, 2011.

DIRECTORS

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

Director
16th May, 2011

AUDITORS' REPORT

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

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Ultima SA for the period from 1st April, 2010 to 31st March, 2011.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform 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 mentions in its accounts an investment and a loan agreed to Ultima Italia S.r.l. and that this company is overdebt as at 31st March, 2011.

The Board of Directors is convinced that this situation will be recovered and has renounced to constitute any provision.

Revifidu SA

A. Mazenauer
(Auditor in charge)

Christian Erard

Neuchâtel, 16th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	31.03.2011 CHF	31.03.2010 CHF
ASSETS		
Short Term Assets		
Bank accounts	58,826.90	755,983.88
Debtors Ultima Italia S.r.l.	2,799,416.62	2,984,019.44
Other debtors	70,654.13	–
C/A Bhartiya International Ltd.	–	29,206.26
Stock of goods	663,771.00	489,611.00
Transitional and other debtors	1,222.42	641.58
Total Short Term Assets	3,593,891.07	4,259,462.16
Fixed Assets		
Loan Ultima Italia S.r.l.	807,859.94	886,007.82
Investment Ultima Italia S.r.l.	138,612.00	138,612.00
TOTAL FIXED ASSETS	946,471.94	1,024,619.82
TOTAL ASSETS	4,540,363.01	5,284,081.98
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Creditors	34,661.39	111,244.69
Bank accounts	324,333.22	1,296,285.79
C/A Bhartiya International Ltd.	46,718.83	–
Transitional and other Liabilities	97,460.00	68,770.00
TOTAL CUURENT LIABILITIES	503,173.44	1,476,300.48
TOTAL LIABILITIES	503,173.44	1,476,300.48
Equity		
Share Capital	1,000,000.00	1,000,000.00
General reserve	140,000.00	130,000.00
Retained earnings	2,667,781.50	2,462,737.54
Net income of the year	229,408.07	215,043.96
Total Equity	4,037,189.57	3,807,781.50
TOTAL LIABILITES AND EQUITY	4,540,363.01	5,284,081.98

ULTIMA S.A., SWITZERLAND

INCOME STATEMENT

	2010-2011 CHF	2009-2010 CHF
Revenues		
Sales to foreign customers	9,294,993.59	5,543,674.64
Total Revenues	<u>9,294,993.59</u>	<u>5,543,674.64</u>
Merchandises Costs		
Costs of goods	8,307,150.31	5,111,875.30
Variation of stock	(174,160.00)	(220,101.00)
Total Merchandises Costs	<u>8,132,990.31</u>	<u>4,891,774.30</u>
Other Expenses		
Design and Consultancy	296,839.44	60,860.00
Domiciliation and Directors	42,852.30	37,247.50
Audit and Lawyers	7,209.20	5,487.60
Marketing, Representation, Travel Expenses	107,470.68	18,208.70
Various Administration Overheads	1,053.40	1,354.85
Total Other Expenses	<u>455,425.02</u>	<u>123,158.65</u>
Result Before Interests and Taxes	706,578.26	528,741.69
Financial Incomes and Charges		
Interests and bank fees (net)	103,755.37	69,441.35
Exchange rate difference	348,443.12	219,442.63
Total Financial Incomes and Charges	<u>452,198.49</u>	<u>288,883.98</u>
Result Before Taxes	254,379.77	239,857.71
Taxes		
Federal tax	18,275.00	17,846.45
Canton and commune tax	6,696.70	6,967.30
Total Taxes	<u>24,971.70</u>	<u>24,813.75</u>
Net Income of the year	<u>229,408.07</u>	<u>215,043.96</u>

NOTES TO THE FINANCIAL STATEMENT AS AT 31ST MARCH, 2011

	31.03.2011 CHF	31.03.2010 CHF
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Essential investments

Ultima Italia S.r.l	138,612.00	138,612.00
(Share capital EUR 90,000) Interest of	100.00%	100.00%

On the 10th May, 2011, the Board of Directors has analysed the principal risks which could have an incidence on the financial statements.

No other mention required by art. 663b CO

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31.03.2011 CHF	31.03.2010 CHF
--	-------------------	-------------------

Profit available to the Annual General Meeting

Retained earnings at the beginning of the year	2,667,781.50	2,462,737.54
Net Income	229,408.07	215,043.96
	<u>2,897,189.57</u>	<u>2,677,781.50</u>

Proposal of Board of Directors

Attribution to general reserve	10,000.00	10,000.00
Carried forward	2,887,189.57	2,667,781.50
	<u>2,897,189.57</u>	<u>2,677,781.50</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, 2011 and of the results of its operation for the period ended on that date.

