1. Corporate information

Bata India Limited is primarily engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network.

Bata India Limited is a public Company domiciled in India. Its shares are listed on three stock exchanges in India. The registered office of the company is located at 27B, Camac Street, 1st Floor, Kolkata - 700016.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act 2013 (the Act and other relevant provisions of the Act).

The financial statements are authorised for issue by Company's board of directors on May 22, 2018.

The financial statements have been prepared on a historical cost or at amortised cost except for the following assets and liabilities

Items	Measurement Basis
Net defined benefit (asset)/liability	Fair Value of plan assets less present value of defined benefit obligations
Derivatives	Fair Value

The financial statements are presented in INR and all values are rounded to the nearest Million (INR 000,000).

2.2 Summary of significant accounting policies

a. Current Vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has identified twelve months as its operating cycle.

b. Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

c. Fair Value Measurements

The Company measures financial instruments, such as forward contracts at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

d. Property, plant & equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Property, plant & equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment.

The present value of the expected cost for decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of Property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e. Depreciation on Property, plant & equipment

i. Lease hold improvements (LHI) & furniture & fixtures at stores are amortised on straight line basis over the period of lease or useful life (not exceeding 9 years), whichever is lower.

ii. Depreciation on other Property, plant & equipment is provided on written down value method at the rates based on the estimated useful life of the assets as described below:

Category of Property, plant & equipment	Useful Lives
Buildings - Factory Buildings - Other than Factory Buildings - Fences, Wells, Tube wells	 30 years 10 years - 60 Years 5 years
Plant & Machinery - Moulds - Data processing equipment - Servers - Other Plant and Machinery	 8 years 3 Years 6 Years 5 Years - 15 Years
Furniture & Fittings - Others	 10 years
Vehicles	8 years
Office Equipment	10 Years

The Company, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

iii. Depreciation on Property, plant & equipment added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/ disposal.

f. Intangible Assets

Intangible assets acquired separately are recorded at cost at the time of initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets (Computer Software) with finite lives are amortised over the useful economic life (not exceeding five years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

g. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of fixed manufacturing overheads based on the normal operating capacity. Cost is determined on a weighted average basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Till June 30, 2017, based on the guidance note on accounting treatment of excise duty, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. Post June 30, 2017 excise duty has been subsumed to Goods and Services Tax (GST) and hence the same is not received by the company on its own account, rather it is tax collected on commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i. Sale of Goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions for manufacturing defects for 3 months on all its products sold, in line with the industry practice. The Company does not provide any extended warranties to its customers.

The Company operates a loyalty points programme “ The Bata Club”, which allows customers to accumulate points when they purchase products in the Company’s retail stores. The points can be redeemed against consideration payable for subsequent purchases. Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis (based on data available). The fair value of the points issued is deferred based on actuarial valuation and recognised as revenue when the points are redeemed.

ii. Interest:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

i. Foreign Currency Transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

j. Government grants

Export benefits in the form of Duty Drawback, Duty Entitlement Pass Book (DEPB) and other schemes are recognized in the Statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

k. Retirement and Other Employee Benefits

i) Retirement benefit in the form of pension costs is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the pension fund. The Company recognizes contribution payable to the pension fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

ii) The Provident Fund (administered by a Trust) is a defined benefit scheme where by the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. The Company has adopted actuary valuation based on project unit credit method to arrive at provident fund liability as at year end.

iii) The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

► The date of the plan amendment or curtailment, and

► The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

► Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

► Net interest expense or income

iv) Compensated absences are provided for based on actuarial valuation on projected unit credit method carried by an actuary, at each year end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

v) Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss in the year such scheme is accepted by the employees/workers.

l. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company is lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. A lease which is not a finance lease is classified as Operating lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either (a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or (b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

m. Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

n. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses, are recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually, as appropriate and when circumstances indicate that the carrying value may be impaired.

o. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on actuarial valuation. The initial estimate of warranty-related costs is revised annually.

p. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits and unpaid dividend account, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

r. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability or equity instrument of another Company.

Financial assets

Recognition and initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in five categories:

► Debt Instrument at amortised cost

► Debt instruments at fair value through other comprehensive income (FVTOCI)

► Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

► Equity instruments measured at fair value through other comprehensive income (FVTOCI)

► Investments in equities of subsidiaries at cost

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables, Security deposits & other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. The Company has not designated any debt instrument as at FVTPL.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income, subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Investments in equities of subsidiaries

Investments in equities of subsidiaries are carried at cost in separate financial statements.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

► The rights to receive cash flows from the asset have expired, or

► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are carried at amortised cost or at Fair value through OCI except equity investment which is carried at fair value through OCI. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. The application of simplified approach does not require the Company to track changes in credit risk. Based on the past history and track records the Company has assessed the risk of default by the customer and expects the credit loss to be insignificant. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L).

The balance sheet presentation for various financial instruments is described below:

► Financial assets measured as at amortised cost. ECL is presented as an allowance, i.e., as an integral part of measurement of those assets in the balance sheet. The allowance reduces the net carrying amount until the asset meets write-off criteria.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as:

- financial liabilities at fair value through profit or loss,
- financial liabilities measured at amortised cost,
- loans and borrowings and payables,
- derivatives designated as hedging instruments in an effective hedge relationship.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include:

- financial liabilities held for trading

- financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, if and only if, the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate. Interest expense is recognised in statement of profit and loss.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. The Company has not reclassified any financial asset during the current year or previous year.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when and only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is unfavourable.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

► Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

► Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in highly probable forecast transactions and firm commitments, the ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

3. i) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the accounting policies and the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(i) Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

(ii) Operating lease commitments - Company as lessee

The Company has taken various shop premises under operating lease agreements. The lease agreements generally have an escalation clause and there are no subleases. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. The Company based on an evaluation of the terms and conditions of the agreements assessed that the escalations are as per the mutually agreed terms and are not structured to increase necessarily in line with expected general inflation and hence operating lease payments are continued to be recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b.1 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment defined benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 31.

b.2 Revenue recognition – Loyalty programme

The Company estimates the fair value of points awarded under the Loyalty programme " The Bata Club", by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences. As points issued under the programme expire on expiry of specified period in accordance with the programme, such estimates are subject to significant uncertainty.

