

**SCOTTS GARMENTS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2017**

Particulars	Note No.	As At 31st March, 2017	As At 31st March, 2016
		₹	₹
<b>A EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	1	341,728,560	341,728,560
(b) Reserves and surplus	2	2,780,852,402	2,680,288,199
		<b>3,122,580,962</b>	<b>3,022,016,759</b>
2 Non-current liabilities			
(a) Long-term borrowings	3	703,812,271	677,273,808
(b) Deferred tax liability (net)		495,305	12,941,854
(c) Other long term liabilities	4	51,140,169	48,648,513
		<b>755,447,746</b>	<b>738,864,175</b>
3 Current liabilities			
(a) Short-term borrowings	5	3,960,606,539	3,826,738,650
(b) Trade payables	6	300,544,859	429,764,427
(c) Other current liabilities	7	800,146,621	736,239,074
(d) Short-term provisions	8	113,493,226	87,964,118
		<b>5,174,791,245</b>	<b>5,080,706,269</b>
<b>TOTAL</b>		<b>9,052,819,953</b>	<b>8,841,587,204</b>
<b>B ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	1,690,019,971	1,879,878,346
(ii) Capital work-in-progress		-	2,527,916
(b) Non-current investments	10	446,004,590	446,004,590
(c) Long-term loans and advances	11	60,309,457	69,634,456
		<b>2,196,334,017</b>	<b>2,398,045,308</b>
2 Current assets			
(a) Inventories	12	4,145,537,736	4,103,849,760
(b) Trade receivables	13	1,788,650,808	1,454,127,439
(c) Cash and cash equivalents	14	70,936,537	101,565,831
(d) Short-term loans and advances	15	429,334,189	400,278,637
(e) Other Current Assets	16	422,026,665	383,720,228
		<b>6,856,485,936</b>	<b>6,443,541,896</b>
<b>TOTAL</b>		<b>9,052,819,953</b>	<b>8,841,587,204</b>

Notes are integral part of these Financial Statements

As per our report attached,

For M/s SCOTTS GARMENTS LIMITED

For Siddaiah & Ram

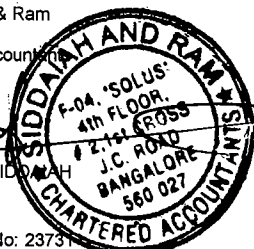
Chartered Accountants

M. MARULASIDDAH

Partner

Membership No: 23731

Firm Reg No: 003860S



NASEER AHMED

Managing Director

A. ARUMUGHAM

Director

M. THIAGARAJAN

Chief Financial Officer

S. GURUSWAMY BABU

Company Secretary

Place : Bangalore

Date : 31st August 2017

**SCOTTS GARMENTS LIMITED**

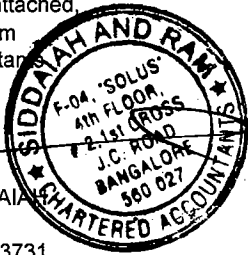
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2017	31 March, 2016
		₹	₹
Revenue from operations	17	6,599,036,526	7,463,488,783
Revenue from operations (net)		6,599,036,526	7,463,488,783
<b>Expenses</b>			
(a) Cost of materials consumed	19	4,302,948,792	4,811,808,047
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(389,682,402)	(535,599,964)
(c) Employee benefits expense	21	1,538,361,725	1,614,955,038
(d) Other expenses	23	469,572,959	604,207,415
<b>Total</b>		5,921,201,074	6,495,370,536
Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation -EBITDA		677,835,452	968,118,248
Finance costs	22	402,498,779	564,456,167
Depreciation and amortisation expense	9	236,379,610	286,644,617
Other income	18	72,504,591	73,809,141
Profit before exceptional and extraordinary items and tax		111,461,655	190,826,605
Exceptional and Extraordinary Items		-	110,462,358
Profit before tax		111,461,655	80,364,247
Tax expense:			
(a) Current tax expense for current year		23,344,000	17,000,000
(c) Current tax expense relating to prior years		-	-
(e) Deferred tax		(12,446,549)	(14,570,135)
		10,897,451	2,429,865
Profit from continuing operations		100,564,203	77,934,383
Profit for the year transferred to General Reserve		100,564,203	77,934,383
Earnings per Equity share (in Rs.)			
Basic		2.94	2.61
Diluted		2.94	2.61


Notes are integral part of Balance Sheet & Profit & Loss account

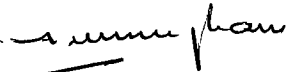
As per our report attached  
For Siddaiah & Ram  
Chartered Accountants