Dr. Enrico Cantoni
23rd June, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Expressed in Euro)

Notes	As at 31st March, 2011	As at 31st March, 2010
ASSETS		
Fixed Assets, net of depreciation	204,166	258,129
CURRENT ASSETS		
Inventories	453,929	418,655
Accounts receivables	2,138,002	1,891,248
Deposits	5,834	5,757
Cash at bank	170,535	280,070
TOTAL ASSETS	2,972,466	2,853,859
LIABILITIES		
Share Capital	90,000	90,000
Loan from holding Co.	622,197	622,197
Profit/(-Loss) for the previous year	-426,055	-480,644
Profit/(-Loss) for the period	9,972	54,589
Bank overdraft/Limit		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	2,369,871	2,299,150
Other creditors	306,481	268,567
TOTAL LIABILITIES	2,972,466	2,853,859

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

(Expressed in Euro)

	2010-2011	2009-2010
INCOME		
Sales	2,819,861	4,204,501
TOTAL INCOME	2,819,861	4,204,501
COSTS AND EXPENSES		
Costs of goods sold	1,562,099	2,846,901
Selling, general and administrative	1,136,387	1,201,938
Depreciation	58,017	46,091
Financial charges	11,868	-12,592
TOTAL COSTS	2,768,371	4,082,338
Profit/(-Loss) before taxes	51,490	122,163
Taxes	34,449	20,224
Deferred taxes	7,069	47,350
Profit/(-Loss) for the period	9,972	54,589

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR
ENDED ON 31st MARCH, 2011**

PRELIMINARY REMARKS

Dear Members,

The financial statement as of 31st March, 2011, that recorded a profit of € 9,972, after having deducted the taxes amounting to € 41,518 for the financial year.

BUSINESS ACTIVITY

The company's objectives 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.

METHOD FOR PREPARATION OF BALANCE SHEET

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

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

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

ACCOUNTING POLICIES (VALUATION CRITERIA)

The valuation criteria applied here are in compliance with the provisions of article 2426 of the Civil Code and are not different from those used for preparing the balance sheet for the previous year. The valuation of the balance sheet items has been done on the basis of generally accepted principle of prudence and accrual, with a view to establish a going-concern value.

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

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

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

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

INTANGIBLE ASSETS

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

TANGIBLE ASSETS

Tangible assets are recorded in the balance sheet at the historic cost of acquisition including the additional charges of direct allocation/imputation and adjusted to the respective accumulated depreciations.

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

No revaluations were made during the year.

ULTIMA ITALIA S.r.l., ITALY

The depreciation attributed to the income statement is calculated in a systematic and consistent manner on the basis of the aliquotes representative of the estimated utility of an asset, however, taking into consideration the remaining possibility of utilisation of assets.

The assets having a unitary value below € 516,46 were completely amortised in the accounting period of acquisition.

STOCKS

Raw materials, auxiliary materials and finished products are 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 shown at their presumed break-up value. Provision has been made as allowance for doubtful accounts receivable.

DEBITS

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

LIQUIDITY POSITION

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

COSTS & REVENUES

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

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

METHODS OF CURRENCY CONVERSION

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

Instead the values of assets and liabilities, which are not a part of the fixed assets originally expressed in foreign currency and recorded at the exchange rates prevailing at the date on which they were incurred, are aligned with the exchange rates prevailing at year end in accordance with article 2426 of the Civil Code, point 8-bis. The economic effects of changes in exchange rates are expressed in item 17 bis); since this entry is the same as balance, it is itemised with an appropriate schedule within these notes for a better understanding of events as suggested by the OIC 1.

INCOME TAX

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

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

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 referred to in the present balance sheet the variances in the entries of assets and liabilities have been verified: the most relevant variances detected are expounded in the following.

C) CURRENT ASSETS

I. Stocks

Closing balance	453,929		
Opening balance	418,655		
Variation	35,274		
Closing stock	Value year N. 0	Value N.+1	Variation
Raw materials	41,542	50,478	8,936
Goods	377,113	403,451	26,338
Total	418,655	453,929	35,274

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

II. Credits

Closing balance	2,112,809		
Opening balance	1,861,443		
Variation	251,366		
Credits payable within 12 Months	Value year N. 0	Value N.+1	Variation
Accounts receivables within 12 months	1,843,127	2,057,163	214,036
Credits for prepaid taxes within 12 months	8,380	30,063	21,683
Other credits within 12 months	2,867	25,583	22,716
Total credits within 12 months	1,854,374	2,112,809	258,435
Credits falling due after 12 months			
Advance Taxes	7,069	–	-7,069
Total credits after 12 months	7,069	–	-7,069
Total Credits	1,861,443	2,112,809	251,366

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

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

Countries	Balance on 31st March, 2010	Balance on 31st March, 2011
Italian Clients	632,218	456,055
EU Clients	17,244	46,677
Non EU Clients	1,193,665	1,554,431
Total	1,843,127	2,057,163

IV. Liquidity Position

Closing Balance	170,535		
Opening Balance	280,070		
Variation	-109,535		
	Value year N. 0	Value N.+1	Variation
Bank	252,350	161,242	-91,108
Cash	27,720	9,293	-18,427
Total within	280,070	170,535	-109,535

LIABILITIES

A) NET EQUITY

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

Closing Balance	296,114		
Opening Balance	286,143		
Variation	9,971		
Net Equity	Value year N. 0	Value year N.+1	Variation
Capital	90,000	90,000	-
Legal reserves	-	2,730	2,730
Rounding off in Euro	1	-	-1
Other reserves (financial/capital)	622,197	622,197	-
Retained earnings/accumulated losses	-480,644	-428,785	51,859
Profits/losses in financial year	54,589	9,972	- 44,617
Total	<u>286,143</u>	<u>296,114</u>	<u>9,971</u>