3. (ii) Standards issued but not yet effective

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

Sales of goods

For the sale of goods, revenue is currently recognised when the goods are delivered, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods. The revenue from these contracts will be recognised as the products are being manufactured.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

(Amount in INR millions)

Property, plant and equipment and capital work in progress

4a

Property, plant and equipment	Freehold land	Buildings	Lease Hold improvements	Plant and equipment**	Furniture and fixtures	Vehicles	Office equipments	Total
Cost or deemed cost (gross carrying amount)								
As at 31 March 2016	240.84	1,085.56	572.32	552.32	1,312.20	17.82	7.00	3,788.06
Additions	-	25.88	153.22	52.11	143.76	-	-	374.97
Disposals	-	(16.85)	(36.63)	(16.67)	(73.92)	(0.11)	(0.22)	(144.40)
As at 31 March 2017	**240.84**	**1,094.59**	**688.91**	**587.76**	**1,382.04**	**17.71**	**6.78**	**4,018.63**
Additions	-	174.65	248.61	197.32	241.76	11.34	51.62	925.30
Disposals	-	-	(27.71)	(14.01)	(51.84)	(0.76)	(0.01)	(94.33)
As at 31 March 2018	**240.84**	**1,269.24**	**909.81**	**771.07**	**1,571.96**	**28.29**	**58.39**	**4,849.60**
Accumulated depreciation								
As at 31 March 2016	-	99.52	114.49	181.80	368.85	6.62	1.61	772.90
Depreciation charge for the year	-	68.01	112.38	133.97	325.38	5.37	0.92	646.03
Disposals	-	(0.93)	(6.18)	(4.85)	(33.66)	-	(0.43)	(46.05)
As at 31 March 2017	**-**	**166.60**	**220.69**	**310.92**	**660.57**	**11.99**	**2.10**	**1,372.88**
Depreciation charge for the year	-	57.80	171.16	102.18	257.00	4.74	7.57	600.45
Disposals	-	-	(15.84)	(2.85)	(33.70)	(0.43)	(0.00)	(52.82)
As at 31 March 2018	**-**	**224.40**	**376.01**	**410.25**	**883.87**	**16.30**	**9.67**	**1,920.50**
Net Book Value								
As at 31 March 2018	**240.84**	**1,044.84**	**533.80**	**360.82**	**688.09**	**11.99**	**48.72**	**2,929.10**
As at 31 March 2017	240.84	927.99	468.22	276.84	721.47	5.72	4.68	2,645.75

4b

Intangible assets	Computer Software
Cost or deemed cost (gross carrying amount)	
As at 31 March 2016	**9.42**
Addition	11.83
As at 31 March 2017	**21.25**
Addition	5.46
As at 31 March 2018	**26.71**
Accumulated amortisation	
As at 31 March 2016	**3.46**
Amortisation	4.02
As at 31 March 2017	**7.48**
Amortisation	3.76
As at 31 March 2018	**11.24**
Net book Value	
As at 31 March 2018	**15.47**
As at 31 March 2017	13.77

4c

Capital work in progress and Intangible assets under development	As at 31st March 2018	As at 31st March 2017
Capital work-in-progress	121.19	242.29
Intangible assets under development	-	56.06

** Additions includes INR 0.19 millions (31 March 2017 INR NIL) towards assets located at research and development facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

(Amount in INR millions)

5. Financial assets

	Non Current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
a. Investments				
Investment in equity instruments of subsidiaries (cost)				
Unquoted:				
4,851,000 (31 March 2017 : 4,851,000) equity shares of INR 10 each fully paid-up in Bata Properties Limited	48.51	48.51	-	-
100,000 (31 March 2017 :100,000) equity shares of INR 10 each fully paid-up in Way Finders Brands Limited	1.00	1.00	-	-
Total Investment in subsidiaries (a)	49.51	49.51	-	-
Investments in Cooperative Societies (Fair Value through profit and loss)				
Unquoted:				
250 (31 March 2017 :250) equity shares of INR 10 each fully paid-up in Bata Employees' Co-operative Consumers' Stores Limited, Hathidah*	0.00	0.00	-	-
5 (31 March 2017 :5) equity shares of INR 10 each fully paid-up in Bhadrakali Market Co-operative Society Limited, Nasik*	0.00	0.00	-	-
Total Investment in Cooperative Societies (b)	0.00	0.00	-	-
TOTAL (a+b)	**49.51**	**49.51**	**-**	**-**
* Rounded off to INR Nil.				
Aggregate value of unquoted investments	**49.51**	**49.51**	**-**	**-**
b. Loans				
Unsecured, Considered Good				
Loans and advances				
To related parties	85.59	109.23	7.68	7.88
	85.59	109.23	7.68	7.88
Security deposits	907.48	871.71	29.99	24.56
	907.48	871.71	29.99	24.56
TOTAL	**993.07**	**980.94**	**37.67**	**32.44**
c. Other Financial assets				
Interest accrued on loans and advances and deposits	-	-	215.63	192.33
Other receivable (unsecured, considered good)	-	-	115.35	69.08
Other receivable (unsecured, considered doubtful)	-	-	56.81	72.80
Less: loss allowance	-	-	(56.81)	(72.80)
Insurance claim receivable	-	-	0.92	0.51
TOTAL	**-**	**-**	**331.90**	**261.92**

(Amount in INR millions)

6. Deferred tax assets (net)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax recognised in statement of profit and loss:		
Current income tax charge	1,213.95	924.70
Adjustment in respect of current income tax of previous year	-	(62.83)
Deferred tax :		
Relating to origination and reversal of temporary difference	(49.59)	(113.60)
	1,164.36	**748.27**

	As at 31 March 2018	As at 31 March 2017
Deferred tax assets (net)		
Property, plant, equipments and intangible assets: Impact of difference between tax depreciation and depreciation/ amortization charged in the financial statement	543.26	464.47
Impact of expenditure charged to the statement of profit and loss in the current/earlier years but allowable for tax purposes on payment basis	473.13	503.47
Provision for doubtful debts and advances	29.20	28.96
Effect of measuring financial instruments at fair value	8.34	7.43
	1,053.93	**1,004.33**

