

# ANNUAL REPORT

2012-13



thomas scott (india) ltd

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Venugopal Bang	Chairman
Mr. Brijgopal Bang	Managing Director
Dr. Mithilesh Kumar Sinha	Independent Director
Mr. Vijay D.Ajgaonkar	Independent Director
Mr. Subrata Kumar Dey	Independent Director

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Rashi Bang

### STATUTORY AUDITORS

M/s. Rajendra K. Gupta & Associates  
Room No. 3, Kshipra Society,  
Akurli Cross Road No. – 1,  
Kandivali (East),  
Mumbai – 400 101.  
Tel.: (022) 28874879  
E-mail: rk.gupta@hawcoindia.com

### PRACTISING COMPANY SECRETARIES

M/s. Kothari H. & Associates  
208, 2nd Floor,  
BSE Building, Dalal Street,  
Fort,  
Mumbai 400 001.  
Tel.: (022) 6555 1120  
E mail: hiteshkotharics@yahoo.co.in

### INTERNAL AUDITORS

FRG & Company,  
Chartered Accountants,  
Office no. 303, RatanGalaxie,  
J. N. Road, Mulund (W), Mumbai 400080  
E-mail: rajeshtiwari@frgglobal.com

### BANKERS

BANK OF INDIA  
AXIS BANK

### REGISTERED OFFICE

50, Kewal Industrial Estate,  
Senapati Bapat Marg,  
Lower Parel (West)  
Mumbai – 400 013.  
Tel.: (022) 66607965  
Fax: (022) 66607970

### REGISTRAR & TRANSFER AGENT

Karvy Computershare Pvt. Ltd.  
Plot No. 17-24 Vittal Rao Nagar,  
Madhapur, Hyderabad 500 081  
Tel.: (91 40) 23431553  
Email: Varghese@karvy.com

### WEBSITE

[www.banggroup.com](http://www.banggroup.com)

## DIRECTORS' BIOGRAPHY

### BRIJGOPAL BANG - MANAGING DIRECTOR

Mr. Brijgopal Bang is Commerce Graduate and also completed Master of Management Studies (MMS) from Bombay University in the year 1992. He is the promoter and Managing Director of the Company. He has been actively involved in the business of the Company since incorporation and has played a key role in the growth of the Company with his inputs in strategic planning and business development.

### VENUGOPAL BANG – CHAIRMAN & EXECUTIVE DIRECTOR

Mr. Venugopal Bang is a Commerce graduate and completed Chartered Accountancy course in the year 1981. He is the promoter and Chairman of our Company. He started his career by joining his own family business of trading of paper and jute products, and also into investment / trading of securities in the capital market.

### DR. M. K. SINHA – NON – EXECUTIVE & INDEPENDENT DIRECTOR

Dr. M.K. Sinha is a Doctorate in Operation Research and has done his Masters in Mathematics. He retired as the Chairman & Managing Director of State Bank of India (SBI) in 1995 after serving the bank for almost 39 years. He Over his period of service with the SBI, he has been involved in critical areas like management audit, human resource & organizational development, foreign exchange, fund management, financial restructuring etc. He was a representative of SBI for the East European countries at Moscow for almost 4 years. He was on the Board of seven associate banks of SBI while working with the SBI.

### MR. V. D. AJGAONKAR – NON- EXECUTIVE & INDEPENDENT DIRECTOR

Mr. V.D. Ajgaonkar is CAIIB, M.Com and LL.B. He served State Bank of India from 1979 to 1995 in different capacities and from 1996 to 2000; he was on deputation to SBI Capital Markets Limited. After serving SBI Capital Markets Limited, in February, 2000, he joined Times Guarantee Financial Limited and served their till March, 2004. He has experience in project finance and other related capital market activities.

### MR. SUBRATA K. DEY – NON- EXECUTIVE & INDEPENDENT DIRECTOR

Mr. Subrata K. Dey is a BA (Hons) and has done MA in Economics. He has experience of 35 years predominantly in areas of Corporate Banking especially for Large, mid-Corporates. He served ING VYSYA BANK LTD from 2001 to 2009 as Regional Head (West). After retirement from ING VYSYA BANK LTD he joined a listed NBFC as Director in Advisory Role in the area of Corporate Finance – Debt Syndication, Structuring, Restructuring, Finance options, etc.

## DIRECTORS' REPORT

The Members of

### THOMAS SCOTT (INDIA) LIMITED

Your Director's present with immense pleasure, the THIRD ANNUAL REPORT along with the Audited Statement of Accounts of the Company for the year ended 31st March 2013.

### FINANCIAL HIGHLIGHTS

(Rs. In lacs)

Description	Stand Alone	
	Year Ended 31.03.13	Year Ended 31.03.12
Revenue	2137.05	1581.66
Other Income	51.36	9.84
Total Expenditure	2396.40	2479.21
<b>Earnings before Interest, Depreciation and Tax (EBIDT)</b>	<b>(207.99)</b>	<b>(887.71)</b>
Less: Interest	1.79	18.95
<b>Earning Before Depreciation And Tax (EBDT)</b>	<b>(209.78)</b>	<b>(906.66)</b>
Less: Depreciation	10.68	47.53
<b>Profit before Tax (PBT)</b>	<b>(220.46)</b>	<b>(954.19)</b>
Less: Tax Provision (Current, Deferred, FBT and Earlier Year adjustment)	0.00	0.00
<b>Profit after Tax (PAT)</b>	<b>(220.46)</b>	<b>(954.19)</b>

### PERFORMANCE REVIEW

During the financial year, your Company recorded revenue of Rs 2137.05 lacs an increase of 35.11% over the previous year and expenditure reduced by 3.34% to Rs 2396.40 lacs. However, the operating loss during the year stood at Rs 207.99 lacs against the operating losses Rs. 887.71 lacs incurred in the last financial year. During the financial year, the company has closed down all retail outlets, due to huge operating cost and decided to frame a new business model / strategy to attract retail customer and remain in retail segment.

### DIVIDEND AND TRANSFER TO RESERVES

In view of the business loss during the year, your Director's do not recommend any dividend for the year 2012-13. The Register of Member & Share Transfer Books will remain closed from 16<sup>th</sup> Septmber, 2013 to 22<sup>nd</sup> Septmber, 2013, Both Dates Inclusive. The Annual General Meeting of the Comapny will be held on 24<sup>th</sup> Septmber, 2013.

### SUBSIDIARY COMPANY

As on March 31, 2013, your company has no subsidiary.

### DIRECTOR'S

During the year, Mr. Krishnakumar Bang, Non-Executive Director, resigned from the Board of Directors w.e.f.

12<sup>th</sup> November, 2012 and Mr. Viswanath Chervu, Independent Director, resigned from Board of Directors w.e.f 14<sup>th</sup> February 2013 and Mr. Subrata Kumar Dey was appointed as Additional Director w.e.f 14<sup>th</sup> February 2013.

As per Section 260 of the Companies Act, 1956, Mr. Subrata Kumar Dey, who is Additional Director, will cease to hold the office of the Director at the conclusion of the fourthcoming Annual General Meeting. As per Section 257 of the Companies Act, 1956, the Company has received notices along with deposit from the members proposing the candidatures of Mr. Subrata Kumar Dey, for the office of Director of the Company. None of the Directors of the Company is disqualified under Section 274(1)(g) of the Companies Act, 1956.

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vijay Ajaonkar retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

## **STATUTORY AUDITORS**

M/s. Rajendra K. Gupta & Associates Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received the letter from M/s. Rajendra K. Gupta & Associates Chartered Accountants to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they have not disqualified for re-appointment within the meaning of the section 226 of the said Act.

## **AUDITOR'S REPORT**

The observations made in the Auditors Report read together with relevant notes thereon, are self-explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

## **CORPORATE GOVERNANCE REPORT**

The Company is committed to maintain the highest standards of Corporate Governance. Your Company continues to be compliant with the requirements enshrined in clause 49 of the Listing Agreement which relates to Corporate Governance.

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Practising Company Secretary of your Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is also annexed to the report on Corporate Governance.

## **PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with (Particulars of Employees) Rules 1975 as amended, the names and other particulars are required to be set out in the Annexure to the Directors' Report.

However, there were no Employees drawing Remuneration more than prescribed under Section 217 (2A) of the Companies Act, 1956. Therefore, your Company is not required to disclose such particulars.

## **FIXED DEPOSITS**

Your Company does not have any fixed deposits under section 58A and 58AA of The Companies Act, 1956 read with Companies (Acceptance of Deposits) Rule, 1975.

## **LISTING**

At present, the Company's Equity Shares are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited and the Company has paid the listing fees to the above Exchanges for the year 2013 - 2014.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND INNOVATION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars required to be furnished pursuant to Section 217(l)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

- (i) Part A & B of the Rules, pertaining to conservation of energy & technology absorption are not applicable to the Company.
- (ii) FOREIGN EXCHANGE EARNING AND OUTGO: (Rs. In Lakhs)

Foreign Exchange Earnings during the year	: NIL
Foreign Exchange Outgo during the year	: 1498.21

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your directors affirm that the audited accounts containing the financial statements for the financial year 2012 -13 are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the Directors Responsibility Statement and hereby confirm that:

1. in the preparation of the annual accounts for the financial year ended 31 March 2013, the applicable Accounting Standards have been followed and there has been no material departure;
2. the Directors have selected such accounting policies, consulted and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March 2013 and of the loss of your Company for the year on that date;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;



4. they have prepared the annual accounts for the financial year ended 31 March 2013 on a going concern basis.

### **TRANSFER OF UNPAID / UNCLAIMED AMOUNTS TO INVESTOR EDUCATION PROTECTION FUND (IEPF)**

During the year, there were no amounts which remained unpaid / unclaimed for period of 7 years and which were required to be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956

### **ACKNOWLEDGEMENT**

Your Directors wish to place on record their deep sense of appreciation for all the stake holders of the Company who have been continuously supporting the growth of your Company. In particular, the Directors value the dedication and commitment of your Company's employees and thank the Central and State Governments, Financial Institutions, Banks, Government authorities, customers, vendors and shareholders for their continued cooperation and support.