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

Nature	Amount	Possibility of utilisation	Share available
Capital Reserves			
- Share Capital	90,000	B	
- Funding Capital Account	622,197	AB	
Profit Reserves			
- Legal	2,730	AB	
- Rounding off in Euro	-		
Retained earnings/accumulated losses	-428,785		
Profits/losses in financial year	9,972	AB	
Total	<u>296,114</u>		

Possibility of utilisation of reserves

A = Increase in Capital

B = Loss coverage

C = Liquidation

B) Provisions for Risks and Charges

Provisions for risks and charges			
Closing Balance	47,323		
Opening Balance	41,285		
Variation	6,038		
	Balance Financial	Balance Financial	Variation
	Year N. 0	Year N.+ 1	
Provisions for contractual risks	15,000	15,000	-
Customer supplementary benefit provisions	26,285	32,323	6,038
Total	41,285	47,323	6,038

C) Employees' Severance Indemnity Fund

Closing Balance	139,643		
Opening Balance	110,970		
Variation	28,673		
TFR opening balance		110,970	
Increment in amount		28,960	
Decrement in use/substitute tax		-287	
TFR closing balance		139,643	

D) Debits

Closing Balance	2,482,087		
Opening Balance	2,411,503		
Variation	70,584		
Accounts payable within 12 months	Value year N. 0	Value year N.+ 1	Variation
To Suppliers	2,299,150	2,369,871	70,721
To Treasury (tax)	27,314	22,000	-5,314
To Social Security Agencies	11,526	8,545	-2,981
To Others	73,513	81,671	8,158
Total debits within 12 months	2,411,503	2,482,087	70,584
Accounts payable after 12 months			
To Banks	-	-	-
Total debits after 12 months	-	-	-
Total Debits	2,411,503	2,482,087	70,584

Classification of Clients (Suppliers) according to geographical areas

The countries mentioned indicate the supplier's registered office

Countries	Balance as of 31st March, 2010	Balance on 31st March, 2011
Suppliers ITALY	201,802	204,656
Non-EU Suppliers	2,097,005	2,165,215
EU Suppliers	343	-
Total	2,299,150	2,369,871

INCOME STATEMENT

A) Value of Production

Year N. + 1	2,819,861		
Year N. 0	4,211,035		
Variation	-1,391,174		
Value of Production	Year N. 0	Year N. + 1	Variation
Revenue from sale of Goods and Services	4,154,248	2,817,550	-1,336,698
Increase of non-current assets from in-house production	49,499	–	-49,499
Other Revenues and proceeds	7,288	2,311	-4,977
Total	<u>4,211,035</u>	<u>2,819,861</u>	<u>-1,391,174</u>

B) Cost of Production

Year N.+ 1	2,756,427		
Year N. 0	4,094,930		
Variation	-1,338,503		
Cost of Production	Year N.0	Year N. + 1	Variation
Raw Materials and Goods	2,569,953	1,597,373	-972,580
Cost of Purchase of Services	609,901	537,700	-72,201
Lease and Rental Expenses	61,380	64,348	2,968
Personnel Costs	474,597	515,584	40,987
Amortisation and Depreciation	46,091	58,017	11,926
Variation in Stock	276,948	-35,274	-312,222
Funds/Reserves to Cover Risks	15,000	–	-15,000
Miscellaneous Operating Costs	41,060	18,679	-22,381
Total	<u>4,094,930</u>	<u>2,756,427</u>	<u>-1,338,503</u>

Personnel Costs

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

Depreciation of Tangible Assets

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

ULTIMA ITALIA S.r.l., ITALY

Other Operating Costs

Year N. + 1	18,679		
Year N. 0	41,060		
Variation	-22,381		
	Year N. 0	Year N. + 1	Variation
Taxes/duties other than Income Tax	5,010	5,643	633
Capital Losses	-	-	-
Overestimated Operating Liabilities	5,470	213	-5,257
Loss on Credits	21,676	-	-21,676
Fines and Penalties	491	488	-3
Other Costs	8,413	12,335	3,922
Total	41,060	18,679	-22,381

C) Revenues and Charges

Year N. + 1	-11,868		
Year N. 0	12,592		
Variation	-24,460		
Revenues and Charges	Year	Year	Variation
Financial Income	4,736	2,482	-2,254
Interests and Charges	-20,563	-14,033	6,530
Profits/losses on foreign exchange transactions	28,419	-317	-28,736
Total	12,592	-11,868	-24,460

Revenues and Charges

	Year N. 0	Year N. + 1	Variation
Financial Income			
Interest receivable from bank	13	24	11
Other interest receivable	4,723	2,458	-2,265
Total Financial Income	4,736	2,482	-2,254
Interests and Other Charges			
Interest payable	-20,554	-14,033	6,521
Commercial interest payable	-	-	-
Interest payable on loans	-9	-	9
Total Interests and Charges	-20,563	-14,033	6,530
Profit/loss on foreign exchange transactions			
Profit on foreign exchange transactions	45,223	10,211	-35,012
Loss on foreign exchange transactions	-16,804	-10,528	6,276
Total profit/loss on foreign exchange transactions	28,419	-317	-28,736
Total revenues and charges	12,592	-11,868	-24,460

Corporate taxes

	Year N. 0	Year N. + 1	Variation
Current Taxes			
IRES	–	16,260	16,260
IRAP	20,224	18,189	-2,035
Total	20,224	34,449	14,225

SUPPLEMENTARY INFORMATION

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

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

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

The company does not hold any investments referred to above.