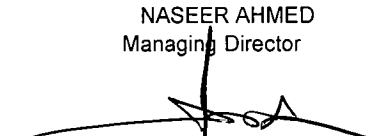
  
M. MURULASIDDAIAH  
Partner  
Membership No: 23731  
Firm Reg No: 003860S

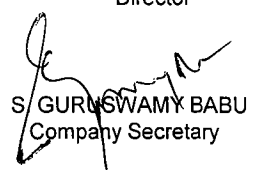


For M/s SCOTTS GARMENTS LIMITED

  
NASEER AHMED  
Managing Director

  
A. ARUMUGHAM  
Director

  
M. THIAGARAJAN  
Chief Financial Officer

  
S. GURUSWAMY BABU  
Company Secretary

Place: Bangalore  
Date : 31st August 2017

**SCOTTS GARMENTS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**

( Rs. in lakhs)

Particulars	31.03.2017	31.03.2016
<b>A. Cash Flow arising from operating Activities</b>		
Net Profit before Tax as per Profit & Loss Account	1,114.62	803.64
Add/Deduct		
(a) Depreciation & Amortisation Expenses	2,363.80	2866.45
(b) Finance charge & loss on variation on foreign exchange rates	3,946.85	5,644.56
(c) Surplus on sale of Profit on Sale of Fixed Assets	(18.37)	(0.91)
<b>Operating profit before Working Capital Changes</b>	<b>7,406.89</b>	<b>9313.74</b>
Add/Deduct		
(a) ( Increase ) / in inventories	(416.88)	(4,401.29)
(b) ( Increase ) / in Trade and other receivables	(3,345.23)	(4020.34)
(c) ( Increase ) / in Loans and advances	(580.37)	3244.83
(d) ( Decrease ) in Current & no current Liabilities	(576.83)	750.88
<b>Cash Flow from operations</b>	<b>2,487.58</b>	<b>4,887.81</b>
Deduct Taxes paid/Add:Refunds received	(29.28)	(61.58)
<b>Net Cash flow in the course of operating activities</b>	<b>2458.30</b>	<b>4826.23</b>
<b>B. Cash Flow arising from Investment activities</b>		
(a) Acquisition of fixed assets(Net)	(489.51)	(1125.60)
(b) Disposal of Investments	0.00	0.00
(b) Disposal of Assets	67.70	124.55
(c) Capital subsidy	0.00	1000.00
<b>Net Cash flow arising from Investment Activities</b>	<b>(421.81)</b>	<b>(1.05)</b>
<b>C. Cash Flow arising from Financing Activities</b>		
(a) Proceeds from Secured Loans(Net)	1,604.06	722.94
(b) Proceeds from Issue of Shares	0.00	0.00
(c) Finance charges	(3,946.85)	(5644.56)
<b>Net Cash Flow in the course of Financing Activities</b>	<b>(2342.79)</b>	<b>(4921.62)</b>
<b>Net ( Decrease ) / Increase in cash and cash Equivalents( A+B+C )</b>	<b>-306.29</b>	<b>(96.44)</b>
<b>Add Balance at the beginning of the year</b>	<b>1,015.66</b>	<b>1112.10</b>
<b>Cash and Cash Equivalents at the close of the year</b>	<b>709.37</b>	<b>1,015.66</b>

As per our Report attached  
For M/s Siddaiah & Ram  
Chartered Accountants

( M.Marulasiddaiah )  
Partner  
M.No. 23731  
F.R.N: 003860S



For M/s SCOTTS GARMENTS LIMITED

*(Signature)*  
NASEER AHMED  
Managing Director

*(Signature)*  
A.ARUMUGHAM  
Director

*(Signature)*  
M.THAGARAJAN  
Chief Financial Officer

*(Signature)*  
S.GURUSWAMY BABU  
Company Secretary

Place: Bangalore

Date: 31st August, 2017

**SCOTTS GARMENTS LIMITED**

Notes to financial statements for the Year ended 31st March, 2017

**Note 1 Share capital**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Numbers	₹	Numbers	₹
<b>Authorised</b>				
Equity shares of Rs10/- each	44,000,000	440,000,000	44,000,000	440,000,000
<b>Issued</b>				
Equity shares Rs 10/- each	34,172,856	341,728,560	34,172,856	341,728,560
<b>Subscribed and fully paid up</b>				
Equity shares of Rs 10/- each	34,172,856	341,728,560	34,172,856	341,728,560
<b>Total</b>	34,172,856	341,728,560	34,172,856	341,728,560

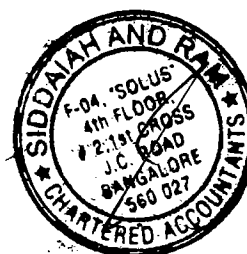
**Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Particular	Equity Shares			
	As at 31 March, 2017		As at 31 March, 2016	
	Number	₹	Number	₹
At the beginning of the year	34,172,856	341,728,560	28,477,380	284,773,800
Shares issued during the year	-	-	5,695,476	56,954,760
At the end of the year	34,172,856	341,728,560	34,172,856	341,728,560

The Company has only one class of equity shares having a par value of Rs.10 per share. Each Shareholders is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the Amount approval of shareholders, except in case of interim dividend.