**For and on behalf of the board of director(s)**

**Sd/-  
Venugopal Bang  
Chairman**

**PLACE:** Mumbai

**DATE:** August 12, 2013

## COMPLIANCE CERTIFICATE

To,  
The Members,  
THOMAS SCOTT (INDIA) LIMITED,  
50, Kewal Industrial Estate,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai – 400 013.

We have examined the registers, records, books and papers of THOMAS SCOTT (INDIA) LIMITED, ('the Company') as particularly required to be maintained under the Companies Act, 1956, ('the Act') and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2013 ('the financial year'). In our opinion, and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company has the minimum prescribed paid-up capital and its minimum number of members are 7 (Seven) and the Company during the year under scrutiny:
  - (i) has not invited public to subscribe for its shares or debentures; and
  - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met Eight times on April 11,2012, April 17,2012, May 15,2012, August 14, 2012, August 27, 2012, November 12, 2012, November 21,2012 and February 14, 2013 in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members during the financial year from 27<sup>th</sup> September, 2012 to 29<sup>th</sup> September, 2012 at the time of its Annual General Meeting.
6. The Annual General Meeting for the financial year ended on 31st March 2012 was held on September 29, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. During the year, No Extra-Ordinary General Meeting was held.
8. As per explanation and information, the Company has not given any advanced, loan or provided any security to its Directors or persons or firms or Companies under Section 295 of the Act, during the financial year.

9. The Company has duly entered into contracts, which are falling within the purview of Section 297 of the Act
10. The Company has made the necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. During the financial year;
  - a. There was a case of transmission duly executed by the Company; however, there was no transfer / allotment of securities during the year.
  - b. The Company has not deposited any amount in a separate bank account as no dividend was declared.
  - c. The Company has not posted warrants to any member of the Company as no dividend was declared.
  - d. There were no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued which have remained unclaimed or unpaid for a period of seven years be transferred to Investor Education and Protection Fund.
  - e. The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is properly constituted. There was an appointment of Mr. Subrata Kumar Dey as Non-Executive Independent Directors of the Company and followed by resignation of Mr. Krishnakumar Bang and Mr. Viswanath Cheruvu during the financial year.
15. The Company has not appointed any sole selling agents during the financial year.
16. The Company has complied with the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
17. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
18. The Company has not bought back any shares during the financial year.
19. There was no redemption of preference shares or debentures during the financial year.
20. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
21. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
22. The Company has not borrowed any amount as per Section 293(1) (d) of the Act during the financial year under scrutiny.
23. The Company has complied with the provisions of Section 372A of the Act with regard to loans

given, investment made, or guarantee given or securities provided to other body corporate during the financial year.

24. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
25. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
26. The Company has not altered its Articles of Association during the financial year.
27. There was no prosecution initiated against or show cause notices received by the Company, during the financial year for offences under the Act.
28. The Company has not received any money as security from its employees during the financial year.
29. The Company has not deducted any contribution towards Provident Fund during the financial year in terms of Section 418 of the Act as the said Section is not applicable to the Company.

**FOR KOTHARI H. & ASSOCIATES**

COMPANY SECRETARIES

Hitesh Kothari

(Proprietor)

C. P. No. 5502

Place: Mumbai

Date: 12th August, 2013

## Annexure – A

### Registers as maintained by the Company

1. Register of members under Section 150
2. Register of Share Transfers
3. Register of particulars of contracts in which directors are interested under Section 301
4. Register of Directors, Managing Director, Manager and Secretary under Section 303
5. Register of director's shareholding under Section 307
6. Minutes book of General Meetings and Board Meetings under Section 193
7. Register of Director's Attendance

## Annexure – B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2013.

Sr. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1	Form 32	303(2)	Appointment of Subrata Kumar Dey (Non-Executive Independent Director)	11/03/2013	Yes	N.A.
2	Form 32	303(2)	Resignation of Mr. Viswanath Cheruvu (Non Executive Independent Director)	12/12/2012	Yes	N.A.
3	Form 32	303(2)	Resignation of Krishna Kumar Bang (Independent Director)	12/12/2012	Yes	N.A.
4	Form 20B (For F.Y. 2011-12)	159	Annual Return	28/11/2012	Yes	N.A.
5	Form 23 AC & ACA (For F.Y.2011-12)	220	Balance Sheet and P & L Account	04/01/2013	Yes	N.A.
6	Form 32	383(A)	Appointment of Company Secretary	16/03/2013	Yes	N.A.
7	Form 66	383(A)	Compliance Certificate	23/10/2012	Yes	N.A.

**FOR KOTHARI H. & ASSOCIATES**
**COMPANY SECRETARIES**

Hitesh Kothari

(Proprietor)

C. P. No. 5502

Place: Mumbai

Date: 12th August, 2013

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

The Corporate Governance philosophy is based on trusteeship, transparency, accountability and ethical corporate citizenship. As a responsible corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, reflect our commitment to ethical business practices, integrity and regulatory compliances.

**The Company's governance framework is based on the following principles:**

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- Availability of information to the members of the Board and Board Committees to enable them discharge their fiduciary duties;
- Timely disclosure of material operational and financial information to the stakeholders;
- Robust systems and processes for internal control and
- Ethical business conduct by the Board, Senior Management and employees.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of TSIL has an optimum combination of Executive, Non-Executive and Independent Directors. The Chairman being an Executive Director, as per Listing Agreement, half of the Board should comprise of Independent Directors. As on 31st March 2013, the Board comprised of five (5) Directors, out of which 2 (Two) were Executive and 3 (Three) were Independent Directors . There is No Institutional Nominee on the Board. Details and Brief Particulars of the Directors retiring by rotation are provided along with the Notice calling the Annual General Meeting and therefore forms a part of this Annual Report.

<b>Name of the Director</b>	<b>Category</b>
Mr. Venugopal Bang	Promoter / Chairman & Executive Director
Mr. Brijgopal Bang	Promoter / Managing Director
Mr.Subrata Kumar Dey	Non -Executive and Independent Director
Dr. Mithilesh Kumar Sinha	Non -Executive and Independent Director
Mr. Vijay Ajgaonkar	Non -Executive and Independent Director

Pursuant to the provisions of the Companies Act 1956, Mr. Vijay Ajgaonkar, retires by rotation and being eligible, offer himself for re-appointment.

None of the Directors on the Company's Board is a member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding the Committee positions held by them in other Companies. Also none of the Directors on the Board hold office as a Director in more than 15 companies at a time.

The requisite information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is being made available to the Board for their discussion and consideration. The maximum time gap between two Board Meetings did not exceed 4 months.

**b) Board Procedure**

Board meetings are conducted in accordance with the Articles of Association of the Company. The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. In case of business exigencies the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting. The notice of each Board Meeting is given in writing to each Director. The Agenda along with the relevant notes and other material information are being provided separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The Minutes of the Board Meetings are also circulated in advance to all Directors and confirmed at subsequent Meeting. The Board reviews the performance of the Company vis-à-vis the budgets/targets. In the Financial year 2012-13, the Board met Eight times, the meetings were held on April 11, 2012, April 17, 2012, May 15, 2012, August 14, 2012, August 27, 2012, November 12, 2012, November 21, 2012 and February 14, 2013. The Interval between two meetings was well within the maximum period mentioned in the Listing Agreement.

**c) Number of Board Meetings:**

During the year, 8 (Eight) Board Meetings were held. These were on April 11, 2012, April 17, 2012, May 15, 2012, August 14, 2012, August 27, 2012, November 12, 2012, November 21, 2012 and February 14, 2013.

**d) Director's Attendance Record and Directorships:**

Attendance at Board Meeting held during 2012-13 and the last AGM, number of Directorships, Memberships / Chairmanship in Public Companies during 2012-13.

Name of Directors	Category	No. of meetings held	No. of meetings attended	Whether attended last AGM	No. of directorships of public limited companies
Mr. Brijgopal Bang (Managing Director)	Promoter/ Director	8	8	Yes	3
Mr. Venugopal Bang (Chairman)	Promoter Director	8	8	Yes	2
Dr. M K Sinha (Independent Director)	Non Executive & Independent Director	8	6	No	7
Mr. V. D. Ajgaonkar (Independent Director)	Non Executive & Independent Director	8	7	Yes	7
*Mr. Subrata Kumar Dey	Non Executive & Independent Director	1	1	No	2
*Mr. Viswanath Cheruvu	Independent Director	6	0	No	-
*Mr. Krishnakumar Bang	Non Executive Director	5	5	Yes	-

\*Due to the Resignation of Mr. Viswanath Cheruvu, Independent Director of the Company, Board had reconstituted by an appointment of Mr. Subrata Kumar Dey, as a Independent Director of the Company w.e.f. 14<sup>th</sup> February, 2013. During the year Mr. Krishnakumar Bang has resigned from Directorship on 12<sup>th</sup> November, 2012

### e) Information Supplied to the Board

Amongst others, information supplied to the Board includes:

- Quarterly Results of the Company,
- Minutes of Meetings of Audit Committee and other Committees of the Company,
- Minutes of the Previous Board Meetings,
- Details with respect to the Operations of the Company,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially relevant default in financial obligations to and by the company,
- Non-payment for goods sold by the company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Sale of material nature of investments, assets, which is not in normal course of business,
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement,
- Non-compliance of any regulatory, statutory or listing requirements,
- Related Party Transactions and Register u/s 301 of the Companies Act, 1956,
- Investor Grievances and Redressal Status,
- Compliance of the SEBI (SAST) Regulations from time to time,
- Risk Assessment & Minimization Procedures,
- Internal Audit Certificate,
- Abstracts of Circular Resolutions passed,
- Performance of the Company and Business Plans /Strategies

The Board is presented with detailed Notes along with the Agenda papers giving in detailed and comprehensive information on the related subject well in advance of the Meeting.

