

BOARD'S REPORT TO THE MEMBERS

Your Directors are pleased to present the 85th Annual Report covering the operational and financial performance of your Company along with the Audited Financial Statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

Particulars	Financial Year ended on March 31, 2018	Financial Year ended on March 31, 2017
	(Audited)	(Audited)
Revenue from operations	26363.18	24972.41
Other Income	508.44	466.46
Total	26871.62	25438.87
Profit / (Loss) before Exceptional items and Taxation	3400.14	2552.44
Exceptional items– Income / (Loss)	-	(216.69)
Profit / (Loss) before Taxation	3400.14	2335.75
Provision for Taxation	1164.36	748.27
Net Profit	2235.78	1587.48
Other Comprehensive Income / (Loss) (net of tax)	(160.03)	(14.10)
Total Comprehensive Income	2075.75	1573.38

Your Company has prepared the Financial Statements for the financial year ended March 31, 2018 under Sections 129, 133 and Schedule II to the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

During the financial year ended March 31, 2018, your Company recorded a turnover of Rs. 26363.18 Million as compared to the turnover of Rs. 24972.41 Million recorded during the previous financial year ended March 31, 2017. Revenue from operations for the year ended March 31, 2018 has increased by 6% over the corresponding period last year. The numbers are however not comparable consequent to implementation of Goods and Services Tax (GST). The Net Profit of your Company for the financial year ended March 31, 2018 stood at Rs. 2235.78 Million as against the Net Profit of Rs. 1587.48 Million for the financial year ended March 31, 2017. Accordingly, the Profit before Exceptional Items and Tax for the financial year ended March 31, 2018 reflects a growth of 33% over the corresponding Profit for the financial year ended March 31, 2017. Details of the Exceptional Items for both the aforesaid financial years have been mentioned in Note No. 26 of the Notes to the Financial Statements in this Annual Report.

On a consolidated basis, your Company recorded a turnover of Rs. 26412.16 Million during the financial year ended March 31, 2018 and achieved consolidated Net Profit of Rs. 2205.13 Million for the said financial year.

Your Company continued to be India's leading and most preferred footwear brand by developing and implementing a strong marketing strategy to support its new image and position. Last year your Company has invested in understanding consumer needs through intensive consumer interactions and research and used that knowledge in effectively delivering consumer need based solutions. We continue to build our strengths in the Comfort and Quality parameters while bringing world's best technologies coupled with global design trends to the market.

During the year under review, your Company carefully re-engineered key touchpoints in the consumer journey thereby stepping up the focus on Visual Merchandising via breath taking store windows, curating a shopping conducive playlist for instore music, refreshing the store décor to highlight different brands / features and employing trained stylists to better serve our discerning customer in our top stores in Metro's and to be gradually extended across all stores.

With a view to bring back the swagger to Bata, your Company launched its internationally developed 'Red Angela Store Concept' in Kolkata and Delhi. This concept is aesthetically designed and offers clutter-free shopping experience through merchandise focal points (in red & white) and exudes a premium look that adds up to a 'wow' feel.

A key focus for your Company this year has been to build the brand among the youth of the country especially the millennials. The online marketing initiative, social media presence, blogs and advertisements along with two youthful brand ambassadors Smriti Mandhana and Kriti Sanon have helped strengthen your Company's connect among the younger consumers. With the introduction of new collections in Power, a fashion forward collection under Bata Red Label and a contemporary range of casuals for both men & women, we have seen more and more young Indians come back to our stores. Your Company is also leveraging brand North Star to connect with the youngsters in the country with very encouraging response.

Your Company's brand popularity and consumer initiatives were recognized as 'Bata' was conferred the IMAGES – Most Admired Footwear Brand of the Year 2017 at the 18th Annual IMAGES Fashion Awards. The brand was also featured amongst India's buzziest brands at AFAQ'S 2017 (online portal for the marketing, advertising and media news).

SHARE CAPITAL

The Authorized Share Capital of your Company as on March 31, 2018 stands at Rs. 700,000,000/- divided into 140,000,000 equity shares of Rs. 5/- each. The Issued Share Capital of your Company is Rs. 642,850,000/- divided into 128,570,000 equity shares of Rs. 5/- each and the Subscribed and Paid-up Share Capital is Rs. 642,637,700/- divided into 128,527,540 equity shares of Rs. 5/- each, fully paid-up.

DIVIDEND

Your Board recommends a dividend of Rs. 4/- per Equity Share of Rs. 5/- each (i.e. 80%) for the financial year ended March 31, 2018. The dividend, if declared, by the Members at the forthcoming Annual General Meeting (AGM) shall be paid to the eligible Members of the Company from Thursday, August 2, 2018 onwards. The total payout of aforesaid dividend would be approximately Rs. 514.11 Million, excluding the corporate dividend distribution tax, as applicable.

The recommendation of aforesaid dividend is in line with the Dividend Distribution Policy of the Company approved by your Board. The said Dividend Distribution Policy has been uploaded on the website of the Company at www.bata.in and is available at the link <https://bata.in/0/pdf/DividendDistributionPolicy-BIL.pdf>.

GENERAL RESERVE

The Company has not transferred any amount to the General Reserve during the financial year ended March 31, 2018.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND THE DATE OF REPORT

Subsequent to the end of the financial year on March 31, 2018 till date, there has been no material change and / or commitment which may affect the financial position of the Company.

CREDIT RATING

During the year under review, ICRA Limited (ICRA) has reaffirmed the Credit Rating of '[ICRA] AA+' (pronounced as ICRA double A plus) for the Non-Fund Based Facilities of your Company. The outlook on the Long Term Rating is 'Stable'.