**Details of shares held by shareholders holding more than 5% of the aggregate shares in the company:**

Name of the share holder	Equity Shares			
	As at 31 March, 2017		As at 31 March, 2016	
	Number	% of Holding	Number	% of Holding
Naseer Ahmed	15,173,400	44.40%	15,173,400	44.40%
Pedigree Construction Private Limited	5,797,500	16.97%	5,797,500	16.97%
B.R. Machine Tools Private Limited	3,606,600	10.55%	3,606,600	10.55%
Bombay Rayon Fashions Limited	2,400,000	7.02%	2,400,000	7.02%
Emerging India Growth Fund-CVCFI	2,086,956	6.11%	2,086,956	6.11%



SCOTTS GARMENTS LIMITED

Notes to financial statements for the year ended 31st March, 2017

Note 2 Reserves and surplus

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
(a) Capital reserve		
Balance as per last account	4,000,000	4,000,000
Closing balance	4,000,000	4,000,000
(b) Securities premium account		
Balance as per last account	432,305,150	432,305,150
Additions during the year	-	-
Closing balance	432,305,150	432,305,150
(c) General Reserve		
Opening balance	2,243,983,049	2,223,003,426
Add: Surplus Transferred from Profit & Loss Account	100,564,203	77,934,383
Less: Bonus Issue	-	56,954,760
Closing balance	2,344,547,252	2,243,983,049
(d) Surplus		
Opening balance	-	-
Add: Transferred from statement of Profit and Loss	100,564,203	77,934,383
Closing balance transfer to General Reserve	100,564,203	77,934,383
<b>TOTAL</b>	<b>2,780,852,402</b>	<b>2,680,288,199</b>

Note 3 Long-term borrowings

Particulars		As at 31 March, 2017	As at 31 March, 2016
Particulars	Terms of repayment and security	₹	₹
<b>Secured</b>			
Term loans from banks:			
Canara Bank	Quarterly	103,997,051	210,588,252
Canara Bank	Quarterly	26,442,395	102,636,129
Canara Bank - FCLR	Quarterly	186,660,170	262,218,523
Secured by equitable mortgage of immovable properties of the Company, and charge over movable assets, both present and future of the Company and personal guarantee of three directors			
Vehicle loans from banks			
HDFC BANK LTD	Monthly	612,527.00	-
INDUSIND BANK LTD	Monthly	166,201.12	-
ICICI BANK LTD	Monthly	2,857,988.40	5,682,138
TOYOTA FINANCIALS SERVICES	Monthly	1,404,049	627,376
(The vehicle loans are secured by hypothecation of specified vehicles against which the finance is obtained)			
<b>UNSECURED</b>			
From Directors, their relatives		259,281,390	95,521,390
corporate bodies		122,390,500	-
(Refer note # 30 to the notes to accounts)			
<b>TOTAL</b>		<b>703,812,271</b>	<b>677,273,808</b>

Note 4 Other Long term Liabilities

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Provision for Gratuity	51,140,169	48,648,513
<b>Total</b>	<b>51,140,169</b>	<b>48,648,513</b>



SCOTTS GARMENTS LIMITED

Notes to financial statements for the year ended 31st March, 2017

Note 5 Short-term borrowings

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Secured		
From banks		
Working Capital loans	3,960,606,539	3,826,738,650
Working capital loans from banks are Secured by charge over assets of the Company as specified in banking arrangement, and personal guarantee of three directors.		
Total	3,960,606,539	3,826,738,650

Note 6 Trade payables

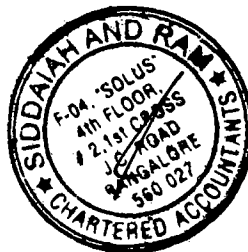
Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade payables:		
(a) Due to Micro & Small Enterprises		
(b) Due to other Creditors	300,544,859	429,764,427
Total	300,544,859	429,764,427

Note 7 Other current liabilities

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	236,780,802	215,300,870
(ii) Over drawn bank balance in current accounts	136,967,935	92,610,993
(iii) Current maturities of long-term debt	426,397,884	428,327,212
Total	800,146,621	736,239,074