### f) Directors with Materially Pecuniary or Business Relationship with the Company

There have been no materially pecuniary transactions or relationship between the Company and its Non-Executive and/or Independent Directors during the year 2012-13.

### g) Post – Meeting Governance

The important decisions taken at the Board/Board Committee meetings are communicated to the concerned departments/divisions. The Company follows a Post-Meeting Governance System wherein effective post-meeting follow-up, review and reporting process on the actions taken, discussions on the tasks to be undertaken as per the meeting, Status on the pending tasks as decided and discussed in the Meeting, Application of the Recommendations/Suggestions as extended at the Board Meeting and working on the rectification of mistakes, if any, pointed out at the Meeting is undertaken.

### h) GOVERNANCE CODES

#### Code of Business Conduct & Ethics

The Company has adopted Code of Business Conduct & Ethics which is applicable to the Board of Directors and Senior Management Team (one level below the Board of Directors) of the Company. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website – [www.banggroup.com](http://www.banggroup.com)



### Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. Members of Board while discharging their duties, avoid conflict of interest in the decision making process. The members of Board restrict themselves from any discussions and voting in transactions that they have concern or interest.

### 3. AUDIT COMMITTEE

Composition of Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role, scope, etc. are in accordance with Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the Listing Agreement. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

#### a) Composition

The Audit Committee of the Company consists of Non-Executive Directors.

Sr. No.	Name of the Director	Designation
1	Dr. Mithilesh Kumar Sinha, Non-Executive Independent Director	Chairman
2	Mr. Vijay Ajgaonkar, Non-Executive Independent Director	Member
3	*Mr. Subrata Kumar Dey, Non-Executive Independent Director	Member
4	*Mr. Viswanath Chervu, Non-Executive Independent Director	Member

\*Due to the Resignation of Mr. Viswanath Cheruvu, Independent Director of the Company, Board had reconstituted by an appointment of Mr.Subrata Kumar Dey, as an Independent Director of the Company w.e.f. 14<sup>th</sup> February, 2013.

All the members of the Audit Committee possess strong accounting and financial management expertise. During the year there was change in composition of Audit Committee due to retirement of Mr. Vishwanath Cheervu and appointment of Mr. Subrata Kumar Dey

The Company Secretary acts as a Secretary to the Committee.

#### b) Terms of Reference

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.

#### c) Meetings and Attendance during the year 2012-13 :

Audit Committee met 5(Five) Times during the year 2012-2013 on 15th May 2012,14thAugust 2012,27th August 2012,12th November 2012,14thFebruaury 2013 and the attendance record is as per the table given below:

Name of the Director	No. of meetings	Meetings Attended
Mr. M. K. Sinha	5	5
Mr. Vijay Ajgonkar	5	5
*Mr. Subratakumar Dey	1	1
*Mr. Viswanath Chervu	3	0

#### d) Internal Auditors

The Company appointed FRG & Company, Chartered Accountants as the Internal Auditor for the financial year 2012-13 to review the Internal Control Systems of the Company and to report thereon. The Report of the Internal Auditor is reviewed by the Audit Committee.

### 4. SHAREHOLDERS'/INVESTOR'S GRIEVANCE COMMITTEE

The Shareholders'/Investor's Grievance Committee specifically looks into the transfer of shares and related matters, redressing the complaints of Shareholders and Investors such as Transfer of Shares, non- receipt of Balance Sheet, non-receipt of Annual Report, non-receipt of declared Dividends and Dematerialization of Shares and other related matters.

#### a) Composition

The Committee comprises of the following members:

Sr. no.	Name	Designation
1	Mr. Vijay Ajgaonkar, Non-Executive Independent Director	Chairman
2	Mr. Brijgopal Bang, Managing Director	Member
3	Mr. Venugopal Bang, Chairman and Executive Director	Member

#### b) Terms of Reference

The Shareholders'/Investors' Grievance Committee deals with the matters relating to transfer of Shares, issue of duplicate/ new shares, sub-divided and consolidated share certificates, Shareholders'/Investors' Grievance and its redressal.

#### c) Meetings of the Committee held during the year 2012-2013

The Shareholders'/Investor's Grievance Committee met 5(Five) Times during the year 2012-2013 on 15th May 2012, 14th August 2012, 27th August 2012, 12th November 2012, 14th Febraury 2013 and the attendance record is as per the table given below:

Name of the Director	No. of meetings	Meetings Attended
Mr. Vijay Ajgaonkar	5	5
Mr. Brijgopal Bang	5	5
Mr. Venugopal Bang	5	5

#### d) Complaints

Details of Investor Complaints received during the financial year ended 31st March 2013 are as follows:

Nature of Complaint Received	Beginning of year	Received During The year	Resolved During the year	Pending at the end of year
Non-receipt of Electronic credit	0	0	0	0
Non-receipt of Refund Order	0	0	0	0
<b>TOTAL</b>	0	0	0	0

## 5. REMUNERATION COMMITTEE

### a) Composition:

The Remuneration Committee of the Board consists of the following Directors:

Sr. No.	Name of the Director	Designation
1	Dr. Mithilesh Kumar Sinha, Non-Executive Independent Director	Chairman
2	Mr. Vijay Ajgaonkar, Non-Executive Independent Director	Member
3	*Mr. Subrata Kumar Dey, Non-Executive Independent Director	Member

\*Due to the Resignation of Mr. Viswanath Cheruvu, Independent Director of the Company, the committee had reconstituted by an appointment of Mr. Subrata Kumar Dey, as a Independent Director of the Company w.e.f. 14<sup>th</sup> February, 2013.

### b) Terms of Reference

Terms of reference of the Remuneration Committee, includes considering the matters relating to the Company's Policies on remuneration payable to the Managing Directors, Executive Directors and Whole-time Directors, sitting fees payable and commission to be paid to the Directors.

### c) Meeting

There was no meeting held during the year 2012-13.

### d) Remuneration

During the financial year 2012-13, Remuneration paid to the Directors is as follows:

Name of the Director	Sitting Fees	Salaries and Perquisites	Commission	Total
Mr.Venugopal Bang	-	-	-	-
Mr.Brijgopal Bang	-	7,20,000	-	7,20,000
Mr. Subrata Kumar Dey	5,000	-	-	5,000
Mr.M.K.Sinha	50,000	-	-	50,000
Mr.Vijay Ajgaonkar	25,000	-	-	25,000

### e) Remuneration Policy

The Remuneration Policy approved by the Board of Directors, inter alia, provides that the Salary & Commission to Executive Directors and Sitting Fee & Commission to Non- Executive Directors, if any, should not exceed the limits as prescribed under the Companies Act, 1956.

## 6. GENERAL BODY MEETINGS

### a) Date, time and venue for the last three Annual General Meetings (AGM)

Financial year	Date	Time	Venue
2010-11	23.08.2011	10.00 A.M.	50, Kewal Industrial Estate, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013.
2011-12	29.09.2012	10:00 A.M	Garware Club House, Wankhede Stadium, Banquet Hall, 2nd Floor, "D"raod, Chrchgate, Mumbai - 400020

## Resolution /s passed through Postal Ballot

### (b) Postal Ballot

No resolutions were required to be passed through Postal Ballot last year. Presently, there are no proposals to pass any Resolution by means of Postal Ballot.

## 7. DISCLOSURES

### (i) Disclosure regarding materially significant related party transaction

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Details on material significant related-party transactions are given in the appended financial statement under Notes to the Accounts annexed to the Financial Statements.

### (ii) Details of Penalties

No Penalties have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to Capital Market.

### iii) Whistle-Blower policy

The Company has not yet framed any Whistle Blower Policy.

### iv) Disclosure of Accounting Treatment in the preparation of the financial statements

The Company has followed all applicable Accounting Standards issued by the Institute of the Chartered Accountants of India.

### v) Disclosure by Management to the Board

All Disclosures relating to Financial and Commercial Transactions where Directors may have a potential Interest are provided to the Board, and the Interested Directors do not participate in the discussion nor do they vote on such matters.

### vi) Disclosure of Risk Management

Though Identification and Evaluation of Business Risks is a continuous process but early risk identification and appropriate counter-measures have enabled the Company to reconcile creativity with industry. A Comprehensive Risk Warning System incorporates all the key aspects of Risk Management which enables the Company to identify and manage strategic and operational risks at the Individual, Management and Board levels. The detailed Risk Assessment and Minimization Process undertaken by the Company has been given in other section of this Report.

### vii) Company's Insider Trading Policy

As per the Company's Insider Trading Policy and it's Code of Conduct, it observes a 'quiet period' from seven days prior to the event leading to / generating price sensitive information till 24 hours after the publication of such price sensitive information. The Company may also announce 'quiet period' during and after the occurrence of certain events as mentioned in the Insider Trading Policy and the Code of Conduct of the company.

The Company is strictly monitoring its Insider Trading Policy.

The Company has also fulfilled a non-mandatory requirement as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges, related to Remuneration Committee /Compensation Committee.

### **viii) Reconciliation of Share Capital Audit Report**

In line with the requirements stipulated by SEBI, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

## **8. MEANS OF COMMUNICATION TO SHAREHOLDERS**

- (i) The Board of Directors of the Company considers and approves all quarterly and annual financial results in the Pro-forma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- (ii) The approved financial results are forthwith sent to the Stock Exchanges and are published in a National English newspaper. In addition, the same are published in local language (Marathi) newspaper, within forty-eight hours of approval thereof. Presently the same are not sent to the shareholders separately.
- (iii) The Company's financial results and official press releases are displayed on the Company's **Website- [www.banggroup.com](http://www.banggroup.com)**
- (iv) No formal presentations were made to the institutional investors and analysts during the year under review.
- (v) Management Discussion and Analysis forms part of the Annual Report, which is sent to the shareholders of the Company.

