



SIDDAIAH & RAM
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members

Scotts Garments Limited, Bangalore

Report on the Ind AS Financial Statements

We have audited the attached Balance sheet of Scotts Garments Limited "The Company", which comprise the Balance Sheet as at 31st March 2017, the statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "Ind As financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind As financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Accounting Principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgement and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and or free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) order, 2016 (the order) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the statement of profit & Loss including other comprehensive income, statement of changes in equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.
 - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer to our separate report in "Annexure B" and



(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanation given to us:

(i) the company does not have any pending litigation which would impact its financial positions.

(ii) the company did not have any long term contract including derivative contract for which there were any material foreseeable losses and

(iii) there were no amounts which were required to be transferred to the investor education and protection fund by the Company.

(iv) The Company has provided requisite disclosure as to holdings dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to "Annexure" C to the Ind AS financial Statements.

BANGALORE

DATE: 31st August 2017

for SIDDIAIAH & RAM,
CHARTERED ACCOUNTANTS

F.R.N: 003860S

(M.MARULASIDDIAIAH)

PARTNER

M. No: 023731



Scotts Garments Limited:

The "Annexure A" to Independent Auditors' Report:

The Annexure referred to Independent Auditors Report to the members of the company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i). (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Company has physically verified these fixed assets at reasonable intervals and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deed, comprising all the immovable properties of land and building which are free hold, are held in the name of the company as at the Balance Sheet date.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancies were noticed on physical verification of stocks by the management as compared to book records
- (iii) (a) The Company has granted loans to two body corporate covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act).
- (b) In our Opinion, the rate of interest and other terms and conditions on which the loans had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
- (c) In the case of the loans granted to the bodies corporate listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities as applicable.
- (v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31.03.2017 and therefore the provision of the clause 3(v) of the order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including, provident fund, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues as applicable to the company have been regularly deposited during the year by the company with the appropriate authorities. As explained to us, the company did not have any dues on account of employee's state insurance and duty of excise.

According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 march 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to banks. The Company does not have any loans or borrowings from financial institutions or Government and has not issued any debentures.
- (ix) The Company did not raise any money by way initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us no material fraud by the Company or on the Company by its officers and employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite mandated by provision of Section 197, read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company transactions with related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- (xv) According to the information and explanations given to us and based on our examination of the records of the Company the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
- (xvi). The Company is not required to be registered under Section 45 -IA of the Reserve Bank of India Act 1934

BANGALORE
DATE: 31st August 2017

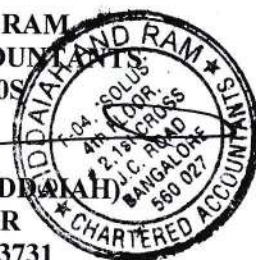
for SIDDIAIAH & RAM
CHARTERED ACCOUNTANTS
F.R.N:0078608

M. Marulasiddaiah

(M.MARULASIDDIAIAH)

PARTNER

M. No: 023731



Scotts Garments Limited:

The “Annexure B” to Independent Auditors’ Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013(“the Act”)

We have audited the internal financial controls over financial reporting of Scotts Garments Limited (“the Company”) as of 31, March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

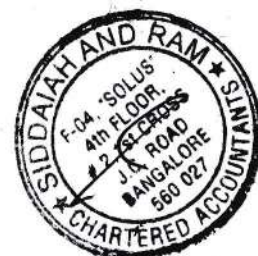
The Company’s management is responsible for establishing and maintaining internal financial controls based on ‘the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business ,including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors , the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act,2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such control operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of the records that in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with the generally accepted accounting principles and the receipts and expenditures of the company are being made only with the authorization of the Management and Directors of the company and ((3) provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluations of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respect, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31, March 2017, based on internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

BANGALORE
DATE: 31st August 2017

for SIDDIAIAH & RAM,
CHARTERED ACCOUNTANTS
F.R.N:003860S

(M.MARULASIDDIAIAH)
PARTNER
M. No: 023731



Scotts Garments Limited:

The “Annexure C” to Independent Auditors’ Report:

The Annexure referred to Independent Auditors Report to the members of the company on the Ind AS financial statements providing requisite disclosure as to holdings dealings in Specified Bank Notes:

During the year, the Company had specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308(E) dated 31.03.2017. The details of SBNs held and transacted during the period from 08.11.2016 to 30.12.2016, the denomination-wise SBN and other notes as per the notification are as follows:

PARTICULARS	S.B.NOTES Rs.	Other Denomination Notes Rs.	TOTAL Rs.
Closing Cash on hand as on 08.11.2016	6,00,000	5,21,237	11,21,237
Add: Permitted Receipts	NIL	21,85,338	21,85,338
Less: Permitted Payments	NIL	17,20,519	17,20,519
Deposited to Bank	6,00,000	NIL	6,00,000
Closing Cash on hand as on 30.12.2016	NIL	9,86,056	9.86,056

BANGALORE
DATE: 31st August 2017

for SIDDIAIAH & RAM
CHARTERED ACCOUNTANTS
F.R.N:0038605

(M.MARULASIDDAIAH)
PARTNER
M. No: 023731