Note 8 Short-term provisions

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
(a) Provision for employee benefits		
(i) Provision for bonus	20,000,000	20,000,000
(ii) Provision for compensated absences	42,701,000	37,563,294
	62,701,000	57,563,294
(b) Provision - Others:		
Current Tax, proposed Equity Dividend, Dividend & Dividend Distribution Tax		
Current Tax	50,792,226	30,400,824
	50,792,226	30,400,824
Total	113,493,226	87,964,118



SCOTTS GARMENTS LIMITED

Fixed Assets

Notes to financial statements for the year ended 31st March, 2017

Note 9

DESCRIPTION	GROSS BLOCK			DEPRECIATION /AMORTISATION			NET BLOCK				
	As At 1.04.2016	ADDITIONS DURING THE YEAR	CAPITAL SUBSIDY RECEIVED/Deletion	DELETIONS FOR THE YEAR	TOTAL As At 31.03.2017	As At 1.04.2016	FOR THE YEAR	ADJUSTMENTS	TOTAL As At 31.03.2017	As At 31.03.2017	As At 31.3.2016
TANGIBLE ASSETS											
LAND	120,277,717				120,277,717					120,277,717	120,277,717
LAND & BUILDINGS	95,204,018				95,204,018	38,229,643			40,722,954	54,481,064	56,974,375
LEASE HOLD LAND - WIND MILL	7,103,000				7,103,000					7,103,000	7,103,000
SHOW ROOM	3,496,214				3,496,214					1,955,224	1,540,390
OFFICE BUILDING	28,073,531				28,073,531	1,887,020			1,955,224	1,540,390	1,609,194
FACTORY BUILDINGS	1,473,508,682	38,464,821			1,511,973,503	9,968,797			10,854,993	17,218,538	18,104,734
PLANT & MACHINERY	1,646,827,092	12,647,007			1,659,474,099	482,169,574			554,470,830	957,502,673	1,011,339,108
ELECTRICAL INSTALLATION	95,571,962	55,564		6,321,176	1,653,152,923	1,070,411,638		2,398,554	1,183,691,517	489,461,406	576,415,454
FURNITURE & FIXTURES	112,807,899	158,672		1,695,430	93,932,096	69,396,519		931,838	76,086,736	17,845,360	26,175,443
FURNITURE & FIXTURES 100%	3,765,032				112,966,571	93,119,437			99,813,574	13,152,997	19,688,462
OFFICE EQUIPMENTS	25,626,272	64,889			3,765,032	22,862,343			3,765,032		
DATA PROCESSING EQUIPMENTS	63,764,327	87,564			25,691,161				23,539,935	2,151,227	2,763,930
VEHICLES	59,030,544			710,000	58,320,544	42,149,429			60,251,735	3,600,156	6,113,173
CIVIL WORK ON LEASED BUILDING	14,550,707				14,550,707	5,036,508			46,734,107	11,586,437	16,881,115
MOBILE HANDSETS	903,692				903,692	880,060			6,105,889	8,444,818	9,512,199
EFFLUENT TREATMENT PLANT	21,184,190				21,184,190	14,287,380			15,543,682	5,640,608	6,896,810
TOTAL	3,771,694,879	51,478,517		8,726,606	3,814,446,790	1,891,816,533		3,769,323	2,124,426,819	1,690,019,971	1,879,878,346

CAPITAL WORK IN PROGRESS

Capital work in Progress

( For factory building under construction)

	2,527,916										2,527,916
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SCOTTS GARMENTS LIMITED

Notes to financial statements for the year ended 31st March, 2017

Note 10 Non-current investments

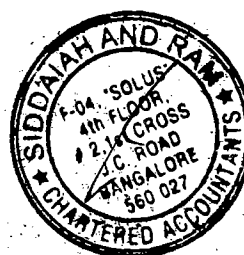
Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Investments (At cost)		
A. QUOTED		
In equity shares fully paid up		
Bombay Rayon Fashions Ltd- 6,92,000 shares of Rs 10/- each ( Market price Rs.149.50) ( PY 6,92,000 shares of Rs.10/- each)	178,420,090	178,420,090
(Refer note # 31 to notes to accounts forming part of accounts)		
Aggregate amount of Quoted Investments	178,420,090	178,420,090
B. UNQUOTED		
Investment in Associate Company		
Inmark Retail Private Limited - 2,70,000 Shares of Rs 100/- each	67,500,000	67,500,000
Scotts Fashionciti India Limited -10,000 equity share of Rs 10/- each (PY10,000 equity share of Rs 10/- each)	100,000	100,000
Other Investments	-	-
Bombay Rayon Clothing Limited-701700 Equity shares of Rs 10/- each.	199,984,500	199,984,500
Aggregate amount of Unquoted Investments	267,584,500	267,584,500
Total	446,004,590	446,004,590