DEPOSITS

Your Company has no unclaimed / unpaid matured deposit or interest due thereon since December 31, 2013. Your Company has not accepted any deposits covered under 'Chapter V - Acceptance of Deposits by Companies' under the Companies Act, 2013 during the financial year ended March 31, 2018.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

In terms of Section 186 of the Companies Act, 2013 and Rules framed thereunder, details of the Loans given and Investments made by your Company have been disclosed in Note No. 5 of the Notes to Financial Statements for the year ended March 31, 2018, which forms part of this Annual Report. Your Company has not given any guarantee or provided any security during the year under review.

RELATED PARTY TRANSACTIONS

During the financial year ended March 31, 2018, all transactions with the Related Parties as defined under the Companies Act, 2013 read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length' basis. Your Company does not have a 'Material Subsidiary' as defined under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations']. Your Board shall formulate a Policy to determine Material Subsidiary as and when considered appropriate in the future.

During the year under review, your Company did not enter into any Related Party Transactions which require prior approval of the Members. All Related Party Transactions of your Company had prior approval of the Audit Committee and the Board of Directors, as required under the Listing Regulations. Subsequently, the Audit Committee and the Board have reviewed the Related Party Transactions on a quarterly basis. Your Company has an internal mechanism for the purpose of identification and monitoring of Related Party Transactions.

During the year under review, there has been no materially significant Related Party Transactions having potential conflict with the interest of the Company.

Since all Related Party Transactions entered into by your Company were in the ordinary course of business and also on an arm's length basis, therefore details required to be provided in the prescribed Form AOC - 2 is not applicable to the Company. Necessary disclosures required under the Ind AS 24 have been made in Note No. 37 of the Notes to the Financial Statements for the year ended March 31, 2018.

SUBSIDIARIES

The Company has three wholly owned subsidiaries viz., Bata Properties Limited, Coastal Commercial & Exim Limited and Way Finders Brands Limited.

The Annual Reports of these Subsidiaries will be made available for inspection by the Members of the Company at the Registered Office of your Company at 27B, Camac Street, 1st Floor, Kolkata – 700016, West Bengal between 11:00 a.m. and 1:00 p.m. on any working day upto the date of AGM. Annual Reports along with the Audited Financial Statements of each of the Subsidiaries of your Company are also available on the website of the Company at www.bata.in. The Annual Reports of the aforesaid Subsidiaries for the financial year ended March 31, 2018 shall be provided to the Members of the Company upon receipt of written request from them.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing salient features of Financial Statements of the aforesaid Subsidiaries has been provided in Form No. AOC-1 and included in this Annual Report.

The Audited Consolidated Financial Statements (CFS) of your Company for the financial year ended March 31, 2018, prepared in compliance with the provisions of Ind AS 27 issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Ministry of Corporate Affairs (MCA), Government of India also forms part of this Annual Report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the Form No. MGT-9 as on March 31, 2018 is annexed to this Board's Report and marked as Annexure I.

AUDIT AND AUDITORS

Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013 read with provisions of the Companies (Audit and Auditors) Rules, 2014 as amended, M/s. B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) was appointed as the Auditors of the Company for a consecutive

period of 5 years from conclusion of the 84th AGM held in the year 2017 until conclusion of the 89th AGM of the Company scheduled to be held in the year 2022.

The Members may note that consequent to the changes made in the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 by the Ministry of Corporate Affairs (MCA) vide notification dated May 7, 2018, the proviso to Section 139(1) of the Companies Act, 2013 read with explanation to sub-rule 7 of Rule 3 of the Companies (Audit and Auditors) Rules, 2014, the requirement of ratification of appointment of Auditors by the Members at every AGM has been done away with. Therefore, the Company is not seeking any ratification of appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Auditors of the Company, by the Members at the ensuing AGM.

Your Company has received a certificate from M/s. B S R & Co. LLP, Chartered Accountants confirming their eligibility to continue as Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and the Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI as required under the provisions of Regulation 33 of the Listing Regulations.

Secretarial Auditor

In terms of the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Board at its meeting held on February 9, 2018 appointed M/s. P. Sarawagi & Associates, Company Secretaries, 27, Brabourne Road, Kolkata - 700001, as the Secretarial Auditor of the Company, to conduct the Secretarial Audit for the financial year ended March 31, 2018 and to submit Secretarial Audit Report in Form No. MR-3.

A copy of the Secretarial Audit Report received from M/s. P. Sarawagi & Associates in the prescribed Form No. MR-3 is annexed to this Board's Report and marked as Annexure II.

Qualification, reservation or adverse remark in the Auditor's Reports and Secretarial Audit Report

There is no qualification, reservation or adverse remark made by the Auditors in their Reports to the Financial Statements (both Standalone and Consolidated) or by the Secretarial Auditor in his Secretarial Audit Report for the financial year ended March 31, 2018.

SIGNIFICANT AND MATERIAL LITIGATIONS / ORDERS

During the year under review, there were no significant material orders passed by the Regulators / Courts and no litigation was outstanding as on March 31, 2018, which would impact the going concern status and future operations of your Company. The details of litigation on tax matters are disclosed in the Auditor's Report and Financial Statements which forms part of this Annual Report.

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

In compliance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, a statement containing information on conservation of energy, technology absorption, foreign exchange earnings and outgo of the Company, in the prescribed format, is annexed to this Board's Report and marked as Annexure III.