## **9. ADDITIONAL SHAREHOLDER INFORMATION**

### **a) Annual General Meeting**

**Date** : Tuesday 24th September, 2013 at 10:30 am.

**Venue** : Maheshwari Bhavan, 603, Jagannath Shankar Seth Road, Mumbai -400002.

### **B). Financial Calendar (Tentative)**

<b>Particulars</b>	<b>Date</b>
First Quarter Results	On or before August 14,2012
Second Quarter Results	On or before November 14,2012
Third Quarter Results	On or before Febraury 14,2013
Fourth Quarter Results	On or before May 14,2013

**c) Book Closure**

The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 2013 to 22nd September, 2013. (both days inclusive)

**d) Dividend payment date :**

Not Applicable

**e) Listing**

1. Bombay Stock Exchange Ltd., P. J. Towers, Dalal Sreet, Fort, Mumbai 400 001.
2. National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai -51

Listing Fees as applicable have been paid.

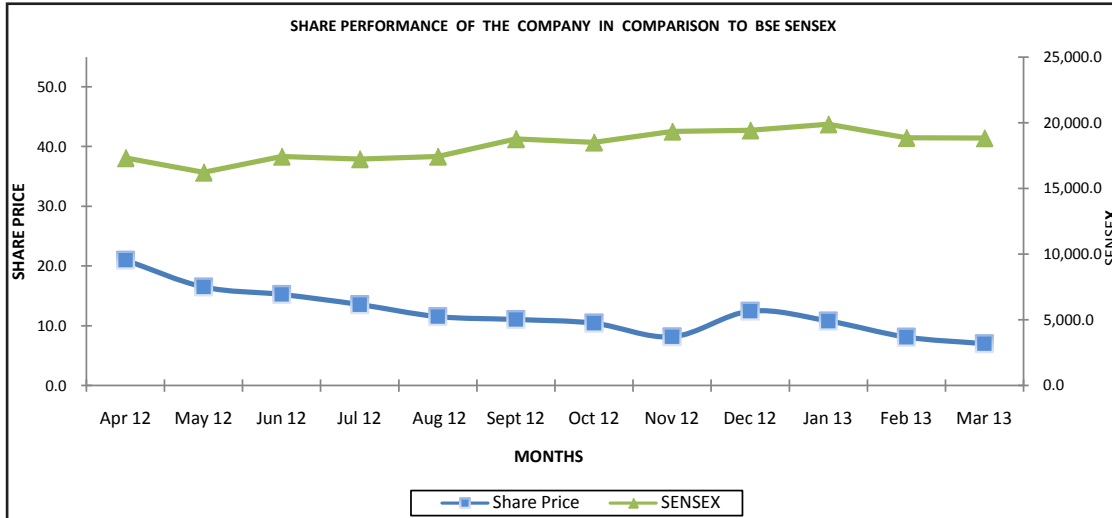
**Stock Code/Symbol:****(a) Stock Exchange Stock Code :**

1. Bombay Stock Exchange Ltd. - **533941**
2. National Stock Exchange of India Ltd. - **TSIL**

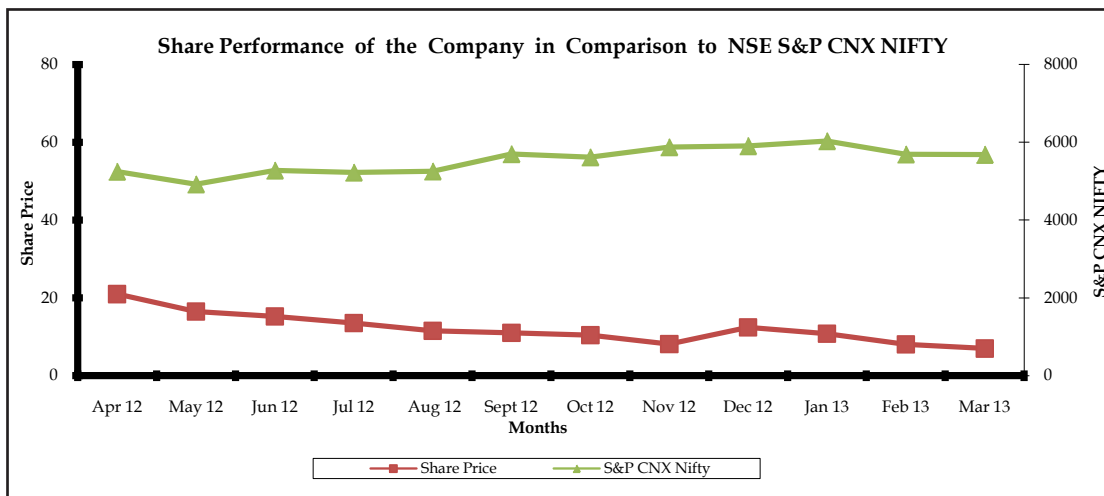
**(b) Demat ISIN No. for NSDL and CDSL – INE480M01011****f) Stock Data**

The Table below gives the Monthly High and Low Prices and Volumes of the Company's Equity Shares at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), Mumbai for the year 2012-13:

Date	THOMAS SCOTT (INDIA) LIMITED				BSE SENSEX		
	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares traded	High (Rs.)	Low (Rs.)	Close (Rs.)
Apr 12	25.95	19	22.8	5672	17664.1	17010.16	17318.81
May 12	22.9	15.2	16.6	3333	17432.33	15809.71	16218.53
June 12	19.85	12.7	15	13359	17448.48	15748.98	17429.98
July 12	19.15	12.35	13.06	3375	17631.19	16598.48	17236.18
Aug 12	13.5	12.1	12.36	1575	17972.54	17026.97	17429.56
Sept 12	13.65	11	11.76	6310	18869.94	17250.8	18762.74
Oct 12	12.6	10.25	10.54	6903	19137.29	18393.42	18505.38
Nov 12	10.75	8.05	8.05	9174	19372.7	18255.69	19339.9
Dec 12	12.21	7.51	12.21	19755	19612.18	19149.03	19426.71
Jan 13	16.34	11.01	12.6	17054	20203.66	19508.93	19894.98
Feb 13	12.5	8.08	8.11	12392	19966.69	18793.97	18861.54
Mar 13	9	7	7.35	4584	19754.66	18568.43	18835.77



THOMAS SCOTT (INDIA) LIMITED					NSE S&P CNX Nifty		
Date	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares traded	High (Rs.)	Low (Rs.)	Close (Rs.)
Apr 12	22.75	21	21	52	5262.15	5201.45	5248.15
May 12	18.85	16.4	16.5	129	4949.25	4883.55	4924.25
June 12	17.45	12.6	15.25	14577	5286.25	5189	5278.9
July 12	14.05	13.5	13.55	598	5234.55	5154.05	5229
Aug 12	11.55	11.1	11.55	130	5303.25	5238.9	5258.5
Sept 12	11.55	11.05	11.05	1285	5735.15	5683.45	5703.3
Oct 12	11.55	10.45	10.45	430	5624.4	5583.05	5619.7
Nov 12	8.8	8.15	8.15	435	5885.25	5827.85	5879.85
Dec 12	12.45	12	12.45	608	5919	5897.15	5905.1
Jan 13	11.9	10.8	10.8	161	6058.05	6025.15	6034.75
Feb 13	8.6	8	8.1	277	5849.9	5671.9	5693.05
Mar 13	7	7	7	1200	5692.95	5604.85	5682.55

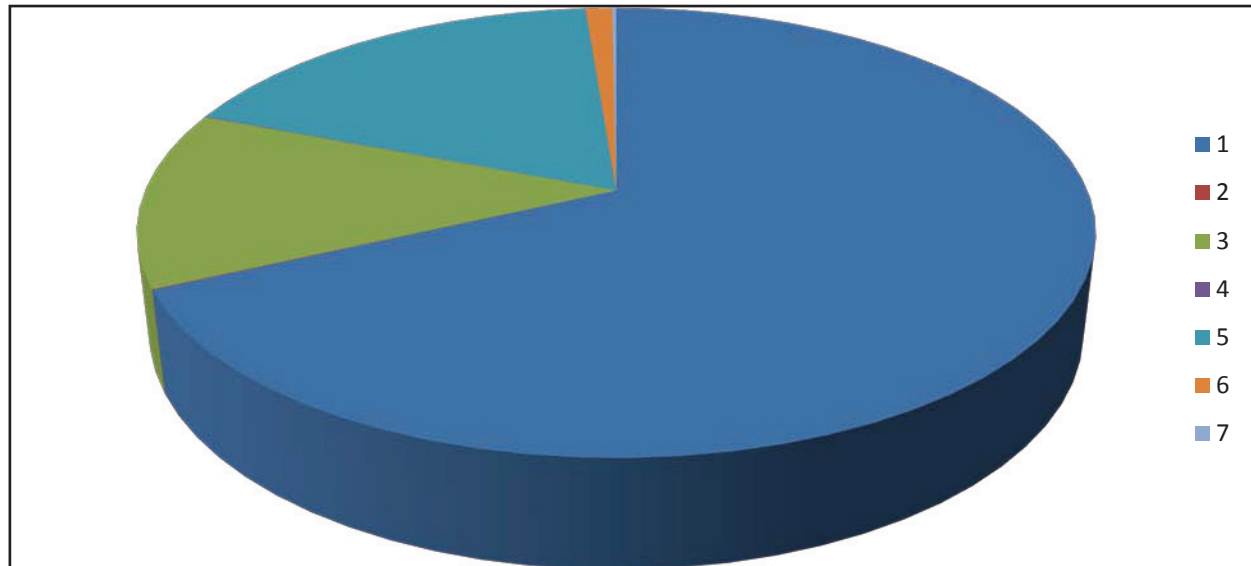


**h) Shareholding Pattern**

The Table below gives the pattern of Shareholding by ownership and share class respectively:

a. Shareholding Pattern by ownership as on 31st March, 2013:

No.	Category	No. of shares held	Shareholding %
1	PROMOTERS AND PROMOTER GROUP	2307185	68.06
2	CLEARING MEMBERS	1412	0.04
3	BODIES CORPORATES	433650	12.79
4	FRACTIONAL SHARES	1458	0.04
5	RESIDENT INDIVIDUALS	604163	17.82
6	H U F	36431	1.07
7	NON RESIDENT INDIANS	5701	0.17
	<b>Total</b>	<b>3390000</b>	<b>100.00</b>



Category		Share Holders		Share Amount	
No of Equity Shares -1		Number (2)	% to Total (3)	(In Rs.) (4)	% to Total (5)
Upto	- 5000	5757	96.17	3412280	10.07
5001	- 10000	86	1.44	621820	1.83
10001	- 20000	73	1.22	1052070	3.10
20001	- 30000	18	0.30	449820	1.33
30001	- 40000	2	0.03	75000	0.22
40001	- 50000	2	0.03	99990	0.29
50001	- 100000	12	0.20	1082150	3.19
	100001 & above	36	0.60	27106870	79.96
	<b>Total</b>	<b>5986</b>	<b>100.00</b>	<b>33900000</b>	<b>100.00</b>



**c) Dematerialisation**

The Company's Equity Shares are under compulsory Demat trading. The ISIN of the Scrip is INE480M01011.

As on 31st March, 2013, Dematerialized shares accounted for 39.79% of the Total Equity.

Karvy Computershare Private Limited, the Registrars & Transfer Agents handles the Physical Share Transfer related work and Electronic connectivity as well.

**d) Registrar and Share Transfer Agents**

M/s. Karvy Computershare Private Limited has been appointed as one-point agency, for dealing with shareholders, to handle the Physical Share Transfer related work and for Electronic Connectivity as per the directives of SEBI. The Company's Equity Shares are traded at the Stock Exchanges compulsorily in Demat mode. For transfer of shares in physical form, the Company has introduced transfer cum demat facility to avoid unnecessary mailing of certificates. Certificates duly transferred are returned to those, who opt to receive certificates in physical form. There are no legal proceedings against the Company on any share transfer matter.

Shareholders correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

**Karvy Computershare Private Limited**

Plot no. 17-24 Vittal Rao Nagar,  
Madhapur, Hyderabad – 500081  
Tel: (91 40) 44655000  
Fax: (91 40) 2343 1551  
E-mail: einward.ris@karvy.com  
Website: www.karvy.com  
Contact person: Mr. P.A. Varghese

**e) Investor Correspondence Address**

Shareholders can contact the Company Secretary for share/secretarial related matters of the Company at the below mentioned address:

**COMPANY SECRETARY & COMPLIANCE OFFICER**

**Ms. RASHI BANG**  
**THOMAS SCOTT (INDIA) LIMITED**

50, Kewal Industrial Estate, 4th Floor,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai -400 013, India  
Tel.: 022- 66607965  
Fax: 022-66607970  
E-mail: rashi@banggroup.com

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW OF THE ECONOMY**

The textiles and garments industry is one of the largest and most prominent sectors of Indian economy, in terms of output, foreign exchange earnings and employment generation. The textile Industry is crucial to the Indian economy in terms of contribution to GDP and employment. It contributes about 4% to the GDP, accounts for over 14% of total industrial production, generates 8% of the Central excise revenue and contributes around 35% of gross export earnings in trade and 16% of gross export earnings. The Indian textile industry currently provides employment to more than 35 Million people. As stated in late January, by Ministry of Textiles, the transformation of the textile industry from a degrading to a rapidly developing industry has become the biggest achievement of the Central Government.

### **INDUSTRY OUTLOOK**

The Indian industry is amongst the very few in the world that is truly vertically integrated from raw material to finished products. It contains within itself, fibre-production, spinning, knitting and weaving, as well as apparel manufacture. Indian industry has consistently remained flexible in terms of production quantity and lead time. The policy environment that was unfavorable to large-scale manufacturing in the past has also created an unintended strength - a base of design, product development and merchandising capability. A major gap in Indian industry is its fragmented industry structure with a dominance of small scale industries. Small scale also brings with it the problem of productivity. Smaller companies often do not have the resources to invest in appropriate technology or retraining, or in the re-engineering of processes. While skilled Indian labor is inexpensive in absolute terms, due to lower productivity levels, much of this advantage is lost by small firms.

### **FUTURE OUTLOOK**

On the Global Economic front, the Factors that contributed to the gloom during the year under review do not seem to have withered away thus casting uncertainty for the year ahead. On the Domestic front, as inflation is unlikely to moderate substantially, expected upward revision of price of fuel items, electricity and coal is on the anvil and high interest rates are collectively expected to create a difficult business atmosphere. As for the Indian Textile Industry, with the expectation of good monsoon, stabilization of prices of raw material at acceptable levels, improvement in micro economic factors, growing middle class and young population and continued urbanization, gives us a glimpse of hope for a moderate growth in 2013-14.

Your Company being a domestic player, redesign distribution network, dynamic marketing strategies and introduction of quality products, your Company expects to continue its good performance in the ensuing year.

### **FORWARD LOOKING STATEMENTS**

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government, regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

## SWOT ANALYSIS OF THE INDIAN TEXTILE & APPAREL INDUSTRY

### Strengths

- Abundant raw material availability
- Availability of low-cost skilled labour
- Presence across the value chain
- Growing domestic market

### Weaknesses

- Fragmented Industry
- Impediments due to historical regulations
- Low productivity
- Low cost competitiveness with regards to other developing nations
- Technological obsolescence

### Opportunities

- Opening up of entire market by the end of Agreement on Textile and Clothing (ATC)
- Research and new product development can help the companies to move across the value chain

### Threats

- Increased competition in the domestic markets
- Cheaper imports
- Outdated regulatory framework
- Increased importance of adherence to ecological and social norms

The textile industry is fiercely competitive. The threat of competition emerges not only from the organized as well as the disorganized sector and from both small and big players. At the international level, the company is in direct competition with companies in nations having a low cost base such as Philippines, China and Bangladesh etc. We are also in direct competition with the leading apparel and fabric manufacturers of India as well as the local brands.

## Internal Control Systems and their Adequacy

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly. The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by in house trained personnel. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

## Financial and operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. Please refer Board Report on performance review.

## Human Resources

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity: to contribute to developing and achieving individual excellence and

departmental objectives and continuously improve performance to realize the full potential of our personnel. The Company is giving direct employment to 26 employees.

### **Economic slowdown pinches retail sector**

The economic slowdown has been affecting the global retail sector significantly, both from the demand side and supply side. The global demand has been falling consistently over the past one year following the crisis in the US mortgage market. The resultant job losses and the fall in income have aggravated the impact on consumer demand. Besides, job uncertainty (in anticipation of job losses) has led to drop in consumer spending. On the supply side, however, many retailers are slowing down their expansion plans and many real estate developers are falling behind schedules in their shopping mall projects, considering the credit crunch. The economic slowdown has deeply affected the Indian organised retail sector in terms of deceleration in retail sales growth, footfalls, store expansions, employment rates and most importantly, profitability.

### **Cautionary Statement**

Statements made herein describing the Company's expectations or predictions are "forward-looking statements". The actual results may differ from those expected or predicted. Prime factors that may make a difference to the Company's performance include market conditions, input costs, govt. regulations, economic developments within/ outside country etc.

**PRACTISING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 (VII) (1)  
OF THE LISTING AGREEMENT:**

To,  
The Members,  
THOMAS SCOTT (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by **Thomas Scott (India) Limited** ("the Company") for the year ended 31st March 2013, as stipulated in Clause 49 (VII) (1) of the Listing Agreement with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of the records maintained by the Company we state that as at 31st March 2013, there were no investor grievances pending with the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Kothari H & Associates  
Company Secretaries**

**Sd/-  
Hitesh Kothari  
Membership No.: 16982  
Place: Mumbai  
Dated: August 12, 2013**

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**ANNUAL DECLARATON BY CEO PURSUANT TO CLAUSE 49(I) (D) (ii)  
OF THE LISTING AGREEMENT**

As per the requirements of Clause 49(I) (D) (ii) of the Listing Agreement, I, Brijgopal Bang, Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year 2012-13.

**Sd/-  
Brijgopal Bang  
Managing Director  
Place: Mumbai  
Date : August 12, 2013**

**CEO AND CFO CERTIFICATE PURSUANT TO CLAUSE 49 (V) OF  
THE LISTING AGREEMENT**

**This is to certify that:**

- (a) We have reviewed financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For Thomas Scott (India) Limited**

**Sd/-**

**Brijgopal Bang  
Managing Director**

**Sd/-**

**V Raju Murali  
Chief Financial Officer**

**Place: Mumbai**

**Date : August 12, 2013**

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
Thomas Scott (India) Limited

1. We have audited the accompanying financial statements of Thomas Scott (India) Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.
2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
5. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
6. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the 'Order') and on such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.

7. As required by Section 227 (3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors as on March 31,2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31,2013 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Act.
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Rajendra K Gupta & Associates**

Chartered Accountants

Firm Registration No.: 108373W

Rajendra Kumar Gupta

Partner

Membership No. 9939

Place: Mumbai

Date: 30th May 2013



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 6 of our report of the even date)

**(i) In respect of fixed assets:**

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) As explained to us, the fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) During the year the Company has not disposed off a substantial part of the fixed assets.

**(ii) In respect of inventories:**

- (a) As explain to us, the inventories have been physically verified by the management during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories. No material discrepancies were noticed on the physical verification done by the management.