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

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

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

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

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

No such debits or credits exist.

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

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

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

Revenues of this category have not been collected.

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

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

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

The company does not have debts towards members.

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

The company does not have any existing financial lease.

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

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

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

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

OTHER INFORMATION

MANAGEMENT FEE

In accordance with legal provisions the management fee of the order of € 44,961 was disbursed.

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

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

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

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

PRIVACY: SECURITY POLICY

The company has made provisions for meeting the standards referred to in the legislative decree no. 196, dated June 30th, 2003, and has prepared all the files and documents required by the regulations regarding privacy and security.

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

Nikhil Aggarwal

Director

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, 2011, 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. 501,875,309/- as at 31st March, 2011 and Rs. 488,187,753/- as at 31st March 2010 and a total revenues of Rs. 709,013,480/- for the year ended 31st March, 2011 and Rs. 587,125,820/- for the year ended 31st March 2010. 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, 2011;
 - 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, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

DESCRIPTION	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
		Rs.		Rs.	
SOURCES OF FUND					
Shareholder's Funds					
Share Capital	1	94,638,480		86,638,480	
Advance Subscription	2	25,800,000		15,050,000	
Reserves and Surplus	3	1,059,722,816	1,180,161,296	958,409,627	1,060,098,107
Minority Interest			14,833,776		14,867,574
Loan Funds					
Secured Loan	4		627,459,441		460,766,422
Deferred Tax Liability (Net)			13,464,328		8,614,949
			1,835,918,841		1,544,347,052
APPLICATION OF FUND					
Fixed Assets					
Gross Block	5	653,334,954		493,543,967	
Less Depreciation		195,007,695		168,922,788	
Net Block		458,327,259		324,621,179	
Add: Capital Work In Progress		21,034,900		96,135,347	
			479,362,159		420,756,526
Goodwill (on Consolidation)			2,525,000		2,525,000
Investments	6		427,600,282		449,346,535
Current Assets, Loans & Advances					
Inventories	7	777,236,662		515,636,430	
Sundry Debtors	8	134,600,158		104,175,959	
Cash & Bank Balances	9	96,367,400		121,667,895	
Loans & Advances	10	227,336,572		171,788,774	
		1,235,540,792		913,269,058	
Less: Current Liabilities & Provisions					
Current Liabilities	11	250,259,782		198,776,398	
Provisions	12	60,123,039		44,098,634	
		310,382,821		242,875,032	
Net Current Assets			925,157,971		670,394,026
Miscellaneous Expenditure	13		1,273,429		1,324,965
			1,835,918,841		1,544,347,052
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

Deepthi Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31ST MARCH, 2011**

DESCRIPTION	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales		1,793,229,379	1,918,572,464
Export Incentives		159,072,421	144,937,837
Other Income	14	24,616,071	(392,826)
Increase/(Decrease) in Stock	15	89,798,065	(108,132,387)
		<u>2,066,715,936</u>	<u>1,954,985,088</u>
EXPENDITURE			
Raw Material Consumption	16	863,081,287	921,028,576
Purchase for Resale		301,453,866	205,532,851
Manufacturing Expenses	17	378,265,990	348,414,936
Personnel Expenses	18	112,783,382	107,258,525
Admn. & Selling Expenses	19	201,035,005	202,044,521
Financial Expenses	20	81,992,625	59,685,695
Depreciation		27,943,560	25,153,883
		<u>1,966,555,715</u>	<u>1,869,118,987</u>
Profit before Taxes		100,160,221	85,866,101
Provision for Taxes			
– Income Tax		28,918,566	28,402,144
– Deferred Tax		4,849,379	7,350,800
Profit after Taxes		<u>66,392,276</u>	<u>50,113,157</u>
Less : Minority Interest		(33,798)	(60,569)
Less : Share of Loss of Associate		2,638,055	4,239,929
Net Profit for the year		<u>63,788,019</u>	<u>45,933,797</u>
Balance brought Forward		<u>493,364,767</u>	<u>467,956,375</u>
Balance available for appropriation		<u>557,152,786</u>	<u>513,890,172</u>
APPROPRIATIONS			
Proposed Dividend		9,463,848	8,663,848
Provision for Dividend Tax		1,535,273	1,438,957
General Reserve		10,486,600	10,422,600
Surplus carried to Balance Sheet		<u>535,667,065</u>	<u>493,364,767</u>
Earnings Per Share (face value of Rs. 10 each)			
– Basic		7.36	5.82
– Diluted		7.15	5.52
(Refer to Note No. 16 on Schedule 21)			
Notes on accounts and Significant Accounting Policies	21		
Schedule referred to above form an integral part of the profit and 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