Reconciliation of average effective tax rate

	For the year ended 31 March 2018		For the year ended 31 March 2017	
Profit before tax		3,400.14		2,335.75
Tax using the Company's domestic tax rate	34.61%	1,176.72	34.61%	808.36
Effect of non deductible expenses	0.22%	7.47	0.99%	23.18
Effect of deductible expenses at higher rate	-0.30%	(10.09)	-0.88%	(20.44)
Effect of change in Income tax rate	-0.83%	(9.74)	-	-
Reversal of tax of earlier years	0.00%	-	-2.69%	(62.83)
Total	**34.24%**	**1,164.36**	32.04%	**748.27**
Tax as per statement of profit and loss	**34.24%**	**1,164.36**	32.04%	**748.27**

Componentwise deferred tax recognised in statement of profit and loss	For the year ended 31 March 2018	For the year ended 31 March 2017
Property, plant, equipments and intangible assets: Impact of difference between tax depreciation and depreciation/ amortization charged in the financial statements	(78.79)	(79.16)
Impact of expenditure charged to the statement of profit and loss in the current/earlier years but allowable for tax purposes on payment basis	30.34	(48.27)
Provision for doubtful debts and advances	(0.24)	13.59
Effect of measuring financial instruments at fair value	(0.90)	0.23
	(49.59)	**(113.60)**

Income tax recognised in other comprehensive income	For the year ended 31 March 2018	For the year ended 31 March 2017
Re-measurement of defined benefit plans	84.70	7.46
	84.70	**7.46**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)
(Amount in INR millions)

7. Other Assets

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
a Other non-current assets				
Unsecured and considered good				
Capital advances	52.74	27.52	-	-
Supplier advances	-	-	23.76	26.76
Recoverable from statutory authorities	62.24	85.31	525.80	102.39
Prepaid expenses	229.26	247.11	164.35	137.25
	344.24	**359.94**	**713.91**	**266.40**
Unsecured, considered doubtful				
Recoverable from statutory authorities	19.38	10.36	-	-
Less: loss allowance	(19.38)	(10.36)	-	-
	-	**-**	**-**	**-**
Total	**344.24**	**359.94**	**713.91**	**266.40**
b Other non-current assets tax assets				
Advance income tax (net of provision)	466.33	377.63	**-**	-
	466.33	**377.63**	-	-

8. Inventories

	As at 31 March 2018	As at 31 March 2017
Raw materials and components (including goods in transit INR 2.46 million (31 March 2017: INR Nil)	239.04	249.25
Work-in-progress	107.88	127.89
Finished goods * (including goods in transit INR 912.56 million (31 March 2017: INR 359.57 million))	7,264.09	6,665.13
Stores and spares	10.13	12.12
Total inventories at the lower of cost and net realisable value	**7,621.14**	**7,054.39**

*Finished goods include Stock in trade, as both are stocked together.
The write down of inventories to net realisable value during the year amounted to INR NIL million (31 March 2017 : INR 135.30). The write down is included in cost of materials consumed and increase/decrease in inventories.

9. Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good - Others	874.00	650.85
Unsecured, considered doubtful	7.39	0.52
Less : loss allowance	(7.39)	(0.52)
Trade receivables from related parties - unsecured considered good (Refer note 37)	12.31	20.63
	886.31	**671.48**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person, nor from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. For explanations on the Company's credit risk management processes, refer to Note 40.

(Amount in INR millions)

10. Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Balances with banks:		
- On current account	440.36	517.72
Cash on hand	103.24	99.27
	543.60	**616.99**

11. Bank Balances other than those included in cash and cash equivalents

	Non - current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unpaid dividend accounts	-	-	13.73	12.87
Deposits with original maturity for more than 3 months but upto 12 months*	-	-	5,327.56	4,579.26
	-	**-**	**5,341.29**	**4,592.13**

*Includes deposit pledged with banks of INR 8.16 millions (31 March 2017 INR Nil millions).

12. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised share capital		
Equity share capital		
140,000,000 (March 31, 2017: 140,000,000) equity shares of INR 5 each	700.00	700.00
Issued share capital*		
Equity share capital		
128,570,000 (March 31, 2017: 128,570,000) equity shares of INR 5 each	642.85	642.85
Subscribed and fully paid up share capital		
Equity share capital		
128,527,540 (March 31, 2017: 128,527,540) equity shares of INR 5 each	642.64	642.64
TOTAL	**642.64**	**642.64**

***Shares held in abeyance**

42,460 (31 March, 2017: 42,460) equity shares of INR 5 each were held in abeyance on account of pending adjudication of the shareholders right to receive those shares/inability of depository to establish ownership rights.

A. Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	128,527,540	642.64	128,527,540	642.64
Issued during the year	-	-	-	-
Outstanding at the end of the year	**128,527,540**	**642.64**	**128,527,540**	**642.64**

B. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of INR 5 per share (previous year INR 5 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Amount in INR millions)

C. Shares held by holding company	As at 31 March 2018	As at 31 March 2017
Out of equity shares issued by the Company, shares held by its holding Company is as follows :		
Bata (BN) B.V., Amsterdam, The Netherlands, the holding company		
68,065,514 (March 31, 2017: 68,065,514) equity shares of INR 5/- each	340.33	340.33
	340.33	**340.33**

D. Details of shareholders holding more than 5% shares in Company

Name of shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares held	% of holding in class	Number of shares held	% of holding in class
Equity shares of INR 5 each fully paid				
Bata (BN) B.V., Amsterdam, The Netherlands, the holding Company	68,065,514	52.96%	68,065,514	52.96%

13. Other Equity

	As at 31 March 2018	As at 31 March 2017
Reserves and Surplus		
a) Securities Premium*:		
Opening Balance	501.36	501.36
Add/(less) : Movement during the year	-	-
Closing balance	**501.36**	**501.36**
(b) General reserve:**		
Opening Balance	1,498.83	1,498.83
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**1,498.83**	**1,498.83**
(c) Retained earnings		
Opening Balance	10,609.98	9,578.02
Add: Net profit after tax transferred from statement of profit and loss	2,235.78	1,587.48
Add:- Re-measurement gains/(losses) on defined benefit plans (net of tax)	(160.03)	(14.10)
Less: Appropriations		
Final dividend for 31 March 2017: INR 3.50 per share(31 March 2016: INR 3.50 per share)	(449.85)	(449.85)
Dividend Distribution Tax on final dividend	(91.57)	(91.57)
Closing balance	**12,144.31**	**10,609.98**
Total (a + b + c)	**14,144.50**	**12,610.17**

* Securities premium is used to record the premium received on issue of shares. It is to be utilised in accordance with the provisions of the Companies Act, 2013.