**(iii) In respect of loans taken / granted:**

- (a) According to the information and explanation given to us, the Company has not taken unsecured loans covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanation given to us, the Company has not granted interest free unsecured loans repayable on demand which is covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion the terms and conditions on which the loan has been taken by the company are not prima facie prejudicial to the interest of the company.
- (d) The Company is regular in repaying principal amount and interest as stipulated.

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of it's business for the purchase of Inventory and Fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct measure weaknesses in such internal controls.

(v) In respect of register maintained under Section 301 of the Companies Act, 1956:

- (a) Based on the information and explanations given to us, the transaction pertaining to contracts and arrangements that need to be entered in to a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

- (b) According to information and explanation given to us, the transactions made in pursuance of such contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- or more in respect of any party have been made at prices which are reasonable having regards to the prevailing market prices.
- (vi) In our opinion, and according to the information and explanation given to us, the Company has not accepted any deposit from public and therefore the provisions of Section 58 and 58AA of the Companies Act, 1956 and Rules there under are not applicable to the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by the Internal Auditor have been commensurate with the size of the Company and nature of it's business.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of Companies Act, 1956 for any of the products of the Company.
- (ix) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax and custom duty have generally been regularly deposited with the appropriate authorities except slight delay at few instances.
- According to the information and explanation given to us, there was no undisputed amount payable in respect of statutory dues were in arrears as at 31st March, 2013 for a period of more than 6 months from the date they became payable.
- According to the information and explanation given to us, there are no dues of income tax, provident fund, service tax and other material statutory dues which have not been deposited with appropriate authorities on account of any disputes.
- (x) This is the second period of operations of the Company. The Company has incurred cash losses during the current period and accumulated losses are Rs. 11,75,14,909/- as at 31 March 2013.
- (xi) Based on our audit procedures and the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank.
- (xii) According to the information and explanations given to us , the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a nidhi / mutual benefit fund / society.
- (xiv) In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the records of the company and as per information and explanation given to us, the company has not taken Term Loan. Hence the provisions of clause 4 (xvi) of order is not applicable.

- (xvii) Based on the information and explanation given to us and over all examination of Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) No money has been raised by way of public issue directly by the Company during the financial year, hence this clause is not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Rajendra K Gupta & Associates**

Chartered Accountants

Firm Registration No.: 108373W

Rajendra Kumar Gupta

Partner

Membership No. 9939

Place: Mumbai

Date: 30th May 2013

## BALANCE SHEET AS AT 31ST MARCH, 2013

(In Rs.)

Particulars	Note	As at 31st March 2013	As at 31st March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	33,900,000	33,900,000
Reserves and Surplus	3	105,907,300	127,953,010
		<u>139,807,300</u>	<u>161,853,010</u>
<b>Current Liabilities</b>			
Short-term borrowings	4	24,566	5,870,454
Trade payables	5	82,365,995	5,735,460
Other current liabilities	6	251,446	1,068,925
Short-term provisions	7	379,088	4,832,376
		<u>83,021,095</u>	<u>17,507,215</u>
<b>Total</b>		<b><u>222,828,395</u></b>	<b><u>179,360,225</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	8		
Tangible assets		3,354,442	6,207,785
Intangible assets		176,515	260,350
Capital Work In Progress		-	704,820
Long term loans and advances	9	454,229	4,468,912
		<u>3,985,186</u>	<u>11,641,867</u>
<b>Current assets</b>			
Inventories	10	99,011,274	80,350,802
Trade receivables	11	89,890,134	51,664,439
Cash and bank balances	12	2,388,938	8,689,102
Short-term loans and advances	13	26,672,915	27,014,015
Other Current Assets	14	879,948	-
		<u>218,843,209</u>	<u>167,718,358</u>
<b>Total</b>		<b><u>222,828,395</u></b>	<b><u>179,360,225</u></b>

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

**For Rajendra K. Gupta & Associates**Chartered Accountants  
Firm Registration No:108373W**Rajendra Kumar Gupta**  
Partner  
Membership No. 9939Place : Mumbai  
Date : 30th May 2013

For and on behalf of Board of Directors

**Thomas Scott (India) Limited****Venugopal Bang**  
Chairman**Brijgopal Bang**  
Managing Director**Sonam Jain**  
Company SecretaryPlace : Mumbai  
Date : 30th May 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(In Rs.)

Particulars	Note	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>INCOME</b>			
Revenue from operations	15	214,694,536	163,735,752
Less: Excise Duty		989,938	5,569,841
Net Revenue from operations		<u>213,704,597</u>	<u>158,165,911</u>
Other Income	16	5,136,079	983,637
<b>Total Revenue</b>		<b><u>218,840,677</u></b>	<b><u>159,149,548</u></b>
<b>EXPENSES</b>			
Cost of materials consumed	17	9,119,632	46,597,069
Purchase of stock in trade	18	226,370,104	12,276,564
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	(27,780,104)	70,636,414
Employee benefit expenses	20	4,036,871	8,703,395
Financial cost	21	178,637	1,895,166
Depreciation and amortization expense	8	1,067,960	4,753,297
Other expenses	22	27,893,288	110,207,083
<b>Total Expenses</b>		<b><u>240,886,387</u></b>	<b><u>255,068,988</u></b>
Profit / (Loss) before exceptional and extraordinary items and tax		(22,045,710)	(95,919,440)
Exceptional Item		-	500,000
Profit / (Loss) before tax		<u>(22,045,710)</u>	<u>(95,419,440)</u>
Profit/(Loss) for the period		<u>(22,045,710)</u>	<u>(95,419,440)</u>
Earning per equity share: (Refer Note 26)			
(1) Basic		(6.50)	(28.15)
(2) Diluted		(6.50)	(28.15)

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements  
As per our report of even date attached

**For Rajendra K. Gupta & Associates**

Chartered Accountants  
Firm Registration No:108373W

**Rajendra Kumar Gupta**

Partner

**Membership No. 9939**
**Place :** Mumbai

**Date :** 30th May 2013

For and on behalf of Board of Directors

**Thomas Scott (India) Limited**
**Venugopal Bang**

Chairman

**Brijgopal Bang**

Managing Director

**Sonam Jain**

Company Secretary

**Place :** Mumbai

**Date :** 30th May 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(In Rs.)

Particulars	2012 - 2013	2011 - 2012
<b>A. Cash flow from Operating Activities</b>		
<b>Net profit before taxation</b>	(22,045,710)	(95,419,440)
Adjustments for:		
Depreciation	1,067,960	3,218,984
Amortisation	-	1,534,313
(Profit) / Loss on sale of Fixed Assets	1,877,313	9,096,582
Capital advances written off (CWIP)	704,820	-
Prior period	-	224,762
Stock loss	-	7,746
Cancellation of shares included in exceptional item	-	(500,000)
Sundry Balances Written off	-	267,493
Exchange rate fluctuation loss/(gain)	-	(1,480)
Interest expense	15,532	1,284,302
<b>Operating profit before Working Capital changes</b>	<b>(18,380,085)</b>	<b>(80,286,738)</b>
Decrease / (Increase) in trade receivables	(38,225,695)	17,662,635
Decrease / (Increase) in inventories	(18,660,472)	101,618,618
Decrease / (Increase) long term loans and advances	4,014,683	7,686,252
Decrease / (Increase) short term loans and advances	341,100	411,035
Decrease / (Increase) other current assets	(879,948)	-
Increase / (Decrease) in short term provisions	(4,453,288)	(4,466,170)
Increase / (Decrease) in other current liabilities	(817,479)	(55,899)
Increase / (Decrease) in trade payables	76,630,535	(22,382,905)
Cash generated from operations	<b>(430,649)</b>	<b>20,186,828</b>
<b>Net Cash from Operating Activities</b>	<b>(430,649)</b>	<b>20,186,828</b>
<b>B. Cash flows from Investing activities</b>		
Purchase of Fixed Assets	(97,872)	(222,011)
Foreign exchange gain	-	1,480
Receipt from sale of assets	89,777	1,434,584
<b>Net Cash from Investing Activities</b>	<b>(8,095)</b>	<b>1,214,053</b>
<b>C. Cash flows from Financing Activities</b>		
Increase / (Decrease) in short term borrowings	(5,845,888)	(11,892,718)
Interest expense	(15,532)	(1,284,302)
<b>Net cash from Financing Activities</b>	<b>(5,861,420)</b>	<b>(13,177,020)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(6,300,164)</b>	<b>8,223,861</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>8,689,102</b>	<b>465,241</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,388,938</b>	<b>8,689,102</b>

As per our report of even date attached

For Rajendra K. Gupta &amp; Associates

Chartered Accountants  
Firm Registration No:108373WRajendra Kumar Gupta  
Partner  
Membership No. 9939Place : Mumbai  
Date : 30th May 2013

For and on behalf of Board of Directors

Thomas Scott (India) Limited

Venugopal Bang  
ChairmanBrijgopal Bang  
Managing DirectorSonam Jain  
Company SecretaryPlace : Mumbai  
Date : 30th May 2013

## Note 1

**SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which impairment is made and revaluation is carried out and derivative instruments. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in previous year.

**2. Use of Estimate**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

**3. Fixed Assets**

Fixed assets are stated at cost (or re-valued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

**Depreciation**

Depreciation on the fixed assets has been provided for on written down value method at the rates prescribed and in the manner specified in Schedule XIV to the Companies Act, 1956.

**Impairment**

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the WACC.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- (iii) A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**4. Intangible Assets**

Intangible assets include miscellaneous expenditures that are capitalized if specific criteria are met and are amortised over their useful life, generally not exceeding 5 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 5 years should be reviewed at least at

each financial year end even if there is no indication that the asset is impaired.

## 5. Leases

### Where the Company is the lessee

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the P&L Account.