Deepti Gambhir
Company Secretary

Manoj Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST MARCH, 2011**

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	100,160,221	85,866,101
Adjusted for :		
Depreciation	27,943,560	25,153,883
Financial Expenses	81,992,625	59,685,695
Preliminary Expenses Written off	181,536	168,536
Dividend Income	(994,256)	(1,385,867)
Loss/(Profit) on sale of fixed assets	459,300	684,934
Loss/(Profit) on sale of Investments	(10,476,480)	8,425,605
	99,106,285	92,732,786
Operating profit before working capital changes	199,266,506	178,598,887
Adjustment for :		
Inventories	(261,580,906)	197,204,088
Sundry Debtors	(30,424,199)	37,708,083
Loans and Advances	(31,544,653)	25,097,257
Sundry Creditors	51,543,078	(146,526,633)
	(272,006,680)	113,482,795
Cash generated from operations	(72,740,174)	292,081,682
Taxes paid/Refunded (Net)	(37,793,622)	(23,918,237)
Financial Expenses	(44,718,687)	(18,795,765)
Currency Fluctuation Reserve on Consolidation	22,124,291	2,697,934
Cash flow before extra-ordinary items	(133,128,192)	252,065,614
Extra Ordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(133,128,192)	252,065,614
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale/Purchases of Investments (Net)	29,584,678	(20,674,037)
Dividend Received	994,256	1,385,867
Preliminary Expenses incurred	(130,000)	(127,300)
Sale of Fixed Assets	814,693	392,586
Purchase of fixed assets/Capital WIP	(87,842,512)	(78,726,403)
NET CASH USED IN INVESTMENT ACTIVITIES	(56,578,885)	(97,749,287)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loan	166,693,019	(184,199,495)
Subsidy from TIIC	-	1,975,683
Share Capital Issue Proceeds (Including Share Premium)	34,400,000	34,400,000
Advance Subscription Received	10,750,000	15,050,000
Dividend paid (including dividend tax)	(10,162,499)	(9,368,233)
Interest Paid (Net)	(37,273,938)	(40,889,930)
NET CASH USED IN FINANCING ACTIVITIES	164,406,582	(183,031,975)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	(25,300,495)	(28,715,648)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	121,667,895	150,383,543
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	96,367,400	121,667,895

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, 26th May, 2011

BHARTIYA INTERNATIONAL LTD.

CONSOLIDATED SCHEDULES' FORMING PART OF THE ACCOUNTS

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 1 : SHARE CAPITAL		
i) Authorised		
1,20,00,000 (Previous Year 1,20,00,000) equity shares of Rs. 10/-each	120,000,000	120,000,000
5,00,000 (Previous Year 5,00,000) Preference shares of Rs. 100/-each	50,000,000	50,000,000
	<u>170,000,000</u>	<u>170,000,000</u>
ii) Issued, Subscribed and paid up		
94,63,848 (Previous Year 86,63,848) equity shares of Rs.10/- each fully paid up of these :	94,638,480	86,638,480
	<u>94,638,480</u>	<u>86,638,480</u>
a) 20,89,308 equity shares of Rs. 10/- each were allotted as bonus shares by Capitalisation the General Reserve.		
b) 4,00,000 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) 4,00,000 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		
i) Preferential Share Warrant		
14,00,000 (Previous year 22,00,000) Preferential Share warrant paid up Rs. 10.75 each	15,050,000	23,650,000
Less : 8,00,000 (Previous Year 8,00,000) Preferential Share Warrant converted into Equity Shares	8,600,000	8,600,000
	<u>(A) 6,450,000</u>	<u>15,050,000</u>
ii) Share Application Money		
	<u>(B) 19,350,000</u>	-
	<u>(A)+(B) 25,800,000</u>	<u>15,050,000</u>
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.		
SCHEDULE 3 : RESERVES & SURPLUS		
i) General Reserve		
As per last year Balance Sheet	160,864,730	150,442,130
Add : Transferred from Profit & Loss A/c	10,486,600	10,422,600
	<u>171,351,330</u>	<u>160,864,730</u>
ii) Capital Reserve		
As per last year Balance Sheet	4,621,283	2,645,600
Add: Subsidy from TIIC	-	1,975,683
	<u>4,621,283</u>	<u>4,621,283</u>
iii) Share Premium A/c		
As per last year Balance Sheet	279,965,000	253,565,000
Add : Additions during the year on fresh issue of Shares	26,400,000	26,400,000
	<u>306,365,000</u>	<u>279,965,000</u>
iv) Surplus in Profit & Loss A/c	535,667,065	493,364,767
v) Currency Fluctuation Reserve on Consolidation-Opening Balance	11,093,847	8,395,914
Add: During the Year	22,124,291	2,697,933
	<u>33,218,138</u>	<u>11,093,847</u>
vi) Preferential Share Warrant Forfeited	8,500,000	8,500,000
	<u>1,059,722,816</u>	<u>958,409,627</u>

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 4 : SECURED LOANS		
Working Capital Loans from Banks	530,944,298	331,425,802
Term Loans from Banks	93,960,162	126,153,272
Vehicle Loan from Bank	2,554,981	3,187,348
	<u>627,459,441</u>	<u>460,766,422</u>