** In previous years, the Company appropriated a portion of profits to general reserve as per the provions of the Act. The said reserve is available for payment of dividend to the shareholders as per provisions of the Companies Act, 2013.

(Amount in INR millions)

14. Trade payables

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Trade payables to micro, small and medium enterprises	-	-	37.96	39.90
Trade payables to related parties	-	-	66.34	22.34
Trade payables to others*	1,037.42	1,039.71	4,688.01	4,009.91
TOTAL	**1,037.42**	**1,039.71**	**4,792.31**	**4,072.15**

*Includes asset retirement obligation INR 11.78 million (31 March 2017 INR 10.73 million).

15. Other financial liabilities

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Payable for capital goods	-	-	27.30	92.75
Deposit from agents and franchisees	-	-	312.83	296.22
Unpaid dividend	-	-	13.73	12.87
TOTAL	**-**	**-**	**353.86**	**401.84**

16. Other liabilities

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Advance from customers*	-	-	0.24	0.24
Statutory dues payable	-	-	96.46	212.77
Unearned revenue	-	-	76.90	89.83
TOTAL	**-**	**-**	**173.60**	**302.84**

*Includes INR 0.24 million (31 March 2017 INR 0.24 million) payable to related party (refer note 37).

17. Provisions

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
a) Current tax liabilities				
Provision for income tax (net)	-	-	179.24	113.16
	-	**-**	**179.24**	**113.16**
b) Provisions				
Provision for employee benefits				
Provision for gratuity (refer note 31)	-	-	32.70	2.86
Provision for compensated absences	21.90	-	14.34	16.68
Others				
Provision for warranties*	-	-	21.68	12.45
Provision for litigation**	-	-	34.47	11.47
TOTAL	**21.90**	**-**	**103.19**	**43.46**

***Provision for warranties**

The warranty claim provision covers the expenses relating to the cost of products sold. Provision in respect of warranties is made on the basis of valuation carried out by an independent actuary as at period end. It is expected that cost will be incurred over the warranty period as per the warranty terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)
(Amount in INR millions)

	As at 31 March 2018	As at 31 March 2017
Opening balance	12.45	9.99
Arising during the year	104.44	104.56
Utilized during the year	(95.21)	(102.10)
Closing balance	**21.68**	**12.45**

****Provision for litigation**

	As at 31 March 2018	As at 31 March 2017
Opening balance	11.47	11.67
Arising during the year	23.00	-
Utilized during the year	-	(0.20)
Closing balance	**34.47**	**11.47**

The Company sets up and maintains provision for trade related and other litigations or disputes when a reasonable estimate can be made. The amount of provisions are based upon estimates provided by the Company's legal department, which are revisited on a timely basis. The exact timing of the settlement of the litigations and consequently, the outflow is uncertain.

18. Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products (including excise duty)**		
Sale of goods*	26,349.04	24,956.69
Total sale of products	**26,349.04**	**24,956.69**
Other operating revenue		
Others (including export incentives, scrap sales etc.)	14.14	15.72
Total	**26,363.18**	**24,972.41**

*Sale of goods include excise duty collected from customers of INR 70.47 million (31 March 2017 : INR 300.80 million).

**In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended 31 March 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 2017, VAT/ Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. Accordingly, financial statements for the year ended 31 March 2018 and in particular, sales and ratios in percentage of sales, will not comparable with the figures of the previous year.

19. Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Finance Income		
- Unwinding of financial instruments at amortised cost	70.12	65.67
- Deposits with bank	367.90	326.93
- Others	60.21	50.66
	498.23	443.26
Liabilities no longer required written back	-	5.92
Foreign exchange fluctuation (net)	6.08	0.77
Insurance claim received	4.13	1.10
Miscellaneous income	-	15.41
	508.44	**466.46**

(Amount in INR millions)

20. Cost of raw material and components consumed

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Raw material and components consumed		
Inventory at the beginning of the year	249.25	187.16
Add: Purchases	2,685.02	2,976.27
	2,934.27	**3,163.43**
Less: inventory at the end of the year	(239.04)	(249.25)
Cost of raw material and components consumed	**2,695.23**	**2,914.18**
b. Purchases of stock-in-trade		
Purchases	9,842.28	8,878.15
Purchase of stock-in-trade	**9,842.28**	**8,878.15**

21.Changes in Inventories of finished goods, work in progress and stock-in-trade

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the end of the year		
Finished goods*	7,264.09	6,665.13
Work-in-progress	107.88	127.89
	7,371.97	6,793.02
Inventories at the beginning of the year		
Finished goods*	6,665.13	6,297.02
Work-in-progress	127.89	292.28
	6,793.02	6,589.30
(Increase)/decrease in inventories before excise duty	**(578.95)**	**(203.72)**
Increase/(decrease) of excise duty on change in inventories	-	(59.81)
	(578.95)	**(263.53)**

*Finished goods includes stock in trade, as both are stock together.

22. Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	2,697.07	2,475.69
Contribution to provident and other funds	131.67	135.55
Gratuity expense (refer note 31)	25.11	22.01
Staff welfare expenses	99.93	93.70
	2,953.78	**2,726.95**

23. Finance costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense		
- Unwinding of financial instruments at amortised cost	14.06	23.69
- Others	27.92	16.65
	41.98	**40.34**

24. Depreciation and amortisation expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property,plant and equipment	600.45	646.03
Amortisation of intangible assets	3.76	4.02
	604.21	**650.05**

(Amount in INR millions)

25. Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores and spares	32.81	34.64
Power and fuel	559.59	537.15
Rent (refer note 32)	3,622.30	3,563.73
Bank charges	106.21	109.53
Insurance	67.97	69.48
Repairs and maintenance		
Plant and machinery	52.84	33.64
Buildings	76.36	61.13
Others	47.66	38.49
CSR expenses (Refer note 36)	71.14	60.02
Sales commission	570.44	665.31
Royalty	379.19	391.32
Legal and professional fees	156.81	182.70
Payment to auditor (Refer details below)	7.37	9.43
Freight	522.51	546.45
Rates and taxes	141.45	203.70
Advertising and sales promotion	399.94	240.89
Technical collaboration fee	255.04	269.32
Allowance for doubtful debt, loans, advances	30.03	-
Loss on sale of property, plant and equipment (net)	16.70	62.65
Miscellaneous expenses	726.12	559.91
	7,842.48	**7,639.49**
Payment to auditors		
As auditor:		
Audit fee	3.10	5.69
Tax audit fee	0.50	0.58
Limited review	1.65	1.38
In other capacity:		
Certification & others	0.25	0.46
Reimbursement of expenses*	1.87	1.32
	7.37	**9.43**

*Includes payment made to erstwhile auditor for reimbursement of expenses INR 1.34 million (31 March 2017 INR Nil).

26. Exceptional items

	For the year ended 31 March 2018	For the year ended 31 March 2017
Voluntary retirement scheme*	-	216.69
	-	**216.69**

*During the year ended 31 March 2017, the Company had announced a Voluntary retirement scheme (VRS) for the workmen of its Faridabad Unit.

(Amount in INR millions)

27. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI in equity is shown below:

During the year ended 31 March 2018

	Retained earnings	Total
Re-measurement gains/(losses) on defined benefit plans	(160.03)	(160.03)
	(160.03)	(160.03)

During the year ended 31 March 2017

	Retained earnings	Total
Re-measurement gains/(losses) on defined benefit plans	(14.10)	(14.10)
	(14.10)	(14.10)

28. Distribution made and proposed

	As at 31 March 2018	As at 31 March 2017
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on 31 March 2017: INR 3.50 per share (31 March 2016: INR 3.50 per share)	449.85	449.85
Dividend distribution tax on final dividend	91.57	91.57
	541.42	**541.42**
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 March 2018: INR 4 per share (31 March 2017: INR 3.50 per share)	514.11	449.85
Dividend Distribution Tax on proposed dividend*	105.68	91.57
	619.79	**541.42**

*Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at year end.

29. Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the Company by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic EPS and diluted EPS computations:

	As at 31 March 2018	As at 31 March 2017
Profit attributable to equity holders	2,235.78	1,587.48
	2,235.78	**1,587.48**
	No. of shares	**No. of shares**
Weighted average number of equity shares in calculating basic EPS and diluted EPS	128,527,540	128,527,540
Earnings per equity share in INR		
Computed on the basis of profit for the year		
Basic (INR)	**17.40**	**12.35**
Diluted (INR)	**17.40**	**12.35**

30. Note 22 includes R&D expenses of INR 46.99 million (31 March 2017 INR 42.81 million) and Note 25 includes R&D expenses of INR 10.75 million (31 March 2017 INR 15.16 million).

(Amount in INR millions)

31. Employee benefit plans

a) Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at the rate of 15 days salary (last drawn salary) for each completed year of service. The scheme is funded through the Company's own trust.

The Company has also provided long term compensated absences which are unfunded.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets	664.62	453.52
Defined benefit obligation	697.32	456.38
Net Defined benefit (liability)	**(32.70)**	**(2.86)**

Amount recognised in Statement of Profit and Loss:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	33.43	24.47
Net interest expense	(8.32)	(2.46)
Amount recognised in Statement of Profit and Loss	**25.11**	**22.01**

Amount recognised in Other Comprehensive Income:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial changes arising from changes in financial assumptions	187.73	28.69
Return on plan assets (greater)/less than the discount rate	23.14	(24.95)
Experience adjustments	33.86	17.82
Amount recognised in Other Comprehensive Income	**244.73**	**21.56**

Changes in the present value of the defined benefit obligation are, as follows:

	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation at the beginning of the year	456.38	442.68
Current service cost	33.43	24.47
Interest expense	30.81	31.85
Benefits paid	(44.89)	(89.14)
Actuarial (gain)/ loss on obligations - OCI	221.59	46.52
Defined benefit obligation at the end of the year	**697.32**	**456.38**

Changes in the fair value of plan assets are, as follows:

	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets at the beginning of the year	453.52	463.39
Contribution by employer	240.00	20.00
Benefits paid	(44.89)	(89.14)
Interest Income on plan assets	39.13	34.31
Return on plan assets greater/(lesser) than discount rate - OCI	(23.14)	24.96
Fair value of plan assets at the end of the year	**664.62**	**453.52**

(Amount in INR millions)

The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity	As at 31 March 2018	As at 31 March 2017
Investment details	**Funded %**	**Funded %**
	100%	100%
- Insurer	68.01	50.23
- Government securities and bonds	0.00	3.36
- Bank balances	3.33	1.88
- Special deposit scheme	28.66	44.53

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	As at 31 March 2018	As at 31 March 2017
	%	%
Discount rate	7.4	7.1
Salary increase		
- Management	7.0	5.0
- Non management	7.0	2.0
Employee turnover		
- Non Management		
20-25	7.0	0.5
25-30 and 55-60	7.0	0.3
30-35 and 50-55	7.0	0.2
35-49	7.0	0.1
- Management		
20-25	7.0	5.0
25-35	7.0	3.0
36-60	7.0	0.5

The estimates of future salary increases have been considered in actuarial valuation based on inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

Gratuity Plan	Sensitivity level		Impact on DBO	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Assumptions				
Discount rate	1.00%	1.00%	(36.56)	(31.69)
	-1.00%	-1.00%	40.58	35.97
Future salary increases	1.00%	1.00%	39.82	35.93
	-1.00%	-1.00%	(36.66)	(32.38)

The sensitivity analyses above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The table below shows the expected undiscounted cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:-

	As at 31 March 2018	As at 31 March 2017
Within the next 12 months (next annual reporting period)	75.07	23.16
Between 2 and 5 years	382.08	179.41
Between 5 and 10 years	503.34	315.94
Total expected payments	**960.49**	**518.51**

(Amount in INR millions)

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2017: 10 years).
Expected employer contribution for the period ending 31 March 2019 is INR 74.03 million.

b) Contribution to defined contribution plans:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Pension fund	0.09	0.09

c) Provident fund:

The Provident Fund (where administered by a Trust) is a defined benefit scheme where by the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. As per the Actuarial Society of India guidance note (GN21) for measurement of provident fund liabilities, the actuary has accordingly provided a valuation based on the below provided assumptions, there is no shortfall as at 31 March 2018.

