

To,
The Board of Directors
Sportking India Limited
Village Kanech, Near Sahnewal,
G.T. Road, Ludhiana – 141120

Dear Sirs,

Sub.: Statutory Auditors' Report in respect of proposed buyback of equity shares by Sportking India Limited ("Company") in terms of clause (xi) of Schedule I of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ("Buyback Regulations").

This report is issued in accordance with the terms of our engagement letter dated January 23, 2023. The Board of Directors of the Company have approved a proposed buyback of equity shares by the Company at its meeting held on January 28, 2023, in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 ("**Act**") and the Buyback Regulations.

The accompanying statement of permissible capital payment ("**Annexure A**") based on the audited financial statements as at and for the year ended March 31, 2022 (hereinafter referred together as the "Statement") is prepared by the Management, which we have initialed for identification purposes only.

Board of Directors Responsibility

The Board of Directors of the Company is responsible for the following:

- i. The amount of the permissible capital payment for the securities in question is properly determined;
- ii. It has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of the Board Meeting approving the buyback ("**Board Meeting**"); and
- iii. A declaration is signed by at least two directors of the Company, that the Board of Directors has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of Board Meeting and in forming the opinion, it has taken into account the liabilities as if the Company were being wound up under the provisions of the Act.

Auditors' Responsibility

1. Pursuant to the requirements of the Buyback Regulations, it is our responsibility to provide reasonable assurance:
 - (i) whether we have inquired into the state of affairs of the Company in relation to the audited financial statements for the financial year ended March 31, 2022;
 - (ii) if the amount of permissible capital payment as stated in the Statement attached herewith, has been properly determined considering the latest audited financial statements in accordance with Section 68(2)(c) of the Act; and



- (iii) if the Board of Directors in their meeting dated January 28, 2023, have formed the opinion as specified in clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.
2. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the Reporting Criteria. Within the scope of our work, we performed the following procedures:
- a) Examined authorisation for buy back from the Articles of Association of the Company;
 - b) Examined that the amount of capital payment for the buyback as detailed in Annexure A is within the permissible limit computed in accordance with the provisions of Section 68 of the Act and SEBI Buyback Regulations;
 - c) Examined that the ratio of the debt owned by the Company, if any, is not more than twice the capital and its free reserves after such buyback based on audited financial information of the Company for the year ended March 31, 2022;
 - d) Examined that all the shares for buyback are fully paid-up;
 - e) Inquired into the state of affairs of the Company with reference to the audited financial information of the Company for the year ended March 31, 2022 and examined budgets and projections prepared by the Management;
 - f) Traced fair valuation of assets and liabilities valued at fair value from underlying audited books of accounts for the year ended March 31, 2022.
 - g) Examined minutes of the meetings of the Board of Directors for the purposes of buyback;
 - h) Examined Directors' declarations for the purpose of buyback and solvency of the Company; and
 - i) Obtained appropriate representations from the Management of the Company.
3. The audited financial statements for the year ended March 31, 2022 were audited by us, on which we issued an unmodified audit opinion vide our report dated April 30, 2022. Our audit of these financial statements was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Such audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
4. We conducted our examination of the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes', issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.



Opinion

Based on inquiries conducted and our examination as above and according to the information and explanations provided to us by the management of the Company, we report that:

- a. We have inquired into the state of affairs of the Company in relation to its latest audited financial statements for the financial year ended March 31, 2022;
- b. The amount of permissible capital payment towards the proposed buyback of equity shares as computed in the Statement attached herewith is, in our view, properly determined in accordance with Section 68(2)(c) of the Act. The amounts of share capital and free reserves have been extracted from the latest audited financial statements of the Company for the financial year ended March 31, 2022; and
- c. The Board of Directors of the Company, in their meeting held on January 28, 2023 have formed their opinion as specified in clause (x) of Schedule I of the Buyback Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated January 28, 2023.

Restriction on Use

This report has been issued at the request of the Company solely for use of the Company;

- (i) in connection with the proposed buyback of equity shares of the Company in pursuance to the provisions of Section 68 and other applicable provisions of the Act and the Buyback Regulations;
- (ii) to enable the Board of Directors of the Company to include in the public announcement, draft letter of offer, letter of offer and other documents pertaining to buyback to be sent to the shareholders of the Company or filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges, public shareholders and any other regulatory authority as per applicable law and (b) the Central Depository Services (India) Limited, National Securities Depository Limited; and
- (iii) For providing to the manager, for the purpose of extinguishment of equity shares and may not be suitable for any other purpose.

For SCV & Co. LLP
Chartered Accountants
Firm Reg. No.: 000235N/N500089

Place: Ludhiana
Dated: January 28, 2023



UDIN: 23086066B9XYJB7311

Annexure A

Statement of determination of the permissible capital payment towards buyback of equity shares in accordance with Section 68(2)(c) of the Act


Computation of amount of permissible capital payment towards buyback of equity shares in accordance with Section 68(2)(c) of the Companies Act, 2013 ("the Act"), based on audited financial statements for the financial year ended March 31, 2022:

Particulars	Amount (Rs. in Lakhs)
Paid-up equity share Capital as on March 31, 2022 (1,32,87,200 equity shares of Rs. 10/- each) (A)	1328.72
Free Reserves as on March 31, 2022	
Retained Earnings	67175.26
General Reserve	3.00
Total Free Reserve (B)	67178.26
Securities Premium as on March 31, 2022 (C)	259.97
Total (A+B+C)	68766.95
Maximum amount permissible for the buyback under Section 68 of the Act i.e. 25% of total paid up equity share capital and free reserves	17191.74
Maximum amount permissible for buy back under section 68 of the Act, within the powers of the Board of Directors - 10% of total paid-up equity share capital and free reserves	6876.70
Amount approved by the Board of Directors for the buyback in the meeting held on January 28, 2023 (Refer note below)	5510.00

Note: The impact of taxes and transaction costs related to Buyback of equity shares has not been considered in the above amount.

SCV & Co. LLP
Chartered Accountants
Firm Reg. No.: 000235N/N500089

Place: Ludhiana
Dated: January 28, 2023


(Sanjiv Mohan)
Partner
Membership No.: 086066

UDIN : 23086066 B9XYJB7311