RESEARCH AND DEVELOPMENT ACTIVITIES AND ENERGY CONSERVATION

Research and Development activities during the year under review continued to emphasize on creating a pollution-free and a safe work environment. Technological improvement in product development, material development, introduction of new footwear moulds, process improvement, etc. were the key focus area to improve quality of footwear and productivity in manufacturing. During the year under review, an expenditure of Rs. 57.93 Million was incurred on Research and Development (including product development initiatives), as against Rs. 59.60 Million during the financial year 2016-17. Research and Development Centres at Batanagar, Bataganj & Bata Shatak manufacturing units across India, are approved by the Department of Science & Technology, Government of India.

The Company has adopted a series of energy conservation measures like continuously replacing conventional tubes with energy efficient LED lights, installation of energy efficient Variable Frequency Drive (VFD) motors

in conveyors etc. at its Manufacturing Units across India. Such energy saving measures led to a saving of energy cost worth approx. Rs. 3.64 Million during the year under review. Your Company shall continue to invest on Research and Development activities and energy saving measures in its manufacturing units in the future as well.

CORPORATE SOCIAL RESPONSIBILITY

Your Board has constituted a Corporate Social Responsibility (CSR) Committee of the Board under the Chairmanship of an Independent Director. A CSR sub-committee comprising of Senior Executives of the Company and a dedicated CSR team undertake and monitor all CSR projects of your Company. Compositions of CSR Committee of your Company and other relevant details have been provided in the Corporate Governance Report which forms part of this Annual Report.

The Company works on the belief of its founding family members that Companies should exist to serve a social purpose and enhance the quality of lives of people connected through the business. The Company has a CSR Policy in place which aims to ensure that the Company continues to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders. It takes up CSR programmes, which benefit the communities in and around the vicinity of its operational presence resulting in enhancing the quality of lives of the people in those areas. The said CSR Policy has been uploaded on the website of the Company at www.bata.in and is available at the link <https://bata.in/0/pdf/CorporateSocialResponsibilityPolicy.pdf>.

In line with the Company's value of 'Improving Lives', it focussed on working with schools to improve quality of education, trained underprivileged youth in retail sales to enhance their employability skills, conducted foot care awareness workshops with school children and donated shoes to the underprivileged communities.

Your Company spent an amount of Rs. 71.14 Million during the financial year 2017-18 as against its 2% obligation amounting to Rs. 55.80 Million, thereby exceeding its entire CSR obligation. Your Company made significant strides to harness all its resources towards successful execution of the CSR projects across all locations.

Schools - Bata Children's Programme (BCP)

During the year, the Company worked with around 3,000 children in 6 schools across the country near its area of business operations. With the focus on promotion of girl child education, programmes were formulated and implemented towards development of the girl child.

The Company upgraded infrastructure in schools through classroom renovation, providing classroom furniture, and promoting STEM (Science, Technology, Engineering and Math) education by setting up computer and science labs. The Company also partnered with an organization on the project 'I Love Science' which conducts creative science workshops with the children to remove the fear of science and make it interesting for them using custom Science Kits. In schools, as part of the preventive healthcare programme and promotion of life skills, the Company conducted workshops for the children like menstrual hygiene and good touch bad touch for girl child, personal hygiene, substance abuse, nutrition, etc. The Company also sponsored health checkup camps in various schools as part of the preventive healthcare programme.

Your Company believes that education should be holistic and integral touching upon physical, emotional and aesthetic development in addition to academics. Thus, while working on improving academics, the Company also focuses on the overall development of the child by providing opportunities to get involved in extra-curricular activities like sports, arts and crafts, competitions, educational tours, etc. Children were also involved in self-defence classes.

Empowering the girl child through specially designed Ballerinas

Continuing its commitment towards the betterment of the society, the Company launched its unique CSR campaign the 'Ballerina Project' at the Bata Store in South City Mall, Kolkata in March 2018. Focussed on girl child empowerment, the Ballerina Project by Bata aims to create a substantial positive effect for social and economic fabric. The project will be initiated first in India in association with Project Nanhi Kali, an initiative which is jointly managed by the K.C. Mahindra Education Trust and Naandi Foundation.

Employability Training

Bata India's vocational skills project is in line with Hon'ble Prime Minister's 'Skill India Campaign' and is based on the belief of empowering youth from the underprivileged community. Through this project, the Company aims to develop employability skills of the underprivileged youth to enable them to find good jobs, which would lead to better living standards and economic growth. The Company is in the process to train 200 youths in retail sales at Bengaluru, Coimbatore and Hyderabad.

Bata Happy Steps Programme

We worry about our teeth, eyes, and other parts of the body. We learn washing, brushing, and grooming. But we ignore our developing feet which have to carry the entire weight of the body throughout the lifetime. Just like adults, foot care for children is vital to their health and well-being. But caring for kids' feet isn't exactly the same as caring for our own feet. Their delicate toes and soles are still growing and therefore require special attention and proper shoes.

Child's foot health plays an important role in ensuring proper progression into adulthood. If a child has a foot deformity or is experiencing foot pain, it is important to seek treatment from a medical professional as soon as possible. To address this need, Bata conducted awareness workshops across school children on foot care and hygiene and also provided shoes to the underprivileged communities.

CSR Partners

In our endeavor to deliver the best outcomes, we partnered with specialist organizations who are experts in their field.