	As at 31 March 2018	As at 31 March 2017
Discount Rate	7.58%	7.10%
Expected Return on Exempt Fund	8.32%	8.33%
Rate of Return on EPFO managed PF	8.55%	8.65%
Mortality Rate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate

	For the year ended 31 March 2018	For the year ended 31 March 2017
Contribution to provident and other funds*	128.42	126.64

*Included under employee benefit expense in the head contribution to provident fund and other funds.

The detail of fund and plan asset position as at 31 March, 2017 is given below:

	As at 31 March 2018	As at 31 March 2017
Plan assets at fair value	4,327.75	4,121.89
Present value of the defined benefit obligation	3,677.08	3,491.92
Asset recognized in the balance sheet	NIL	NIL

Information relating to reconciliation from opening balance to closing balance for plan assets and present value of defined benefit obligation, classes of plan assets help, sensitivity analysis for acturial assumptions, other than disclosed above, including the methods and assumptions used in preparing the analysis, expected contribution for the next year and maturity profile of the defined benefit obligation as required by INDAS - 19 'Employee benefits' is not available with the Company.

(Amount in INR millions)

32. Contingent liabilities and commitments

A. Contingent liabilities

a) Claims against Company not acknowledged as debts includes:

Nature	As at 31 March 2018	As at 31 March 2017
Excise, customs and service tax cases	145.65	148.40
Sales tax cases	21.80	21.80
Others*	277.58	273.85
Income tax cases	15.51	132.92
Total	**460.54**	**576.97**

*Others include individually small cases pertaining to rent, labour etc.

b) In August 2014, M/s Crocs Limited filed a suit on Bata India limited for trademark infringement. The Lower court passed an ex-parte injunction order which was later transferred to Hon'ble Delhi High Court on account of jurisdictional issue. The management based upon the legal opinion believes that the Company has a strong case on merits and believes that no adjustment is required in the financial statements in this regard.

B. Commitments

Estimated amount of contracts remaining to be executed for capital expenditure and not provided for amounted to INR 312.79 million (Previous year: INR 109.48 million).

C. Leases

Assets taken on operating lease

a) The Company has taken various residential, office, warehouse and shop premises under operating lease agreements. The lease agreements generally have an escalation clause and there are no subleases. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements.

b) The aggregate lease rentals payable are charged as 'Rent' in Note 25.

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2018 are, as follows:

Lease Rentals	As at 31 March 2018	As at 31 March 2017
Within one year	52.29	66.33
After one year but not more than five years	10.72	5.56
More than five years	-	-

(Amount in INR millions)

33. Financial instruments fair values classification

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	Notes	Level of fair value	Carrying value		Fair value	
			As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Financial assets						
Measured at cost						
Investments in subsidiaries			49.51	49.51	-	-
Amortised cost						
Loans						
- Loans and Advances to related parties	(b)	3	93.27	117.11	93.27	117.11
- Security deposits	(b)	3	937.46	896.27	937.46	896.27
Financial asset not measured at fair value						
Other Financial assets	(a)					
- Interest accrued on deposits			215.63	192.33	-	-
- Insurance claim receivable			0.92	0.51	-	-
- Other receivables			115.35	69.08	-	-
Trade Receivable	(a)		886.31	671.48	-	-
Cash and Cash equivalents	(a)		543.60	616.99	-	-
Other bank balances	(a)		5,341.29	4,592.13	-	-
Total			**8,183.34**	**7,205.41**	**1,030.73**	**1,013.38**
Financial liabilities						
Amortised cost						
Trade payables	(a)		1,037.42	1,039.71	-	-
Financial liabilities not measured at fair value						
Trade payables	(a)		5,829.73	5,111.86	-	-
Other financial liabilities	(a)					
- Payable for capital goods			27.30	92.75	-	-
- Deposit from agents and franchisees			312.83	296.22	-	-
- Unpaid dividend			13.73	12.87	-	-
Total			**7,221.01**	**6,553.41**	**-**	**-**

a) The management has not disclosed the fair values for financial instruments because their carrying values approximate their fair value largely due to the short-term maturities of these instruments.

b) Fair valuation of non-current financial instruments has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value as the carrying value is based on effective interest rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2018 and 31 March 2017.

34. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

The Company is having nil borrowings as on 31 March 2018 (31 March 2017 INR Nil).

(Amount in INR millions)

35. Derivative instruments and Unhedged foreign currency exposure

Derivative Instruments and Unhedged Foreign Currency Exposure, which are not intended for trading or speculation purpose.

Particulars of unhedged foreign currency exposures are as follows-

Particulars of Unhedged foreign currency exposure	Currency	Amount in Foreign Currency		Amount in Indian Currency	
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Trade payables	USD	5,223,192.22@65.64	1,214,659.96@66.87	342.83	81.22
	EURO	8,159@80.35	-	0.66	-
Advance for Import purchases	USD	4,441.48@65.64	146,703.72@67.07	0.29	9.84
Advance from Customer	USD		12,233 @ 64.73		0.79
Trade receivables	USD	255,421.04@65.64	611,042.62 @ 64.84	16.77	39.62
	EURO	7,535@80.35	7,535@69.42	0.61	0.52
	CHF	36,644@68.69	40,488@64.89	2.52	2.63

36. Details of corporate social responsibility expenditure

As per Section 135 of Companies Act,2013, a Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR Committee has been formed by the Company as per act. The CSR Committee and Board had approved the projects with specific outlay on the activities as specified in Schedule VII of the act, in pursuant of the CSR policy.