Note-11 Long Term Loans & Advances

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Unsecured, considered good Security deposits	60,309,457	69,634,456
Total	60,309,457	69,634,456

Note 12 Inventories

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
(a) Raw materials	1,445,323,964	1,793,318,390
(b) Work-in-progress	1,276,295,653	1,152,099,445
(c) Finished goods (valued at lower of cost or net realisable value)	1,423,918,119	1,158,431,925
Total	4,145,537,736	4,103,849,760





## Note 13 Trade receivables

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Trade receivables outstanding for a period less than six months from the date they were due for payment		
(Unsecured considered good)		
Over six months		
others	1,788,650,808	1,454,127,439
Total	1,788,650,808	1,454,127,439

## Note 14 Cash and cash equivalents

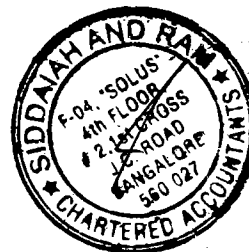
Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Cash on hand	886,420	1,049,516
Balances with banks		
(i) In current accounts	10,841,767	44,870,631
(ii) In deposit accounts ( held as margin money against LC/BG)	59,208,350	55,645,684
Total	70,936,537	101,565,831

## Note 15 Short-term loans and advances

	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Unsecured, considered good		
Advances receivable in cash or for value to be received	429,334,189	400,278,637
Total	429,334,189	400,278,637

## Note 16 Other current assets

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Export Incentive receivable	340,636,835	308,216,886
VAT Receivable	76,462,971	65,543,964
Interest Subsidy receivable	4,926,859	9,959,379
Total	422,026,665	383,720,228



SCOTTS GARMENTS LIMITED

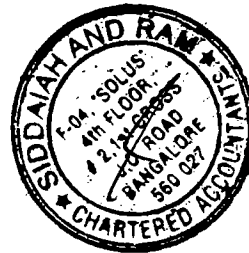
Notes to financial statements for the Year ended 31st March, 2017

Note 17 Revenue from operations

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Sale of products	6,162,047,025	7,001,775,878
Duty drawback and other export incentives	429,175,671	461,712,905
Exchange fluctuation gain	7,813,830	-
Total	6,599,036,526	7,463,488,783

Note 18 Other income

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Interest income	14,073,249	19,296,895
Profit on Sale of Fixed Assets	1,837,211	0
Income from Wind Mill	56,594,132	54,512,246
Total	72,504,591	73,809,141



SCOTTS GARMENTS LIMITED

Notes to financial statements for the year ended 31st March 2017

Note 19. Cost of material consumed

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Inventory at the beginning of the year	1,793,318,390	1,888,789,241
Add: Purchases	3,954,954,366	4,716,337,196
	5,748,272,756	6,605,126,437
Less: Inventory at the end of the year	1,445,323,964	1,793,318,390
Cost of material consumed	4,302,948,792	4,811,808,047

Note 20 (Increase) /decrease in Inventories

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Inventories at the end of the year:		
Finished goods	1,423,918,119	1,158,431,925
Work-in-progress	1,276,295,653	1,152,099,445
	2,700,213,772	2,310,531,370
Inventories at the beginning of the year:		
Finished goods	1,158,431,925	921,310,770
Work-in-progress	1,152,099,445	853,620,635
	2,310,531,370	1,774,931,405
Net (increase) / decrease	(389,682,402)	(535,599,964)

Note 21 Employee benefits expense

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Salaries and wages	1,304,718,427	1,361,607,135
Contributions to provident and other funds	224,428,043	232,743,691
Staff welfare expenses	9,215,256	20,604,212
Total	1,538,361,725	1,614,955,038

Note 22 Finance costs

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Interest expense	277,482,983	301,470,222
Bank charges	125,015,796	100,356,449
Exchange fluctuation	-	162,629,496
Total	402,498,779	564,456,167



## SCOTTS GARMENTS LIMITED

Notes to financial statements for the year ended 31st March, 2017

## Note 23 Other expenses

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Power & Fuel expenses	132,603,287	160,708,615
Water charges	11,959,607	12,167,662
Rent including lease rentals	44,842,413	48,262,782
Repairs and maintenance		
-Machinery	37,409,323	61,938,230
-Building	1,775,988	3,806,968
Transportation charges	27,997,651	31,324,549
Freight and forwarding	88,791,120	107,181,370
Insurance	4,821,850	5,833,859
Rates and taxes	6,036,693	8,991,227
Travelling and conveyance	43,372,396	52,834,085
Printing and stationery	4,185,101	5,985,760
Postage & Courier charges	6,025,475	7,645,342
Business promotion Expenses	1,607,667	32,217,679
Documentation charges	1,959,822	175,310
Security charges	34,531,019	41,560,134
Professional charges	12,110,814	8,489,039
Payments to auditors	458,000	534,798
Telephone charges	3,996,559	7,894,953
Subscription, Books & periodicals	68,949	223,525
Expense Towards CSR	2,770,138	2,344,123
Loss on sale of assets		91,391
General expenses	2,249,089	3,996,015
<b>Total</b>	<b>469,572,959</b>	<b>604,207,415</b>