Partner	Specialization	Project
SHARP (School Health Annual Report Programme)	School health programme	BCC (Behaviour Change Communication) workshops for school children.
HLFPPT (Hindustan Latex Family Planning Promotion Trust)	School health programme	BCC (Behaviour Change Communication) workshops for school children.
NIIT Foundation	Computer education	'Hole in the Wall' computer project in schools.
Ingenuity EduLabs LLP	Creative science workshops	Science workshops with school kids
Sambhav Foundation	Vocational skills	Training partner for retail sales
Centum Foundation	Vocational skills	Training partner for retail sales
Agastya International Foundation	Science labs	Science labs in schools

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, the Annual Report on CSR Activities has been annexed to this Board's Report and marked as Annexure IV.

SUPPORT FROM BATA SHOE ORGANIZATION

Your Company continues to receive support from the Holding Company - Bata (BN) BV., Amsterdam, The Netherlands and also from Bata Shoe Organization (BSO). Your Company also enjoys the benefits of technical research through Global Footwear Services Pte. Ltd., Singapore (GFS). Your Company has renewed the Technical Collaboration Agreement with GFS with effect from January 1, 2011 for a period of ten years. In terms of the said Technical Collaboration Agreement, your Company receives guidance, training of personnel and services from GFS in connection with research & development, marketing, brand development, footwear technology, testing & quality control, store location, layout & design, environment, health & safety, risk & insurance management, etc. Your Company continues to obtain expertise and experience from the personnel of GFS and other BSO group Companies to improve its product range and operational processes throughout the year. In terms of the renewed Agreement as aforesaid, your Company has paid a technical services fee of Rs. 255.04 Million to GFS during the financial year ended March 31, 2018, which is around 1% of the Turnover of your Company.

BOARD OF DIRECTORS, BOARD MEETINGS AND KEY MANAGERIAL PERSONNEL

Your Company's Board is duly constituted and is in compliance with the requirements of the Companies Act, 2013, the Listing Regulations and provisions of the Articles of Association of the Company. Your Board has been constituted with requisite diversity, wisdom and experience commensurate to the scale of operations of your Company.

During the year under review, a total of four Meetings of the Board of Directors of the Company were held, i.e., on May 15, 2017; August 2, 2017; November 14, 2017 and February 9, 2018. Details of Board composition and Board Meetings held during the financial year 2017-18 have been provided in the Corporate Governance Report which forms part of this Annual Report.

During the year under review, Mr. Shaibal Sinha (DIN: 00082504), who retired at the 84th AGM, was re-appointed as a Director of the Company. The Board has appointed Mr. Sandeep Kataria (DIN: 05183714) as an Additional Director of the Company with effect from November 14, 2017 to hold office upto the date of the forthcoming AGM. At the said Board Meeting, Mr. Sandeep Kataria has also been appointed as the Whole-time Director and Chief Executive Officer of the Company for a period of five years with effect from November 14, 2017, subject to approval of the Members at the forthcoming AGM. In terms of Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Kataria shall be liable to retire by rotation. Being a Whole-time Director and Chief Executive Officer of the Company, Mr. Kataria is also a Key Managerial Person (KMP) of the Company in terms of the provisions of Sections 2(51) and 203 of the Companies Act, 2013.

The Company has received Notice under Section 160 of the Companies Act, 2013 from a Member of the Company signifying the candidature of Mr. Sandeep Kataria (DIN: 05183714) for his appointment as a Director of the Company at the forthcoming AGM. A brief profile along with necessary disclosures of Mr. Kataria has been annexed to the Notice convening the ensuing AGM and forms an integral part of this Annual Report. Your Board recommends appointment of Mr. Kataria as a Director and also the Whole-time Director and Chief Executive Officer of the Company.

Mr. Christopher MacDonald Kirk (DIN: 07425236), Non-Executive Director is due to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. A brief profile along with necessary disclosures of Mr. Christopher MacDonald Kirk has been annexed to the Notice convening the ensuing AGM and forms an integral part of this Annual Report. Your Board recommends re-appointment of Mr. Christopher MacDonald Kirk as a Director of the Company, liable to retire by rotation.

Mr. Uday Khanna, Mr. Ravindra Dhariwal, Mr. Akshay Chudasama and Ms. Anjali Bansal, Independent Directors of your Company have declared to the Board of Directors that they meet the criteria of Independence as laid down in Sections 149(6) and 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and there is no change in their status of Independence. Your Board places on records its deep appreciation for their continuous guidance, support and contribution to the Management of the Company in its pursuit to achieve greater heights.

During the year under review, Mr. Maloy Kumar Gupta, Company Secretary & Compliance Officer, resigned from the Company with effect from October 31, 2017 and Mr. Arunito Ganguly has been appointed in his place as the Assistant Vice President, Company Secretary & Compliance Officer, with effect from December 15, 2017.

Mr. Rajeev Gopalakrishnan, Managing Director, Mr. Sandeep Kataria, Whole-time Director and Chief Executive Officer, Mr. Ram Kumar Gupta, Director Finance and Chief Financial Officer and Mr. Arunito Ganguly, Assistant Vice President, Company Secretary & Compliance Officer are the Key Managerial Personnel (KMP) of your Company.

AUDIT COMMITTEE

The Board of Directors of your Company has a duly constituted Audit Committee in terms of the provisions of Section 177 of the Companies Act, 2013 read with the Rules framed thereunder and Regulation 18 of the Listing Regulations. The terms of reference of the Audit Committee has been approved by the Board of Directors. Composition of the Audit Committee, number of meetings held during the year under review, brief

terms of reference and other requisite details have been provided in the Corporate Governance Report which forms part of this Annual Report. Recommendations made by the Audit Committee are accepted by your Board.

NOMINATION AND REMUNERATION POLICY

Your Board has adopted a Remuneration Policy for identification, selection and appointment of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) of your Company. The Policy provides criteria for fixing remuneration of the Directors, KMPs, SMPs as well as other employees of the Company. The Policy enumerates the powers, roles and responsibilities of the Nomination and Remuneration Committee.