	For the year ended 31 March 2018	For the year ended 31 March 2017
Gross amount required to be spent by the Company during the year:-	55.80	58.38
(i) Construction/ Acquisition of asset	-	-
(ii) For purpose other than (i) above	71.14	60.02
	71.14	**60.02**

37. Related party disclosures

Names of related parties and related party relationship

I. Related parties where control exists

a. Ultimate Holding company	Compass Limited
b. Immediate Holding company	BATA (BN) B.V. The Netherlands
c. Subsidiaries	Bata Properties Limited Coastal Commercial & Exim Limited (a step down subsidiary) Way Finders Brands Limited
d. Other Related Parties*	Bata India Limited Gratuity Fund Bata India Limited Pension Fund

*Refer notes 31 for information on transactions with post employment benefit plans mentioned above enterprises controlled by the Company.

II. Related parties with whom transactions have taken place

a. Key management personnel	Rajeev Gopalakrishnan – Managing Director Ram Kumar Gupta – Chief Finance officer Sandeep Kataria - Chief Executive Officer (w.e.f. 14.11.2017) Uday Khanna (Chairman & Independent Director) Ravindra Dhariwal (Independent Director) Akshay Chudasama (Independent Director) Anjali Bansal (Independent Director)
b. Enterprises in which director is interested	Shardul Amarchand Mangaldas & Co. Delhivery Private Limited (w.e.f. 10.11.2017)

(Amount in INR millions)

c. Fellow Subsidiaries with whom transactions have taken place during the year and previous period	Bata Shoe (Singapore) Pte. Ltd Global Footwear Services Pte Ltd Bata Malaysia SDN. BHD. The Zimbabwe Bata Shoe Co. Bata Shoe Co. of Ceylon Ltd. China Footwear Services Bata Industrials Europe-Netherland Bata Shoe Co. (Bangladesh) Ltd. International Footwear Investment B.V. Futura Footwear Ltd. Bata Brands S.A. Empresas Commercial S.A. Manufactura Boliviana S.A.

III. Additional related parties as per the Companies Act 2013 with whom transactions have taken place during the year:

Company Secretary	Mr. Arunito Ganguly (w.e.f. 15.12.2017) Mr. Maloy Kumar Gupta upto 31.10.2017

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of the Transactions	Related Party		For the year ended 31 March 2018	For the year ended 31 March 2017
i. Sale of goods	Empresas Commercial S.A.		2.26	4.38
	Bata Shoe Co. (Bangladesh) Ltd.		32.45	26.46
	Bata Shoe Co. of Ceylon Ltd.		14.71	30.78
	The Zimbabwe Bata Shoe Co.		0.39	0.08
		Total	**49.81**	**61.70**
ii Reimbursement of Expenses to	Bata Malaysia SDN. BHD		0.52	0.74
	Bata Brands S.A.		3.54	0.3
	Bata shoe (Singapore) Pte Ltd.		2.22	1.07
	Bata Industrials Europe- Netherland		0.06	-
	Futura Footwear Ltd		-	0.15
		Total	**6.34**	**2.26**
iii. Reimbursement of Expenses from	International Footwear Investment B.V.		8.89	8.57
	Global Footwear Services Pte Ltd.		-	5.31
	Bata Brands S.A.		10.78	9.75
	China Footwear Services		1.33	4.65
	Manufactura Boliviana S.A.		-	3.19
	Bata Shoe Co. of Ceylon Ltd.		0.14	-
		Total	**21.14**	**31.47**
iv. Technical collaboration fees	Global Footwear Services Pte Ltd.		246.15	233.48
		Total	**246.15**	**233.48**
v. Royalty				
	Bata Brands S.A.		20.34	36.73
		Total	**20.34**	**36.73**
vi. Legal and professional fees	Shardul Amarchand Mangaldas & Co.		0.39	0.35
		Total	**0.39**	**0.35**
vii. Freight charges	Delhivery Private Limited		0.94	-
		Total	**0.94**	**-**

(Amount in INR millions)

viii. Transaction with Subsidiaries

Nature of the Transactions	Related Party		For the year ended 31 March 2018	For the year ended 31 March 2017
a. Reimbursement of expenses / advance recoverable from	Bata Properties Limited		0.05	0.14
	Coastal Commercial & Exim Limited		0.45	0.47
	Way Finders Brands Limited		15.45	25.22
		Total	**15.95**	**25.83**
b. Rent expenses	Bata Properties Limited		0.71	0.71
	Coastal Commercial & Exim Limited		0.84	0.84
		Total	**1.55**	**1.55**
c. Loan to subsidiary and interest thereon	Way Finders Brands Limited - Loan given		0.80	56.50
	Way Finders Brands Limited - Loan repaid		30.78	13.99
	Way Finders Brands Limited - interest thereon		7.24	6.73
		Total	**38.82**	**77.22**
d. Security deposit received	Way Finders Brands Limited		-	0.31
		Total	-	**0.31**
viii. Transaction with Holding Company				
Dividend paid	BATA (BN) B.V. The Netherlands, Amsterdam		238.23	238.23
		Total	**238.23**	**238.23**

ix. Remuneration to Directors and other key managerial personnel *

Name of the Director/ Other Key Managerial Personnel		For the year ended 31 March 2018	For the year ended 31 March 2017
Rajeev Gopalakrishnan		44.71	37.32
Ram Kumar Gupta		19.11	16.40
Sandeep Kataria (w.e.f. 14.11.2017)		10.41	-
Maloy Kumar Gupta (till 31.10.2017)		3.31	3.71
Arunito Ganguly (w.e.f. 15.12.2017)		0.71	-
Uday Khanna (Independent Director) **		3.50	3.20
Ravindra Dhariwal (Independent Director) **		2.57	2.32
Akshay Chudasama (Independent Director) **		2.12	1.90
Anjali Bansal (Independent Director) **		1.92	1.85
	Total	**88.36**	**66.70**

* As the liabilities for provident fund, gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

** As per the section 149(6) of the Companies Act, 2013, Independent Directors are not considered as "Key Managerial Person", however to comply with the disclosure requirements of Ind AS-24 on "Related party transactions" they have been disclosed as "Key Managerial Person".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)
(Amount in INR millions)