## 6. Inventories

Inventories are valued at lower of cost or net realisable value. Raw material and manufactured finished goods are valued at cost. Cost is determined on using average cost method.

## 7. Revenue Recognition

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

### (i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales returns, discounts and rebates.

### (ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### (iii) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of revised schedule VI of the Companies Act, 1956.

## 8. Foreign Exchange Transaction

- (i) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year end exchange rate.



- (ii) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

## 9. Employee benefits

- (i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the statutory authority are due.
- (ii) Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

## 10. Current Tax and Deferred Tax

- (i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.
- (ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

## 11. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive

## 12. Cash Flow Statement

Cash flow statement is reported using the indirect method as specified in the Accounting standard (AS)-3, 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

## 13. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(In Rs.)

Particulars	As at 31st March 2013	As at 31st March 2012
<b>Note 2 : Share Capital</b>		
<b>Authorised</b>		
40,00,000 Equity Shares of Rs. 10/- each (Previous year 40,00,000 equity shares of Rs. 10/- each))	40,000,000	40,000,000
10,00,000 Redemable Preference Shares of Rs. 10/- each (Previous year 10,00,000 preference shares of Rs. 10/- each)	10,000,000	10,000,000
	50,000,000	50,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
33,90,000 Equity Shares of Rs. 10/- each are allotted as fully paid up pursuant to scheme of demerger vide High Court dated 22.07.2011 (Previous year 33,90,000 equity shares of Rs. 10/- each fully paid up)	33,900,000	33,900,000
Total	33,900,000	33,900,000
<b>a) Terms/rights attached to Equity Shares</b>		
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.		
<b>b) Terms/rights attached to Preference Shares</b>		
The company has only one class of preference shares having a par value of Rs. 10 per share.		
<b>c) Reconciliation of Issued Share Capital</b>		
Equity shares outstanding at beginning of year	33,90,000	33,90,000
Equity shares outstanding at end of year	33,90,000	33,90,000
<b>d) Shareholders holding more than 5% of shares in the company</b>		
Mr. Venugopal Bang	6,76,650	6,76,650
Mr. Brijgopal Bang	3,80,250	3,80,250
Mr. Ramanujdas Bang	1,93,650	1,93,650
<b>e) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares brought back during the period of five years, immediately preceeding the reporting date:</b>		
	<b>Year (Aggregate number of shares)</b>	
	<b>2012-13</b>	<b>2011-12</b>
Equity Shares	33,90,000	33,90,000
Issued to the share holders of Bang Overseas Ltd pursuant to scheme of demerger approved by Hon. Bombay High Court.		
<b>Note 3 : Reserves &amp; Surplus</b>		
<b>(a) General Reserve</b>		
Balance at the beginning of the year	223,422,209	-
Add: Current year transfer (Pursuant to scheme of demerger)	-	223,422,209
Balance at the end of the year	223,422,209	223,422,209
<b>(c) Surplus/(Deficit) in Profit Loss Statement</b>		
Balance at the beginning of the year	(95,469,199)	(49,759)
Add: Current year transfer	(22,045,710)	(95,419,440)
Balance at the end of the year	(117,514,909)	(95,469,199)
<b>Total</b>	105,907,300	127,953,010
<b>Note 4: Short term borrowings</b>		
<b>Secured, considered good</b>		
Security deposits received from franchisee	24,566	4,736,664
Loan received from Related Party	-	1,133,790
	24,566	5,870,454

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

### Note 8 - Fixed Assets

(In Rs.)

Particulars	Gross Block			Depreciation			Net Block			
	as at 01/04/2012	Addition	Deduction	as on 31/03/2013	up to 01/04/2012	for the Year	Depreciation Adjustment	up to 31/03/2013	as on 31/03/2012	as on 31/03/2013
<b>(a) Tangible Assets:</b>										
Plant & Machinery	54,000	15,988	-	69,988	16,144	6,704	-	22,848		47,140
Office Equipments	956,738	-	146,900	809,838	254,088	88,619	67,451	275,256		534,582
Leasehold Improvements	7,633,895	-	3,939,696	3,694,199	2,586,015	690,239	2,061,364	1,214,890		2,479,309
Computer System	1,475,115	59,384	73,000	1,461,499	1,055,717	176,063	63,691	1,168,089		293,410
<b>Total of (a)</b>	<b>10,119,748</b>	<b>75,372</b>	<b>4,159,596</b>	<b>6,035,524</b>	<b>3,911,964</b>	<b>961,625</b>	<b>2,192,506</b>	<b>2,681,083</b>		<b>3,354,442</b>
<b>(b) Intangible Assets:</b>										
Computer software	1,861,214	22,500	-	1,883,714	1,600,864	106,335	-	1,707,199		176,515
<b>Total of (b)</b>	<b>1,861,214</b>	<b>22,500</b>	<b>-</b>	<b>1,883,714</b>	<b>1,600,864</b>	<b>106,335</b>	<b>-</b>	<b>1,707,199</b>		<b>176,515</b>
<b>Total of (a+b)</b>	<b>11,980,962</b>	<b>97,872</b>	<b>4,159,596</b>	<b>7,919,238</b>	<b>5,512,828</b>	<b>1,067,960</b>	<b>2,192,506</b>	<b>4,388,282</b>		<b>3,530,957</b>
Capital Work In Progress	704,820	-	704,820	-	-	-	-	-		704,820
<b>Total</b>	<b>12,685,782</b>	<b>97,872</b>	<b>4,864,416</b>	<b>7,919,238</b>	<b>5,512,828</b>	<b>1,067,960</b>	<b>2,192,506</b>	<b>4,388,282</b>		<b>3,530,957</b>
Previous Year	-	32,487,531	19,801,748	12,685,783	11,564,424	3,218,984	9,270,581	5,512,827		7,172,955
										-

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(In Rs.)

Particulars	As at 31st March 2013	As at 31st March 2012
<b>Note 5: Trade Payables</b>		
For goods and services	3,045,647	5,605,460
Payable to related party	79,320,348	130,000
	82,365,995	5,735,460
<b>Note 6: Other Current Liabilities</b>		
Statutory liabilities	95,696	1,068,925
Advance Received from customers	155,750	-
	251,446	1,068,925
<b>Note 7: Short term Provisions</b>		
Provision for employee benefits	157,264	326,745
Provision for excise duty on finished goods	-	4,311,820
Provision for Gratuity	221,824	193,811
	379,088	4,832,376
<b>Note 9 : Long term Loans and advances</b>		
Unsecured, considered good unless otherwise stated		
Security deposits towards Stores/Shops	454,229	4,468,912
	454,229	4,468,912
<b>Note 10 : Inventories</b>		
(As taken, Valued & Certified by the Management)		
Raw Materials & Consumables	9,391,210	18,510,842
Finished Good	89,620,064	61,839,960
	99,011,274	80,350,802
<b>Note 11 : Trade Receivables</b>		
Unsecured, considered good unless otherwise stated		
Debts outstanding for a period exceeding six months	20,371,259	18,998,208
Other Debts	69,518,875	32,666,231
	89,890,134	51,664,439
<b>Note 12 : Cash and Bank Balances</b>		
Cash and Cash equivalents		
Balances with Banks in		
- Current Accounts	2,170,802	7,950,873
- Cash In Hand	218,136	738,229
	2,388,938	8,689,102
<b>Note 13 : Short term Loans and advances</b>		
Unsecured, considered good unless otherwise stated		
Advances to employees	31,000	45,190
Advances paid to suppliers	26,349,090	26,527,111
Prepaid Expenses	172,058	183,197
Balance with statutory/government authorities	89,767	227,517
Security deposits	31,000	31,000
	26,672,915	27,014,015

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(In Rs.)

Particulars	As at 31st March 2013	As at 31st March 2012
<b>Note 14 : Other Current Assets</b>		
DFRC/DFIA License Premium	879,948	-
	879,948	-
<b>Note 15 : Revenue from Operations</b>		
Sale of products		
- Trade Goods	189,185,500	20,047,580
- Manufactured Goods	25,509,036	143,688,172
	214,694,536	163,735,752
<b>Note 16 : Other Income</b>		
Rent	-	180,000
Sale of Scrap	-	3,200
Insurance Claim	40,063	-
Foreign Exchange Gain/ (Loss)	2,062,009	-
Decrease in excise duty provision on finished goods	2,974,987	-
Sundry Balance written back	59,020	800,437
	5,136,079	983,637
<b>Note 17 : Cost of materials consumed (incl. cost of goods sold)</b>		
Opening stock of Raw Materials	18,510,842	49,493,046
Add: Purchases	-	15,614,865
Less: Closing Stock	9,391,210	18,510,842
	9,119,632	46,597,069
<b>Note 18 : Trade Purchases</b>		
Purchase of stock in trade	226,370,104	12,276,564
	226,370,104	12,276,564
<b>Note 19 : Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Opening Stock	61,839,960	132,476,374
Less: Closing Stock	89,620,064	61,839,960
	(27,780,104)	70,636,414
<b>Note 20 : Employee Compensation</b>		
Salaries, Wages, and Bonus	3,532,079	7,944,865
Contribution to Provident Fund and other funds	192,790	231,915
Gratuity Expenses	28,013	193,811
Workmen and staff welfare expenses	283,989	332,804
	4,036,871	8,703,395

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(In Rs.)