Your Board, on the recommendations of the Nomination and Remuneration Committee, appoints Director(s) of the Company based on his / her eligibility, experience and qualifications and such appointment is approved by the Members of the Company at General Meetings. Generally, the Managing Director and Whole-time Directors (Executive Directors) are appointed for a period of five years. Independent Directors of the Company are appointed to hold their office for a term of upto five consecutive years on the Board of your Company. Based on their eligibility for re-appointment, the outcome of their performance evaluation and the recommendation by the Nomination and Remuneration Committee, the Independent Directors may be re-appointed by the Board for another term of five consecutive years, subject to approval of the Members of the Company. The Directors, KMPs and SMPs shall retire as per the applicable provisions of the Companies Act, 2013 and the policy of the Company. While determining remuneration of the Directors, KMPs, SMPs and other employees, the Nomination and Remuneration Committee ensures that the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate them and ensure the quality required to run the Company successfully. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks and such remuneration comprises a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Company follows a compensation mix of fixed pay, benefits, allowances, perquisites, performance linked incentives and retirement benefits for its Executive Directors, KMPs, SMPs and other employees. Performance Linked Incentive is determined by overall business performance of your Company. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the Board of Directors and Members of the Company. The Company pays remuneration to Independent Directors by way of sitting fees and commission on the net profits of the Company. Non-Executive Non-Independent Directors of your Company do not accept any sitting fees / commission. Remuneration to Directors is paid within the limits as prescribed under the Companies Act, 2013 and the limits as approved by the Members of the Company, from time to time.

The aforesaid Nomination and Remuneration Policy has been uploaded on the website of the Company at www.bata.in and is available at the link https://bata.in/0/pdf/Remuneration-Policy_2015.pdf. Your Company conducts a Board Evaluation process for the Board of Directors as a whole, Board Committees and also for the Directors individually through self-assessment and peer assessment. The details of Board evaluation for the financial year 2017-18 have been provided in the Corporate Governance Report which forms part of this Annual Report.

DISCLOSURES ON REMUNERATION OF DIRECTORS AND EMPLOYEES OF THE COMPANY

Information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and subsequent amendments thereto, is annexed to this Board's Report and marked as Annexure V.

A statement containing the information of top ten employees in terms of remuneration drawn and particulars of every employee of the Company, who was in receipt of remuneration not less than the limits specified under Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subsequent amendments thereto, is annexed to this Board's Report and marked as Annexure VI.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) 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 at March 31, 2018 and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of provisions of Section 177 of the Companies Act, 2013 and Rules framed thereunder read with Regulation 22 of the Listing Regulations, your Company has a vigil mechanism in place for the Directors and Employees of the Company through which genuine concerns regarding various issues relating to inappropriate functioning of the organization can be communicated. For this purpose, your Board adopted a Whistle Blower Policy which has been uploaded on the website of the Company at www.bata.in and is available at the link <https://bata.in/0/pdf/Bata-WhistleBlowerPolicy.pdf>. A Vigil Mechanism Committee under the Chairmanship of the Audit Committee Chairman has been constituted. The Policy provides access to the Legal Head of the Company and to the Chairman of the Audit Committee.

No person has been denied an opportunity to have access to the Vigil Mechanism Committee and the Audit Committee Chairman.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has adopted a Policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. Your Company is committed to provide a safe and secure environment to its women employees across its functions and other women stakeholders, as they are considered as integral and important part of the Organization.

An Internal Complaints Committee (ICC) with requisite number of representatives has been set up to redress complaints relating to sexual harassment, if any, received from women employees and other women associates. All employees (permanent, contractual, temporary, trainees) are covered under this policy, which also extends to cover all women stakeholders of the Company.

The following is a summary of sexual harassment complaints received and disposed off satisfactorily during the financial year ended March 31, 2018:

- | | | |
|----------------------------------|---|---|
| • No. of Complaints received | : | 2 |
| • No. of Complaints disposed off | : | 2 |

Your Company has been conducting awareness campaign across all its manufacturing units, warehouses, retail stores and office premises to encourage its employees to be more responsible and alert while discharging their duties.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company's internal financial control ensures that all assets of the Company are safeguarded and protected, proper prevention and detection of frauds and errors and all transactions are authorized, recorded and reported appropriately. Your Company operates through definitive Chart of Authorities (COAs) and Standard Operating Procedures (SOPs) in respect of its operations including financial transactions. Such COAs and SOPs are regularly monitored and if required, modified from time to time depending on business requirements.

Your Company has an adequate system of internal financial controls commensurate with its size and scale of operations, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

Such practice provides reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with the applicable legislations and that the same are well within the COAs and SOPs, without exception. Your Company also monitors through its Internal Audit Team the requirements of processes in order to prevent or timely detect unauthorized acquisition, use or disposition of the Company's Assets which could have a material effect on the Financial Statements of the Company. The Internal Audit function is responsible to assist the Audit Committee and Risk Management Committee on an independent basis with a complete review of the risk assessments and associated management action plans.

Risk Management is embedded in the Company's operating framework. Your Company believes that risk resilience is key to achieving higher growth. To this effect, there is a robust process in place to identify key risks across the Company and prioritize relevant action plans to mitigate these risks. Risk Management framework is reviewed periodically by the Board and the Audit Committee and Risk Management Committee, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks.