## Note 24

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
Payments to auditors		
As auditors - statutory audit	458,000	458,000
For other services	-	-
Out of pocket expenses	-	76,798
<b>Total</b>	<b>458,000</b>	<b>534,798</b>



## Annexure to Notes to Accounts

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

#### Basis of Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost concept and accrual basis of accounting in accordance with the Generally Accepted Accounting Policy (GAAP) in India and complies with the accounting standards prescribed under section 133 of Companies Act, 2013, read with Rule 7 of the companies (accounts) Rule 2014, to the extent applicable.

#### Use of Estimates:

The preparation of the financial statements is in conformity with the accounting standards generally accepted in India requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialise. All assets and liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria set out in schedule III to the companies Act, 2013.

#### Fixed Assets:

Tangible assets are stated at their original cost plus all costs directly attributable to bringing the asset to its working condition for its intended use.

Intangible assets are recognized;

- (i) when it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and
  - (ii) cost of the asset is measured reliably.
- Intangible assets are measured initially at cost.

#### Depreciation/Amortization:

(i) Till the year ended March 31, 2014 depreciation rates prescribed under Schedule XIV were treated as minimum rates and company were not allowed to charge depreciation at lower rates, even if such lower rates were justified by the estimated useful life of the assets. From the year March 31, 2015 schedule XIV has been replaced by schedule II of the companies Act, 2013. The replaced schedule II prescribes useful lives for fixed assets which in many cases, are different from the lives prescribed under the erstwhile schedule XIV, however schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual value can be technically supported and justification for difference is disclosed in the financial statements.

(ii) Considering the applicability of schedule II, the management has re-estimated useful lives and residual value of all its fixed assets. Management believes that depreciation rates currently used fairly reflects its estimate of useful lives and residual value of fixed assets and in compliance of schedule II of the companies Act, 2013.

(iii) Depreciation in respect of assets acquired during the year has been provided pro-rata from the date such assets are acquired / put to use.



#### Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged off to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior year accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### Inventories:

Inventories are valued at lower of cost or net realizable value. The cost is determined on weighted average cost. Obsolete, defective and unserviceable stocks are duly provided for.

#### Investments:

Long Term investments are stated at cost. Provision for diminution in the value of long term investment is made only if such decline, other than temporary Current investments are stated at lower of cost, quoted/fair value. Computed category wise.

#### Revenue Recognition:

Domestic and Export sales are accounted on dispatch of goods to customer. Sales are recorded net after trade discount, wherever applicable.

#### Foreign Currency Transactions:

- (i) Foreign Currency Transactions are accounted, on initial recognition, by applying to the foreign currency amount the exchange rate prevailing at the date of the transaction.
- (ii) Foreign currency monetary items as at the Balance sheet date are reported at the exchange rate prevailing as on that date.
- (iii) Foreign currency non - monetary items are reported at the exchange rate at the date of transaction.

The exchange difference arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded, recognized as income or expense in the period in which they arise except exchange difference arising on reporting of long - term foreign currency monetary items, in so far they relate to the acquisition of a depreciable capital asset in which case it is added to or deducted from carrying amount of the asset.

#### Employee Benefits:

- i) Short - term employee benefits:

Undiscounted amount of short-term employee benefits are recognized in the period in which the employee has rendered service.

The cost of short – term accumulating compensated absences that are vested, measured and recognized on actuarial basis.

The expected cost of bonus payments are measured and recognized when Company has present obligation to make such payments as a result of employee rendered service.



ii) Post – employment benefits:

Post-employment benefits under defined contribution scheme such as Provident Fund and Employees State Insurance, recognized during the period in which employee has rendered service on actual liability basis.

Post-employment benefits under defined benefit scheme (unfunded) such as gratuity, is accounted as per actuarial valuation.

**Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the costs of such assets till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**Earning Per Share:**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is calculated and presented when there are potential equity shares.

When the weighted average number of equity shares changed in the current period as a result of bonus issue or share split or reverse share split, the calculation of basic and diluted earning per share is presented for all the periods presented.

**Provision for Income Tax:**

Provision for current tax is made on the basis of taxable income for the current accounting period calculated in accordance with the provisions of Income Tax Act, 1961. Deferred tax as a result of timing differences between accounting income and taxable income for the period is accounted using tax rates that have been enacted or substantially enacted as on balance sheet date.

Deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**Provisions, Contingent Liabilities and Contingent Assets:**

A provision involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed when the possibility of any outflow in settlement is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.



**Payment to Raw material suppliers, by way of Letter of credit**

From the financial year 2014-15 the accepted liability on account of letter of credit opened in favour of Raw material suppliers have been considered and shown under current liability in the financials, where as this liability prior to Financial year 2013-14 was shown as contingent liability not provided for in respect of outstanding letter of credit issued by bank.

**Segment Reporting:**

The Company is mainly engaged in the business of manufacture of ready made garments. Considering the nature of business and financial reporting, the Company has only one segment viz, garments as a reportable segment.

In the opinion of the and to best of their knowledge and belief the value of realization of Loan, Advances, Current Assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.


**Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:**

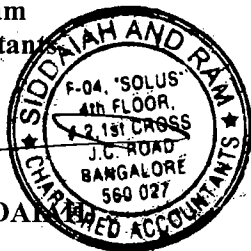
There are no micro and small scale business enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2017. This information to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of the information available with the company.

The financial statements for the year ended 31<sup>st</sup> March 2017 are prepared under revised schedule VI as well as Guidance Note issued by the Institute of Chartered Accountants of India. Accordingly the previous year figures have also been reclassified to conform to the year's classification


Notes 1 to 35 forms an integral part of the financial statements and have been duly authenticated.

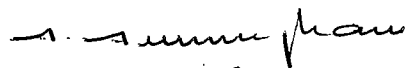
**As per our Report of even date attached,  
For Siddaiah & Ram  
Chartered Accountants**

  
**(M.MARULASIDDAAH)**  
Partner  
Membership No.23731  
Firm Registration No: 003860S




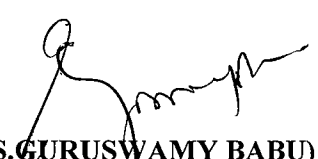
**For M/s Scotts Garments Limited**

  
**(NASEER AHMED)**  
Managing Director

  
**(A.ARUMUGHAM)**  
Director

**Place: Bangalore  
Date:31<sup>h</sup> August,2017**

  
**(M.THAGARAJAN)**  
Chief Financial Officer

  
**(S.GURUSWAMY BABU)**  
Company Secretary



## 25. Disclosure pursuant to Accounting Standard-15 "Employee Benefits"

The employees' Gratuity Scheme & Compensated Absences are defined benefit plans. The present obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

		Gratuity (₹ in millions)	Compensated absences (₹ in millions)
1)	<b>Assumption:</b>		
	Discount Rate	6.54%	6.54%
	Salary escalation	6.00%	6.00%
2)	<b>Present Value of Obligation</b>		
	Present value of obligations as at beginning of year	51.14	37.56
	Interest cost	3.09	1.54
	Service cost	17.95	7.84
	Benefits settled	-15.67	-33.25
	Actuarial (Gain) / Loss on obligation	53.82	29
	Present value of obligation as at end of year	51.11	42.7
3)	<b>Fair Value of plan assets</b>		
	Fair value of plan assets at beginning of year	Nil	Nil
	Expected return on plan assets	Nil	Nil
	Contribution	13.18	33.25
	Benefits paid	-13.18	-33.25
	Actuarial (gain) / loss on obligations	Nil	Nil
	Fair Value of plan assets at the end of year	Nil	Nil
	Funded status	53.82	42.7
4)	<b>The amounts to be recognized in the balance sheet</b>		
	Present value of obligations as at the end of year	53.82	37.56
	Fair value of plan assets as at the end of the year	Nil	Nil
	Funded status	53.82	37.56
5)	<b>Expenses recognized in statement of Profit and loss</b>		
	Current service cost	17.95	7.84
	Interest cost	3.09	1.54
	Expected return on plan assets	Nil	Nil
	Net actuarial (gain) / loss recognized in the year	5.38	31.55
	Expenses recognized in statement of profit and loss.	15.67	38.39



**26. Value of Imports calculated on C.I.F basis:**

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March,2016
Raw materials	₹111.37 million	₹167.30 million
Components and spare parts	₹ 6.25 million	₹ 1.06 million
Capital Goods	₹ 9.25 million	₹ 37.56 million

**27. Earnings in Foreign Currency:**

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March,2016
<b>Earnings:</b>		
Export of goods ( F.O.B. basis)	₹4620.34 million	₹5994.88 million