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	ORIGINAL COST	ADDITION DURING YEAR	SALE DURING YEAR	AS ON 31.03.11	UP TO 31.03.10	FOR THE YEAR	SALES ADJUSTMENT	UPTO 31.03.11	AS AT 31.03.11	AS AT 31.03.10
Land	23,169,997	-	-	23,169,997	1,122,500	-	-	1,122,500	22,047,497	22,047,497
Building	173,315,823	120,806,695	-	294,122,518	36,476,203	7,471,736	-	43,947,939	250,174,579	136,839,620
Machinery	155,723,904	24,409,481	732,717	179,400,668	45,587,175	9,921,578	374,191	55,134,562	124,266,106	110,136,729
Vehicle	37,622,036	2,359,055	1,880,055	38,101,036	20,994,558	3,348,414	988,699	23,354,273	14,746,763	16,627,478
Furniture & Fixtures	43,027,895	8,447,199	-	51,475,094	22,918,703	4,109,663	-	27,028,366	24,446,728	20,109,192
Office Equipment	16,592,449	4,793,898	-	21,386,347	7,241,471	789,921	-	8,031,392	13,354,955	9,350,978
Computer	18,739,227	2,126,631	539,200	20,326,658	13,603,844	1,727,209	515,089	14,815,964	5,510,694	5,135,383
Goodwill	25,352,636	-	-	25,352,636	20,978,334	594,365	-	21,572,699	3,779,937	4,374,302
TOTAL	493,543,967	162,942,959	3,151,972	653,334,954	168,922,788	27,962,886	1,877,979	195,007,695	458,327,259	324,621,179
Previous Year	463,307,920	41,258,123	11,022,076	493,543,967	144,135,370	25,164,846	377,428	168,922,788	324,621,179	319,172,550

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 #	244,766,359	247,404,414
Preference Shares	119,960,000	119,960,000
	<u>364,776,359</u>	<u>367,414,414</u>
Non Trade Investments		
Long -Term (Quoted)		
Mutual Fund & Other marketable securities	38,462,275	53,613,832
Current Investments (Quoted)		
Equity Shares	32,479,904	36,436,545
	<u>70,942,179</u>	<u>90,050,377</u>
Gross Total	435,725,038	457,471,291
Less: Provision for diminution in Market Value of Investment	8,124,756	8,124,756
	<u>427,600,282</u>	<u>449,346,535</u>
#Particulars of Investment in associate company		
Name of Associate Company		
Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd.	29.60%	29.60%
Cost of acquisition	280,000,000	280,000,000
Share of post acquisition reserves & surplus	(35,233,641)	(32,595,586)
Carrying Value	<u>244,766,359</u>	<u>247,404,414</u>

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 7 : INVENTORIES		
(as taken, Valued and certified by Directors)		
i) Raw Materials	466,214,053	308,883,465
ii) Finished Goods	153,292,876	63,494,811
iii) Work in Progress	157,729,733	143,258,154
	<u>777,236,662</u>	<u>515,636,430</u>
SCHEDULE 8 : SUNDRY DEBTORS		
i) Unsecured and considered good	134,600,158	104,175,959
	<u>134,600,158</u>	<u>104,175,959</u>
SCHEDULE 9 : CASH & BANK BALANCES		
i) Cash in Hand	4,713,773	5,524,411
ii) Balances with Bank :		
– In Current Account	61,144,485	83,876,082
– In Fixed Deposit	29,114,881	30,812,002
iii) Dividend Account	1,394,261	1,455,400
	<u>96,367,400</u>	<u>121,667,895</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	161,321,487	131,164,208
iii) Tax Deducted at Source & Advance Taxes	46,511,245	22,508,100
iv) Advances to Staff	2,492,436	2,117,704
v) Security Deposit	6,086,653	5,808,744
vi) Prepaid Expenses	3,624,751	2,890,018
	<u>227,336,572</u>	<u>171,788,774</u>
SCHEDULE 11 : CURRENT LIABILITIES		
i) Acceptances	32,470,292	18,972,657
ii) Sundry Creditors	151,741,559	114,382,100
iii) Other Liabilities	64,653,640	63,967,656
iv) Unpaid Dividend	1,394,291	1,453,985
	<u>250,259,782</u>	<u>198,776,398</u>
SCHEDULE 12 : PROVISIONS		
i) Proposed Dividend	9,463,848	8,663,848
ii) Income Tax/Wealth Tax	49,123,918	33,995,829
iii) Dividend Tax	1,535,273	1,438,957
	<u>60,123,039</u>	<u>44,098,634</u>
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off /or adjusted)		
Preliminary Expenses - Opening Balance	1,324,965	1,366,201
Incurred during the year	130,000	127,300
	<u>1,454,965</u>	<u>1,493,501</u>
Less: Written off during the year	181,536	168,536
	<u>1,273,429</u>	<u>1,324,965</u>
SCHEDULE 14 : OTHER INCOME		
i) Other Income	13,145,335	6,646,912
ii) Dividend Income	994,256	1,385,867
iii) Profit/(Loss) on sale of investments	10,476,480	(8,425,605)
	<u>24,616,071</u>	<u>(392,826)</u>