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party		As at 31 March 2018	As at 31 March 2017
i. Trade receivables	Bata Shoe Co. (Bangladesh) Ltd		8.26	6.40
	Bata Shoe Co. of Ceylon Ltd.		4.05	14.23
		Total	**12.31**	**20.63**
ii Trade payables - Reimbursement of Expenses to	Bata Malaysia SDN. BHD		0.05	0.05
	Bata Brands S.A.		0.66	-
		Total	**0.71**	**0.05**
iii. Other Financial assets	Bata Shoe Co. of Ceylon Ltd.		0.14	-
	International Footwear Investment B.V.		4.83	4.17
	Bata Brands S.A.		2.71	2.63
	China Footwear Services		-	1.00
	Bata properties Limited		-	0.08
		Total	**7.68**	**7.88**
iv. Other liability - Advance from customers	Empresas Commercials S.A		0.24	0.24
		Total	**0.24**	**0.24**
v. Trade payables - Technical collaboration Fees	Global Footwear Services Pte Ltd.		61.58	17.77
		Total	**61.58**	**17.77**
vi. Trade payables - Royalty	Bata Brands S.A.		3.76	4.52
		Total	**3.76**	**4.52**
vii. Advance Receivable in cash and kind	Coastal Commercial & Exim Limited		**-**	-
		Total	**-**	-
viii. Trade payables - Legal and professional fees	Shardul Amarchand Mangaldas & Co.		0.11	-
		Total	**0.11**	**-**
ix. Trade payables - Freight	Delhivery Private Limited		0.18	-
		Total	**0.18**	**-**
x. Loans - related party	Way Finders Brands Limited		85.59	109.23
		Total	**85.59**	**109.23**

38. Segment Reporting

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

Operating Segments

The Company's Managing Director/CEO has been identified as the Chief Operating Decision Maker ('CODM'), since Managing Director and CEO are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget and other key decisions.

Managing director/CEO reviews the operating results at the Company level to make decisions about the Company's performance. Accordingly, management has identified the business as single operating segment i.e. Footwear & Accessories. Accordingly, there is only one Reportable Segment for the Company which is “Footwear and Accessories”, hence no specific disclosures have been made.

(Amount in INR millions)

a) Revenue & Trade receivables as per Geographical Markets

Particulars	Revenue		Trade Receivables	
	For the year ended 31 March 2018	For the year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
India	26,237.97	24,808.95	864.19	630.68
Outside India	125.21	163.46	22.12	40.80
Total	26,363.18	24,972.41	886.31	671.48

b) The non-current assets (excluding deferred tax) of the Company are located in the country of domicile i.e. India. Hence no specific disclosures have been made.

c) There are no major customer having revenue greater than 10% of the total revenue.

39. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at 31 March 2018	As at 31 March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year reported in Current Trade Payables		
Principal Amount Unpaid	**37.96**	39.90
Interest Due	-	-
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
Payment made beyond the Appointed Date	**215.82**	247.89
Interest Paid beyond the Appointed Date	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of the year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

40. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The primary market risk to the Company is foreign exchange risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) primarily with respect to USD and Euro.

(Amount in INR millions)

The Company uses forward contracts to mitigate foreign exchange related risk exposures. When a forward contract is entered into for the purpose of being a hedge, the Company negotiates the terms of those contracts to match the terms of the hedged exposure. The Company's exposure to unhedged foreign currency risk as at 31 March, 2018 and 31 March, 2017 has been disclosed in note 35.

For the year ended 31 March 2018, every 5 percentage point depreciation/appreciation in the exchange rate between the Indian rupee and U.S. dollar, would have affected the Company's profit before tax by (16.32) million/ 16.32 million respectively and Pre tax equity by (16.32) million/ 16.32 million respectively.

For the year ended 31 March 2017, every 5 percentage point depreciation/appreciation in the exchange rate between the Indian rupee and U.S. dollar, would have affected the Company's profit before tax by (1.62) million/ 1.62 million respectively and Pre tax equity by (1.62) million/ 1.62 million respectively.

B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company generally doesn't have collateral.

a) **Trade receivables**

Customer and vendor credit risk is managed by business through the Company's established policy, procedures and control relating to credit risk management. Credit quality of each customer is assessed and credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed for all major customers at each reporting date on an individual basis. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 9. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

b) Loans and other financial assets

With regards to all the financial assets with contractual cashflows other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible. The maximum exposure to credit risk at the reporting date in each class of financial assets is disclosed in note 5, 10 and 11.

C) Liquidity risk

The Company's principal source of liquidity is cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March 2018, the Company had a working capital of INR 9873.62 Million including cash and cash equivalents of INR 543.60 Million . As of 31 March 2017, the Company had a working capital of INR 8,562.30 Million including cash and cash equivalents of INR 616.99 Million.

D) Commodity price risk

The Company is exposed to the risk of price fluctuation of raw material as well as finished goods. The Company manages its commodity price risk by maintaining adequate inventory of raw materials and finished goods considering future price movement. To counter raw material risk, the Company works with variety of leather, PVC and rubber with the objective to moderate raw material cost, enhance application flexibility and increased product functionality and also invests in product development and innovation. To counter finished goods risk, the Company deals with wide range of vendors and manages these risks through inventory management and proactive vendor development practices.

(Amount in INR millions)

Inventory sensitivity analysis (raw material, work in progress and finished goods)

A reasonably possible change of 5% in prices of inventory at the reporting date, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity, net of tax	
	5% increase	5% decrease	5% increase	5% decrease
31 March 2018				
Inventory (raw material, work in progress, stock in trade and finished goods)	(235.27)	235.27	(156.20)	156.20
31 March 2017				
Inventory (raw material, work in progress, stock in trade and finished goods)	(218.81)	218.81	(145.27)	145.27

41. The Comparative financial statement for the year ended 31 March 2017 has been audited by the another firm of chartered accountant.

As per our report of even date

For B S R & Co. LLP
ICAI Firm Registration number: 101248W/W-100022
Chartered Accountants

Tarun Gupta
Partner
Membership no.: 507892

Place : Gurugram
Date : May 22, 2018

For and on behalf of the Board of Directors of Bata India Limited

UDAY KHANNA
Chairman
DIN: 00079129

RAJEEV GOPALAKRISHNAN
Managing Director
DIN: 03438046

SANDEEP KATARIA
Whole-time Director & CEO
DIN: 05183714

RAM KUMAR GUPTA
Director Finance
DIN: 01125065

ARUNITO GANGULY
Company Secretary
Membership No.: FCS 9285