The Internal Audit Report and Risk Inventory Report are reviewed periodically by the Audit Committee of the Board of Directors. The Chief Internal Auditor is a permanent invitee to the Audit Committee Meetings. The Audit Committee advises on various risk mitigation exercises on a regular basis. Your Company has been maintaining a separate Internal Audit Team headed by the Chief Internal Auditor appointed by the Audit Committee of your Board.

Your Board has also constituted a Risk Management Committee comprising of the Directors and Senior Executives of the Company under the Chairmanship of the Managing Director of the Company. The Terms of Reference of the Risk Management Committee and a Risk Management Policy of the Company have also been approved and adopted.

Your Board is of the opinion that the Internal Financial Controls, affecting the Financial Statements of your Company are adequate and are operating effectively.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and developments

The financial year 2017-18 was an eventful year with the adoption of GST. While there were some initial hiccups that were to be expected, the implementation of the GST will act as a boon in the long term for the organized manufacturing industry across the country.

The Indian footwear industry is currently under transformation phase and moving from a traditionally labour-intensive industry to a more technological and innovation driven industry. The footwear industry in India employs over 1.1 million workers, making it one of the top employment generating industry in the country. The footwear production in India is over 22 billion pairs annually, which is approximately 9.6% of the total global annual footwear output. India is the second largest global producer of footwear after China and also the world's third-largest footwear consumer after China and the USA. Almost 90% of the footwear manufactured in India is sold in the domestic market. Today, India is already among the world's top 10 footwear exporters, and its share is growing. The organised footwear market in India is still dominated by men's footwear which contributes around 58% of the total retail footwear market and is expected to grow at a CAGR of around 10% by 2020. The women's footwear segment, however, is projected to grow at a much faster CAGR of around 20%. In terms of the product type, casual footwear is the largest product segment in the Indian footwear market and contributes to approximately 67% of the total retail footwear market. The footwear industry is dominated

by the unorganized domestic footwear manufacturers but with the fast changing consumer behaviour, growing Indian fashion and lifestyle market, increase in disposable income of middle class, awareness of fitness among youth, urbanization and demographic changes, the organised sector footwear brands are likely to witness higher growth in the near future.

The Indian footwear industry, is in a confident phase with growth in online shopping, fitness awareness, latest style, fashion trends and consciousness among consumers. With the growing health and fitness awareness amongst urban Indians, demand for fitness footwear has increased manifold and is expected to continue for several years to come. Rapid growth was also registered in Internet retailing in India, which recorded double-digit value share in overall footwear sales in 2017. It is expected that around 11% of total revenue in the Indian footwear market will be generated through online sales by 2021. Due to rapidly increasing urbanization, there is also an opportunity in Tier II and Tier III cities across India.

The Government of India recently approved special package of Rs 2600 crore for leather and footwear sector which also includes measures for simplification of labour laws. The package involves implementation of central scheme 'Indian Footwear, Leather & Accessories Development Programme' with an approved expenditure of Rs. 2600 crore over the three financial years from 2017-18 to 2019-20. The package would lead to development of infrastructure for the leather sector, address environmental concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production.

Opportunities and Threats

Being aware of the changes in the external business environment coupled with growing competition both from domestic and foreign players in the industry your Company is making constant endeavours to manufacture better quality, comfortable and durable products. With an eye to improve customer shopping experience your Company is focusing on larger format stores combined with better visual merchandising with continuous focus on operational cost efficiency so that its able to retain its market share and grow further. The online marketing initiatives using digital influencers have already proved to be successful mainly among the younger consumers. With the infusion of new lines in men's and women's contemporary collection along with exciting and colorful range for teenage consumers and a range of offerings for the sports & fitness lovers the footfalls at stores are increasing. A range of products in the casual and lifestyle offering especially for working women are expected to create a sustained demand for the future.

The competition is expected to intensify in the coming years with more and more organized players entering the market with a range of offerings in formal and fashion segment. The brick and mortar retail industry is also expected to witness intense competition from the innovative digital platforms.

Segment wise or product wise performance

Your Company operates in Footwear & Accessories Segment only and performances of major business categories and key brands of your Company during the financial year ended March 31, 2018 are highlighted below:

Retail Business

Your Company has followed a strategy of driving same store growth while adding new retail stores in Malls and High Street locations to enhance its Retail footprint. During the twelve month period ended March 31, 2018, your Company added over 100 new retail stores, 31 franchisee stores & renovated more than 90 stores across India. These spacious new stores are located in the growing markets of the country and are based on global design, making them look enticing with contemporary display of the products. Your Company shall continue to make investment on renovating existing stores hence creating a delightful shopping experience for the customers by improving store layouts on the lines of new 'Red Angela Store Concept' and creating an emphasis on key products within the retail stores. Your Company plans to focus on building the Bata Brand and attract more footfalls in the retail stores through breathtaking windows, in-stores activities and amplify various new launches of products and collections. Your Company is also focussed on improving customer service at stores through regular training of store staff.

With the relaunch of Power range - 'XO Rise' Genesis, Glide Vapor & Speedy your Company is confident of attracting teenagers and youth in a big way. As a step to building the brand "Power" your Company has opened its first stand-alone Power store in Noida and plan to open more exclusive stores next year.

Your Company also opened the first Bata Women Store in India in Bengaluru focussed on catering to footwear & accessories needs of woman consumers.

Digital Multi-Channel Business

Your Company's online business has recorded a remarkable growth during the year under review. Your Company sold more than 8.9 lac pairs of footwear through online channels and achieved a turnover of Rs. 879 Million. Your Company's e-commerce presence has penetrated in 1000+ cities and towns across India.