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

DESCRIPTION	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
SCHEDULE 15 : INCREASE/DECREASE IN STOCK		
Opening Stock (Finished Goods)	63,494,811	171,627,198
Closing Stock (Finished Goods)	153,292,876	63,494,811
Increase/(Decrease) in Stock	<u>89,798,065</u>	<u>(108,132,387)</u>
SCHEDULE 16 : RAW MATERIAL CONSUMPTION		
Opening Stock	308,833,465	404,236,917
Add: Purchases	1,020,253,747	825,625,124
	<u>1,329,087,212</u>	<u>1,229,862,041</u>
Less: Closing Stock	466,005,925	308,833,465
Raw Material Consumption	<u>863,081,287</u>	<u>921,028,576</u>
SCHEDULES 17 : MANUFACTURING EXPENSES		
i) Job work/ Fabrication charges	348,161,792	294,062,683
ii) Wages	1,276,852	1,292,613
iii) Freight & Cartage	17,641,815	21,260,474
iv) Other Manufacturing Expenses	11,185,531	31,799,166
	<u>378,265,990</u>	<u>348,414,936</u>
SCHEDULE 18 : PERSONNEL EXPENSES		
i) Salary, Allowances & Bonus	105,156,594	96,653,289
ii) Welfare Expenses	3,846,231	5,766,749
iii) Contribution to Provident & Other fund	3,780,557	4,838,487
	<u>112,783,382</u>	<u>107,258,525</u>
SCHEDULE 19 : ADMINISTRATIVE & SELLING EXPENSES		
i) Rent	13,751,810	11,540,486
ii) Travelling	33,898,376	27,628,160
iii) Power & Fuel	13,490,324	9,677,646
iv) Insurance	1,462,854	2,021,389
v) Freight Outward	29,106,771	27,338,619
vi) Commission, Brokerage & Discount	16,677,679	24,316,322
vii) Repair & Maintenances	10,338,544	10,741,452
viii) Miscellaneous Expenses	24,982,852	37,678,494
ix) Communication Cost	6,606,415	6,503,221
x) Consultancy Charges	34,947,374	28,274,461
xi) Rates, Taxes & Duties	2,609,190	6,216,730
xii) Auditors Remuneration	894,732	801,937
xiii) Loss on sale of fixed assets	459,300	684,934
xiv) Directors Meeting Fees	70,000	104,000
xv) Packing Expenses	11,557,248	8,348,134
xvi) Preliminary Expenses	181,536	168,536
	<u>201,035,005</u>	<u>202,044,521</u>
SCHEDULES 20 : FINANCIAL EXPENSES		
i) Interest -Net	37,273,938	40,889,930
ii) Other Financial Charges	23,964,293	18,536,652
iii) Foreign Exchange Fluctuation - Net	20,754,394	259,113
	<u>81,992,625</u>	<u>59,685,695</u>

**CONSOLIDATED FINANCIAL STATEMENT- SCHEDULES FORMING
PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

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%	31.03.2011	Sushil Poddar & Co.
J&J Leather Enterprises Ltd.	India	100%	31.03.2011	Padmanabhan, Ramani & Ramanujam
Bhartiya International Sez Ltd.	India	88.94%	31.03.2011	Sushil Poddar & Co.
Bharatiya Fashion Retail Ltd.	India	100%	31.03.2011	Sushil Poddar & Co.
Foreign Subsidiaries				
World Fashion Trade Ltd.	Mauritius	100%	31.12.2010	Phillip C.C Hau & Co.
BIL Group LLC	USA	100%	31.12.2010	S. Grover & Co., LLC
Ultima SA	Switzerland	100%	31.03.2011	Revifidu SA
Ultima Italia Srl	Italy	100%	31.03.2011	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 . 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 for on all eligible employees during the year on accrual basis. Provision is made for value of unutilised leave due to employees at the end of the year.

h) Taxation

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

i) Government Grants

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

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

j) Impairment of Assets

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

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)	2,866,469	9,604,312
2 Contingent liabilities not provided for		
a) Letter of Credit outstanding -	46,541,894	43,732,228
b) Standby Letter of credit (SBLC) issued by company banker in favour of the bankers of its subsidiaries		
– Ultima Italia SRL	44,611,000	42,287,000
– Ultima S A	50,984,000	48,328,000
– World Fashion Trade Ltd. Hongkong	15,655,500	15,778,000
c) Bills discounted with banks	12,025,386	30,348,225
d) Other Guarantee given by banks (with corporation Bank)	1,699,717	100,000
e) Corporate Guarantee given by the companies to banks against facilities granted by that bank to its wholly owned subsidiaries		
J & J Leather Enterprises Ltd.	85,200,000	80,200,000
Ultima Italia Srl	41,424,500	39,266,500
f) Corporate Guarantee given by subsidiaries companies to banks against facilities given by banks to its holding companies	450,000,000	455,000,000
g) Income tax matters under dispute	11,639,722	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) Purchase	392,770	9,637,410
ii) Sales	8,405,239	3,378,957
iii) Other Income	4,089,639	–
iv) Advances	1,380,300	–
v) Debtors	333,749	–
vi) Creditors	93,930	686,427

BHARTIYA INTERNATIONAL LTD.

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 directors.
- 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 2384/- (Rs 106,159/-) in its financial year ended 31st December 2010. Accordingly Bhartiya International Ltd shall be filing a tax return in the USA showing its loss of USD 2384/- (Rs 106,159/-) 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 provisions for bad & doubtful debts against this.
10. Debit and Credit balances of parties are subject to their confirmation.
11. Fixed deposits of Rs.27,001,778/- (previous year Rs.25,321,820/-) 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.1,850,000/- (Previous Year Rs.1,850,000/-) are pending.
13. a) Provisions for taxes includes Rs. 3,758,429/- (Previous Year Rs. 353,889/-) being taxes paid for earlier years.
- b) In compliance with the Accounting Standard on "Taxation on Income" (AS-22) issued by Institute of Chartered Accountants of India., the breakup of net deferred tax liability as on 31.3.2011 and the deferred tax liability for the year is provided below :