Particulars	As at 31st March 2013	As at 31st March 2012
<b>Note 21 : Finance Expenses</b>		
Interest on others	15,532	1,284,302
Foreign exchange loss/(gain)	-	(1,480)
Bank Charges	163,105	612,344
	178,637	1,895,166
<b>Note 22 : Other Expenses</b>		
Power & Fuel	629,712	2,758,424
Freight and forwarding charges	1,778,386	5,427,089
Rent	1,479,732	15,442,346
Rates & Taxes	67,627	334,963
Insurance Charges	205,953	471,481
Repairs & Maintenance:		
- Other	505,227	3,682,555
Advertisement expenses	141,069	3,021,155
Discount on sales	3,486,003	11,804,729
Director's Remuneration	720,000	-
Brokerage & Sales Promotion expenses	7,649,620	28,691,851
Director's Sitting fees	89,888	-
Travelling & Conveyance expenses	153,202	185,204
Capital advances written off	704,820	-
Communication Cost	221,173	385,891
Printing & Stationary	160,847	181,885
Legal, Professional and Consultancy fees	861,162	1,335,452
Auditor's remuneration:		
- Audit fee	25,000	25,000
- Tax Audit fee	20,000	20,000
Job work charges	143,400	11,592,690
Labour Charges	406,838	1,852,202
Loss on sale of fixed Assets	1,877,313	9,096,582
Courier & Postage	143,341	213,645
Vehicle expenses	5,870	10,935
Packing Material expenses	4,277,527	1,722,479
Security & service charges	710,767	4,980,874
Sundry balance written off	564,081	1,067,930
Excise duty on stock transfer and provision	-	4,364,449
Other expenses	89,975	364,205
Demerger expenses	-	948,305
Prior Period expenses	774,754	224,762
	27,893,288	110,207,083

## NOTES ON ACCOUNTS

### 23. Contingent Liabilities

(In Rs.)

Particulars	31.03.2013	31.03.2012
Sales Tax Declaration Forms	14,96,705	13,89,880
<b>Total</b>	<b>14,96,705</b>	<b>13,89,880</b>

### 24. Taxes on Income

In view of the losses for the current year, no income tax provision is recorded in accounts. However, deferred tax asset on account of current year loss has not been made as the management is of the opinion that there is no virtual certainty for the reversal of the same.

The details of deferred tax asset/liability are as below:

(In Rs.)

Particulars	31.03.2013	31.03.2012
<b>Deferred Tax Liabilities</b>		
On account of deduction u/s. 35DD	58,605	58,605
<b>Total</b>	<b>58,605</b>	<b>58,605</b>
<b>Deferred Tax Assets</b>		
Expenditures disallowed u/s 43B	1,585	3,66,235
On account of difference in Tax and Book Depreciation	79,26,337	81,15,477
<b>Deferred Tax Asset (Net)</b>	<b>78,69,317</b>	<b>84,23,107</b>

25. In the opinion of the Board, sundry debtors, loans and advances and other current assets and unsecured loans are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary. Some balances are subject to confirmation and reconciliation.

### 26. Earning per Share (EPS)

(In Rs.)

Particulars	31.03.2013	31.03.2012
Net Profit / (Loss) including exceptional item	(2,20,45,710)	(9,54,19,440)
Exceptional item	-	5,00,000
Net Profit / (Loss) excluding exceptional item	(2,20,45,710)	(9,59,19,440)
Nominal Value per share	10	10
Weighted Average no. of shares outstanding at the end of the year	33,90,000	33,90,000
E.P.S. Excluding exceptional item	<b>(6.50)</b>	<b>(28.29)</b>
E.P.S. Including exceptional item	<b>(6.50)</b>	<b>(28.15)</b>

## 27. Operating Lease Arrangements:

### As lessee:

Rental expenses of Rs. 14,79,732 (P.Y. Rs.1,54,42,346) in respect of obligation under operating leases have been recognized in the profit and loss account.

At balance sheet date, minimum lease payments under non-cancelable operating leases fall due as follows:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Due not later than one year	13,59,488	9,17,410
Due later than one year but not later than five years	12,71,328	13,82,747
Later than five years	-	-

### The above figures include:

- Lease rentals do not include common maintenance charges, tax payable, if any.
- The Company has not entered under any operating lease agreement which is not-cancelable more than five years.

## 28. Employee benefit plan:

The Company has recognized Rs.28,013 (PY 1,93,811/-) in the profit & Loss Account during the year ended 31 March 2013 under defined contribution plan.

(a) Expenses recognized in Profit & Loss Account for the year ended 31 March 2013:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Current service cost	77,801	39,575
Interest cost	15,602	9,780
Expected return on Assets	-	-
Actuarial (gains) / losses	(65,390)	1,44,456
Past service cost	-	-
<b>Net expenses</b>	<b>28,013</b>	<b>1,93,811</b>

(b) Net Asset / (Liability) recognized in the Balance Sheet as at 31 March 2013:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Defined benefit obligation	2,21,824	1,93,811
Fair value of plan assets	-	-
Fund status [Surplus/(Deficit)]	-	-
<b>Net Assets / (Liability)</b>	<b>(2,21,824)</b>	<b>(1,93,811)</b>



(c) Changes in present value of defined benefit obligation are as following:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Opening defined benefit obligation	1,93,811	-
Current service cost	77,801	39,575
Interest cost	15,602	9,780
Benefit paid	-	-
Actuarial (gains) / Losses	(65,390)	1,44,456
<b>Closing defined benefit obligation</b>	<b>2,21,824</b>	<b>1,93,811</b>

(d) Changes in fair value of plan assets are as follows:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Fair Value of Plan Assets at the beginning of the period.	-	-
Expected Return on Plan Assets	-	-
Actuarial gains / (Losses)	-	-
Actual Company Contributions less Risk Premium	-	-
Benefit Payments	-	-
<b>Fair Value of the assets</b>	<b>-</b>	<b>-</b>

(e) The principal actuarial assumptions used in determining gratuity liability is as follows:

Assumption	31.03.2013	31.03.2012
Discount rate	8.05%	8.57%
Expected return on assets	0.00%	0.00%
Salary Increase	7.00%	7.00%
Withdrawal rates	5.00%	5.00%
Mortality	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	

## 29. Segment Reporting:

The Company operates in only one reportable segment that is manufactures of readymade Garments and sale of trading fabric. Therefore no separate disclosure of segment wise information is required.

30. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence discloses, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

## 31. Prior Period expenses includes:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Stores Rent	1,09,871	2,24,762
Stores Commission & other expenses	6,64,883	-
<b>Total</b>	<b>7,74,754</b>	<b>2,24,762</b>

### 32. Derivative Instruments

There are no outstanding forward contracts entered into the Company as on 31 March 2013.

The Foreign currency exposures that have not been hedged by any derivatives instrument or otherwise as on 31 March 2013 are as follows:

(In Rs.)

Particulars	31.03.2013	31.03.2012
Assets (Receivable)	24,068	22,637
Liabilities (Payable)	12,92,00,069	10,955

33. Addition information pursuant to the provisions of Part II of the Revised Schedule VI of the Companies Act, 1956.

i) Value of imported and indigenous Raw Material consumed during the year

(In Rs.)

Particulars	31.03.2013		31.03.2012	
	Imported	NIL	NIL	NIL
<b>Indigenous</b>				
Fabrics	2,964 (mtrs)	3,02,287/-	2,32,060/-(mtrs)	2,36,50,702/-
Trims		59,537/-		50,53,728/-

ii) C.I.F Value of imports, Expenditure and Earning in Foreign exchange

(In Rs.)

Particulars	31.03.2013	31.03.2012
C I F Value of Imports (Fabric)	14,98,21,076	NIL
Foreign Travelling Expenses	NIL	NIL
FOB Value of Exports (Fabric)	NIL	NIL

34. Previous year figure has been regrouped, rearranged and restated whenever necessary

### 35. Information on Related Party Disclosure

A. Key Managerial Persons (KMP)	Venugopal Bang (Director) Brijgopal Bang (Director)
B. Relatives of Key Managerial Persons	Balaram Bang
C. Enterprises owned or significantly influenced by key management personnel or their relatives	Bang Overseas Limited Vedanta Creations Limited Venugopal Bang (HUF)

**Disclosure of transaction between the Company and related Parties and status of outstanding balances as on 31st March, 2013:**

(In Rs.)

Particulars	31.03.2013	31.03.2012
<b>Key Managerial Persons</b>		
<b>Brijgopal Bang</b>		
Remuneration to Director	720,000	-
Outstanding Payable as on 31st March 2013	53,636	-
<b>Relatives of Key Managerial Persons</b>		
<b>Balaram Bang</b>		
Rent paid	45,000	60,000
Sale of Fabric	700	-
Outstanding payable as on 31st March 2013	NIL	65,000
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
<b>Bang Overseas Limited</b>		
Sale of finished goods / raw materials etc.	20,123	28,520,760
Cancellation of equity shares	-	500,000
Purchase of finished goods / raw materials etc.	216,622,918	3,347,147
Interest paid	-	786,826
Loan received	-	67,336,151
Loan repaid	-	70,221,608
Sale of fabric	-	174,448,775
Outstanding payable as on 31st March 2013	79,266,712	1,133,790
<b>Bang Data Forms Pvt. Ltd.</b>		
Sale of finished goods / raw materials etc.	-	4,985
Outstanding receivable as on 31st March 2013	-	-
<b>Vedanta Creations Limited</b>		
Rent received	-	180,000
Closing balance receivable as on 31st March 2013	-	-
<b>Venugopal Bang (HUF)</b>		
Rent paid	45,000	60,000
Outstanding payable as on 31st March 2013	NIL	65,000

As per our report of even date attached

**For Rajendra K. Gupta & Associates**

Chartered Accountants  
Firm Registration No:108373W

**Rajendra Kumar Gupta**

Partner  
Membership No. 9939

Place : Mumbai  
Date : 30th May 2013

For and on behalf of Board of Directors

**Thomas Scott (India) Limited**
**Venugopal Bang**

Chairman

Place : Mumbai  
Date : 30th May 2013

**Brijgopal Bang**

Managing Director

**Sonam Jain**

Company Secretary







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**REGISTERED OFFICE:**

50, Kewal Industrial Estate, Ground Floor,  
Senapati Bapat Marg,  
Lower Parel (West), Mumbai - 400 013, India.

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