During the financial year, your Company's e-commerce division worked on opportunities to diversify brand reach in the existing online business models. Your Company further continued to strengthen its online customer database by reaching out to the leading telecom, airline and banking players in association with affiliated partners. There were continuous efforts to retain the loyalty database by reaching out to them through SMS on a week-on-week basis. Your Company's online business with partners like Amazon, Flipkart etc. has grown across all portals - with a steep increase in secondary sales through competitive product offerings, creation of interactive brand stores and rigorous marketing campaigns which in turn resulted better secondary sales on these platforms. Various market expansion strategies were put in place like increase of brand presence through marketplace model by listing products on high-traffic generating websites including TataCliq, ShopClues, GoFynd and Limeroad.

Your Company's e-commerce website www.bata.in migrated to a secure AWS server for enhanced performance that includes features like auto scaling and elastic load balancing. The website of your Company has been further enhanced to a better UX / UI which is simple, user friendly and high on fashion quotient. Your Company has further upgraded its Mobile Application with interactive user-interface leading to an increase in registered mobile users. With the launch of Bata Home Delivery your Company has also embarked on a journey towards being a truly omni-channel organization where consumers can view and buy our products from any platform and use our stores as a point of service. Going forward your Company will use digital devices in our stores to show a wider range of products to the consumers thereby improving the overall conversion of our stores.

Hush Puppies

The financial year 2017-18 saw various new initiatives for Hush Puppies - your Company's international brand known for comfort, quality and style. Launching of new 'Signature Collection' across its exclusive stores, marking a new tradition of contemporary and fashionable shoes for the new younger generation, etc. were the major highlights for the brand. Apart from this, an increased focus on womens footwear as a premium comfort category has been introduced in the new and refreshing lines of 'The Body Shoe' for women and the new successful sporty casual collection. In addition to being available through the retail stores, wholesale network and e-commerce channel of the Company, the brand has now expanded its presence through 90 exclusive stores and 60 shop-in-shops in premium departmental stores. During the year under review, Hush Puppies continues to strongly reposition itself as a Premium Lifestyle Casual Footwear brand. Your Company shall continue to focus on offering new and unique products under this brand, with increased focus on comfort, contemporary fashion and style making 'Hush Puppies' the most desired lifestyle footwear brand in India.

Children's Footwear

In order to cater to the children's ever changing footwear demand, your Company has been introducing many new designs and innovative footwear. Through 'Bubblegummers' brand of footwear, your Company has always been striving to make quality shoes with uncompromising comfort and features that safeguard their little feet. Bubblegummers is retailed through all Bata stores across the Country and has been the first point of contact to start our consumers' journey to establish long term association with Bata. With 18% of the Country's population below the age of 10 years, potential to grow in the children category of footwear is huge which makes this category as one of the key focus areas for your Company.

Your Company has opened its first Bubblegummers Store in Bengaluru which provide a unique shopping experience to shoppers with great collection of shoes and accessories.

Your Company has further established an association with The Walt Disney Company India Pvt. Ltd. and working with a set of designers from Disney, to create a complete collection covering all types of footwear ranging from casual shoes, canvas shoes and Ballerinas to everyday-wear sandals and chappals. Your

Company has created exclusive 'Disney Corners' in some of its key retail stores across major cities in India to highlight the collection and add value to the children category of footwear range.

Non-Retail Business

Your Company's non-retail business division comprises of urban wholesale, industrial and institutional business divisions. The urban wholesale business of your Company has been endeavouring to penetrate the markets through a wide network of approximately 350 distributors across India. During the year under review, the wholesale trade across India witnessed a slowdown as the business has been impacted by some external factors like GST implementation. Your Company is strengthening its urban wholesale business, monitoring team and efforts are being made to increase its market share in the wholesale footwear business.

Customer Care Initiatives

Your Company has a dedicated customer service team to ensure customers don't face any inconvenience and their queries and concerns get addressed in an amicable way. A toll free customer support number is there in place so that customer can reach directly to the Company along with other channels like e-mail, Facebook, Twitter etc. Your Company provides the best in class services to the customers, all the concerns are being resolved within minimum timelines ensuring complete transparency. Your Company's loyalty programme "Bata Club" has increased its reach by registering over 19 Million members. The programme ensures continuous engagement with members and rewards them special benefits upon purchase. These customer engagement programmes are conducted throughout the year to drive increased footfalls and improved conversion in both retail stores and on digital multi-channel platforms. Your Company has also started collecting customer feedback about their shopping experience and measuring it as per the global standard tool "NPS" (Net Promoter Score) since January 2018.

Outlook

Your Company has an established leadership position in the industry and is the most trusted name in branded footwear and accessories. With the change in customer preferences, shoes have become a style statement especially among the teenagers, youth and the affluent working class. The domestic demand for footwear is projected to grow at a fast pace. The inclination towards purchase of products manufactured by established brands is increasing. The digital platform, presence in social media, blogs and advertisements are fast catching up with the brick and mortar sales model. Your Company is proactively engaged in taking appropriate steps to tap these opportunities in order to improve its market share and retain its leadership position in the organized footwear and accessories sector of the industry.

Risks and concerns and Contingent Liabilities

Your Company acknowledges the fact that competition from both domestic and international players is increasing by every passing day. In addition to increasing competition the changing customer behavior and impact of online marketing initiatives have an effect on your Company's performance since your Company has a huge network of retail stores Pan India. With the opportunity for employment gradually increasing people/talent retention is considered as a challenge. Your Company also realizes that modernization of I.T. systems along with having suitable protection from risk of loss / theft of data is one of the major areas of concern globally. Your Company monitors its major risks and concerns at regular intervals. Appropriate steps are taken in consultation with all concerned including the Risk Management Committee and the Audit Committee of the Board to identify and mitigate such risks.