Deferred Tax Liability / (Deferred Tax Assets)

Particulars	As On		As On
	01.04.2010	For The Year	31.03.2011
Depreciation	22,010,515	4,050,358	26,060,873
Carried Forward Losses	(6,233,261)	698,444	(5,534,817)
Capital Loss	(7,162,305)	358,981	(6,803,324)
Provision for Gratuity / Bonus	–	(258,404)	(258,404)
Net Deferred Tax Liability	8,614,949	4,849,379	13,464,328

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

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

	Current Year Rs.	Previous Year Rs.
a) Salary & Allowances	8,034,069	7,176,843
b) Contribution to Provident Fund	9,360	9,360
c) Other emoluments	188,952	144,912
	8,232,381	7,331,115

15. Foreign currency transactions are translated as per the accounting policy referred to in item 3 (f) above. Foreign exchange gain / loss on account of income and expenditure in consolidation is included in the profit and loss, and foreign exchange fluctuation credit of Rs. 2,21,24,291/- (Previous year Rs.26,97,933/-) 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, 2011 and the year ended 31st March, 2010:

	Year Ended 31st March 2011	Year Ended 31st March 2010
Income available to Equity Shareholders	63,788,019	45,933,797
No of Shares at the beginning of the Year (A)	8,663,848	7,863,848
Equity allotted during the year	800,000	800,000
Weighted Average Shares (B)	8,767	28,493
Weighted Average Shares Outstanding (nos) (A+B)	8,672,615	7,892,341
Add adjustment for warrants convertible into Equity Shares	253,830	429,032
Weighted Average number of equity shares for Diluted EPS	8,926,445	8,321,373
Nominal Value per share	10	10
Earnings per share (Basic)	7.36	5.82
Earnings per share (Diluted)	7.15	5.52

17 SEGMENT INFORMATION

a) Business Segments

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

b) Geographic Segments

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

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

		Rs. In Lacs				
		Leather Products	Textile Apparels	Others	Unallocable	Total
a.	Segment Revenue	18,000.57	1,433.82	88.63	246.16	19,769.18
		(19,481.45)	(751.48)	(402.17)	(-3.92)	(20,631.18)
b.	Segment Results	2,434.51	198.41	-61.76	246.16	2,817.32
		(2,602.71)	(59.43)	(-44.93)	(-3.92)	(2,613.29)
c.	Less: Unallocable expenses net of Income					1,203.34
						(1,160.36)
d.	Operating Profit					1,613.98
						(1,452.93)
e.	Less: Interest					612.38
						(594.27)
f.	Profit before Taxes					1,001.60
						(858.66)
g.	Provision for taxation (Current Tax & Deferred Tax)					337.68
						(357.53)
h.	Profit after Taxes					663.92
						(501.13)
i.	Capital Employed	4,847.29	122.34	149.28	6,682.70	11,801.61
		(4,239.57)	(153.59)	(148.30)	(6,059.52)	(10,600.98)

18. RELATED PARTY DISCLOSURE

Transactions with related parties during the financial year and outstanding Balance as on 31.3.2011

PARTICULARS	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprise under significant influence of Key Management or their Relative	Amount in Rs. Total
Keyman Insurance	-	-	-	-	-
		(10,359,970)			(10,359,970)
Lease Rent / Rent	-	-	480,000	-	480,000
			(480,000)		(480,000)
Ticketing	6,377,655	-	-	-	6,377,655
	(4,117,334)				(4,117,334)
Sitting Fees	-	70,000	-	-	70,000
		(104,000)			(104,000)
Professional Fees	-	-	-	1,226,508	1,226,508
				(1,088,090)	(1,088,090)
Salaries	-	8,232,381	360,000	-	8,592,381
		(7,331,115)	(360,000)		(7,691,115)
Lease Rent Received	8,070,000	-	-	-	8,070,000
	(-)				-
Outstanding Balance					
in capital a/c partnership	50,000	-	-	-	50,000
	(50,000)				(50,000)
in current a/c -partnership	626,681	-	-	-	626,681
	(628,389)				(628,389)
Sundry Creditors	594,124	67,758	36,000	-	697,882
	(376,980)	(68,258)	(36,000)		(481,238)
Loan Given	1,950,340	-	-	-	1,950,340
	(1,950,340)				(1,950,340)
Security Deposit Received	14,526,000	-	-	-	14,526,000
	(-)				(-)

BHARTIYA INTERNATIONAL LTD.

SCHEDULES' (CONTD.)

Notes:

Names of related parties and description of relationship

- | | |
|---|--|
| 1. Associated Parties | Bhartiya Prakash Leather
Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd.
Itopia Management Services (India) Pvt. Ltd.
Bhartiya City Developers Pvt. Ltd. |
| 2. Key Management Personnel | Snehdeep Aggarwal
Jaspal Sethi
Ramesh Bhatia
C. L. Handa
Shashank
A. Sahasranaman
Nikhil Aggarwal
Manoj Khattar
A. K. Gadhok
Sandeep Seth
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 Khattar
Vice President
(Accounts)

Snehdeep Aggarwal
Managing Director

Ramesh Bhatia
Director

New Delhi, 26th May, 2011



BHARTIYA
FASHION

BHARTIYA

Bhartiya International Limited

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