**28. Expenditure in Foreign Currency on account of:**

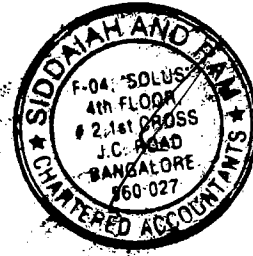
Expenses:	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March,2016
Foreign travelling	₹ NIL	₹ 0.19 million
Professional fee	₹ NIL	₹ NIL
Commission on exports	₹ NIL	₹ 24.83 million

**29. Contingent Liability not provided for in respect of:**

- i) Outstanding Letter of Credit issued by bank – ₹ Nil. (previous year ₹ Nil million)
- ii) Liability on account of export obligation to be fulfilled - ₹1563.25 million.(previous year ₹836.28 million)
- iii) Claims against the company not acknowledged as debt ₹ Nil (Previous year Nil)
- iv) Estimated amount of Capital commitment ₹ Nil (Previous year ₹ Nil)
- v) Corporate guarantee given by the Company for the loan granted by bank to Inmark Retail Private Limited, an associate company - ₹ 360 million (Previous year 360 million).

**30.** The Company has received an amount of Rs 38,16,71,890/- as an advance against share application from Promoters, their relatives, corporate bodies pending completion of formalities which requires approval of Institutional investors and same has been lodged under a separate line to reflect the true nature of transaction

**31** Investments in Bombay Rayon Fashions Limited Shares have been pledged for an advance availed by an associate company from a scheduled bank who have exercised their right under the pledge arrangement and the consequent compliances are pending.



**32. Deferred Tax Asset / (Liability)**

Sl No	Particulars of Timing difference between Book profit and Tax profit	Deferred Tax Asset / (Liability)	
		As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
1	Depreciation allowance ( WDV difference)	(34.65) million	(47.35) million
2	Provision for Gratuity	15.34 million	16.01 million
3	Provision for Leave Encashment	12.81 million	11.71 million
4	Provision for Bonus	6.00 million	6.61 million
	TOTAL (NET)	0.49 million	12.94 million

**33. Earning per Share:**

Particulars	Year ended	Year ended
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
(a) Net Profit after tax available to equity shareholders	₹ 100.56 million	₹ 77.93 million
(b) Number of Weighted average Equity Shares	3,41,72,560	2,98,50,536
(c) Earnings per Share(Face value of ₹ 10/- each)	₹ 2.94	₹ 2.61

**34 Analysis of Revenue by Geographical segment**

Following provides an analysis of company's sales by geographical markets

₹ In Millions

	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Export Sales	4620.34	5994.88
Domestic Sales	1541.67	1006.90
Total	6162.01	7001.78



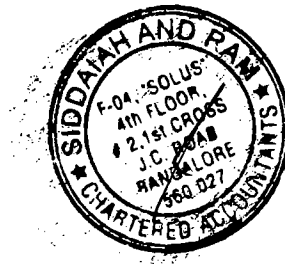
**35. Related party disclosure:**

**1.**

M/s Inmark Retail Private Limited  
M/s Scotts Fashionciti India Limited  
M/s Scotts Plantations Private Limited  
M/s Scotts Metals and Mines Private Limited  
M/s Scotts Infrastructure and Development Private Limited  
M/s GFI Infrastructure Private Limited  
M/s Coppers Coin Realty Private Limited  
M/s Scotts Apparels Private Limited  
M/s TSS Enterprises Private Limited  
M/s Scotts Wears Private Limited  
M/s Scotts Knits Private Limited  
M/s Pedigree Construction Private Limited  
M/s Voi Jeans Retail India Private Limited

**Key Managerial Personnel**

Mr. Naseer Ahmed  
Mrs. Nuzhat Aisha Naseer  
Mr. Awaiz Ahmed  
Mr.S.Guruswamy Babu-Company Secretary  
Mr.M.Thiagarajan-Chief Financial Officer



**2. Transaction carried with related parties referred in 1 above, in ordinary course of business**

₹ in Million

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
<b>Personal</b>		
Remuneration		
Mr.Naseer Ahmed	18.00	18.00
Mrs. Nuzhat Aisha Naseer	1.80	1.80
Mr. Awaiz Ahmed	1.20	1.20
<b>Inmark Retail Private Ltd</b>		
Sale of Garments	159.61	172.93
Purchase Garments	117.16	Nil
Amount outstanding(Receivable)	662.54	576.15
<b>Voi Jeans Retail India Private Limited</b>		
Sale of Garments	52.29	100.63
Purchase Garments	40.16	1.67
Amount outstanding (Receivable)	274.08	277.84
<b>Copper Coins Realty Private Ltd</b>		
Amount outstanding(Receivable)	0.20	Nil
<b>Scotts Plantations Private Limited</b>		
Amount outstanding(Payable)	0.19	1.69