During the normal course of its business operations, your Company has been subjected to litigations in connection with or incidental thereto. These litigations include civil cases, excise and customs related cases, etc. filed by and against the Company. These cases are being pursued with due importance and in consultation with legal experts in respective areas. Your Board believes that the outcome of these cases are unlikely to cause a materially adverse effect on the Company's profitability or business performance. Your Company has a Contingent Liability of Rs. 460.54 Million as on March 31, 2018 as compared to Rs. 576.97 Million as on March 31, 2017. Attention is drawn to the explanations mentioned in Note No. 32 of the Notes to Financial Statements for the financial year ended March 31, 2018. In view of the present status and based on legal advice obtained from time to time, your Board is of the opinion that no provision is required to be made against these Contingent Liabilities.

Internal control systems and their adequacy

A separate paragraph on internal control systems and their adequacy has been provided elsewhere in the Board's Report.

Discussion on financial performance

Your Company has been able to achieve profitable growth and believes that this is sustainable, barring unforeseen circumstances.

The Earnings per Share (EPS) (Basic and Diluted) of your Company for the financial year ended March 31, 2018 was at Rs. 17.40. The EPS for the previous financial year ended March 31, 2017 was Rs. 12.35, which was lower primarily due to one-time exceptional expenses. Excluding such exceptional items, the EPS of your Company for the financial year ended March 31, 2017 was Rs.14.04. Your Company recorded EBITDA margin of 13.40% during the financial year under review as compared to 11.10% during the financial year 2016-17.

Your Company does not have any Bank Borrowings and the entire capital expenditure has been funded through internal sources.

The Capital Expenditure incurred during the year under review amounted to Rs. 930.77 Million as compared to Rs. 386.79 Million in the previous year.

Material developments in human resource / industrial relations front, including number of people employed

Your Company has been continuously working to improve human resources skills, competencies and capabilities in the Company, which is critical to achieve desired results in lines with its strategic business ambitions. Some key initiatives have been taken during the financial year 2017-18 in this direction are summarized below:

- Execution of Long Term Agreement (LTA) for settlement of dues with the Worker's Union at the manufacturing units of the Company at Batanagar, Kolkata.
- Industrial relations at all the manufacturing units of your Company have been harmonious and peaceful with active involvement of the employees in the collective bargaining process. Your Company has also encouraged wholehearted participation of the employees and union in improving productivity as well as quality of its products.
- The Retail Training Academy of your Company imparted training to 412 District Managers and Store Managers for 10 - 12 weeks duration. During the year, 2091 Sales Promoters were trained on product as well as customer service in our stores.
- As part of continuous learning initiative, your Company implemented online learning modules accessible on mobile as well as tabs for its store staff. Each of the modules is supported by video content, presentations as well as assessments. The completion of these modules leads to certification which is in turn mapped to the career map for different roles.
- In order to retain good talent within the organization, your Company has strengthened the goal setting and measurement process during the year supported with structured development plans for high potential people to move into different roles. This has resulted in higher retention levels across the organization.

As on March 31, 2018, there were 4,698 permanent employees on the rolls of your Company.

CAUTIONARY STATEMENT

There are certain Statements which have been made in the Management Discussion and Analysis Report describing the estimates, expectations or predictions, may be read as 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed or implied. The important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government Policies, Governing Laws, Tax regimes, global economic developments and other factors such as litigation and labour negotiations.

CORPORATE GOVERNANCE

In compliance with the provisions of Regulation 34 of the Listing Regulations read with Schedule V to the said Regulations, the Corporate Governance Report of your Company for the financial year ended March 31, 2018 and a Certificate from M/s. B S R & Co., LLP, Chartered Accountants, the Auditors, on compliance with the provisions of Corporate Governance requirements as prescribed under the Listing Regulations, are annexed and forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT (BRR)

In compliance with the provisions of Regulation 34(2)(f) of the Listing Regulations read with the SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015, your Company has prepared a BRR in the prescribed format for the financial year ended March 31, 2018 describing initiatives undertaken by it from an environment, social and governance perspective in the format as specified by the SEBI which is annexed to the Board's Report and marked as Annexure VII. The BRR has been uploaded on the website of the Company at www.bata.in and is available at the link https://bata.in/bataindia/a-29_s-181_c-42/investor-relations.html.

ACKNOWLEDGEMENTS

Your Board is grateful for the continuous patronage of the valued customers of the Company and remains committed to delivering more style and comfort at every step. Your Board acknowledges and appreciates the relentless efforts of the employees, workmen and staff including the management team headed by the Executive Directors who always lead from the front in achieving a commendable business performance year on year despite a challenging business environment.

Your Board is indebted for the unstinted support and trust reposed by you, the Members and also remains thankful to Bata Shoe Organization (BSO) for their ongoing support and guidance.

Your Board wishes to place on record its deep appreciation of the Independent Directors and the Non-Executive Directors of the Company for their immense contribution by way of strategic guidance, sharing of knowledge, experience and wisdom, which helps your Company to take right decisions in achieving its business goals.

Your Board acknowledges the support and co-operation received from all regulatory authorities of the Central Government and all State Governments in India. Your Board takes this opportunity to thank all its vendors, suppliers, dealers, banks and other stakeholders as it considers them essential partners in progress.

For and on behalf of the Board of Directors

Place : Gurugram
Date : May 22, 2018

UDAY KHANNA
Chairman
DIN: 00079129