

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

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Independent Auditors examination report on the Restated Ind AS Consolidated Statement of Assets and Liabilities as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, the Restated Ind AS Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Ind AS Consolidated Statement of Changes in Equity, the Restated Ind AS Consolidated Cash Flow Statement for the six months period ended September 30, 2019 and for each of the years ended March 31, 2019, March 31, 2018 and March 31, 2017, the Summary Statement of Significant Accounting Policies, and other explanatory information of Arvind Fashions Limited (collectively, the “Restated Ind AS Consolidated Financial Information”)

To
The Board of Directors
Arvind Fashions Limited
Main Building,
Arvind Limited Premises
Naroda Road
Ahmedabad – 380 025
Gujarat, India

Dear Sirs/Madams,

1. We, Sorab S. Engineer & Co., Chartered Accountants (“we” or “us”) have examined the attached Restated Ind AS Consolidated Financial Information of Arvind Fashions Limited (the “Company”) and its subsidiaries (the Company and its subsidiaries together referred to as the “Group”) and Joint Ventures as approved by the Board of Directors of the Company at their meeting held on December 17, 2019 for the purpose of inclusion in the Draft Letter Of Offer (“DLOF”) or Letter Of Offer (“LOF”) prepared by the Company in connection with its proposed Rights Issue of equity shares of Rs. 4 each prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act”);
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).
2. The Company’s Board of Directors is responsible for the preparation of the Restated Ind AS Consolidated Financial Information for the purpose of inclusion in the DLOF / LOF to be filed with Securities and Exchange Board of India, BSE Limited and the National Stock Exchange of India Limited (the “Stock Exchanges”) and Registrar of Companies, Gujarat in connection with the proposed Rights Issue. The Restated Ind AS Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2.1 of Annexure V to the Restated Ind AS Consolidated Financial Information. The Board of Directors’ responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Consolidated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.



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3. We have examined such Restated Ind AS Consolidated Financial Information taking into consideration:
- The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated December 03, 2019 in connection with the proposed Right Issue of equity shares of the Company;
 - The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Ind AS Consolidated Financial Information; and
 - The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Rights Issue.
4. These Restated Ind AS Consolidated Financial Information have been compiled by the management from:
- Audited special purpose interim Consolidated Ind AS financial statements of the Group as at and for the six months period ended September 30, 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on December 17, 2019.
 - Audited special purpose Consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, prepared for limited purpose of complying with the requirement of ICDR Regulations, which have been approved by the Board of Directors at their meeting held on December 17, 2019.
 - Audited Consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2018 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which also included comparative financial information for the year ended March 31, 2017 prepared by the Company using recognition and measurement principles of Ind AS, which have been approved by the Board of Directors at their meeting held on May 03, 2018.
5. For the purpose of our examination, we have relied on audit reports issued by us on the special purpose interim financial statements of the Group as at and for the six months period ended September 30, 2019 and on the consolidated financial statements as at and for the year ended March 31, 2019 and March 31, 2018 as referred in Paragraph 4 above.
6. The audit reports referred to in Paragraph 5 above included the following other matters:
- The special purpose interim audit report for the six months period ended September 30, 2019 included the below "Other Matters":-

We did not audit the financial statements of one subsidiary included in the Group whose financial statements reflects total assets Rs. 3,603.04 Crores as at September 30, 2019, total revenue of Rs. 1,337.76 Crores, total net loss of Rs. 110.16 Crores, total comprehensive loss of Rs. 110.71 Crores and cash flows (net) of Rs. 0.74 Crores for the period ended September 30, 2019 as considered in the consolidated financial statements, which have been audited by other auditors, M/s. Mukesh M. Shah & Co. and whose report dated December 16, 2019 has been furnished to us by the Company's management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor.

Our opinion on the Statement is not modified in respect of the above matter.



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- b) The special purpose audit report for the year ended March 31, 2019 included the below "Other Matters":-

We did not audit the financial statements of two subsidiaries included in the Group whose financial statements reflect total assets of Rs. 509.75 Crores as at March 31, 2019, total revenue of Rs. 651.71, total net profit after tax of Rs. 9.74 Crores, total comprehensive income of Rs. 7.73 Crores and cash flows (net) of Rs. 0.88 Crores for the year ended March 31, 2019, as considered in the consolidated financial statements, which have been audited by other auditors, M/s. S. R. Batliboi & Associates LLP and whose reports dated June 28, 2019 and July 24, 2019 have been furnished to us by the Company's management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the report of the other auditors.

Our opinion on the Statement is not modified in respect of the above matter.

- c) The audit report for the year ended March 31, 2018 included the below "Other Matters":-

We did not audit the financial statements of two subsidiaries included in the Group, whose financial statements reflect total assets of Rs. 435.46 Crores as at March 31, 2018, total revenues of Rs. 491.05 Crores and net cash outflows amounting to Rs. 1.01 Crores for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management. Our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited Ind AS financial statements.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the Ind AS financial statements certified by the Management.

7. Based on our examination and according to the information and explanations given to us, we report that the Restated Ind AS Consolidated Financial Information:
- have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six months period ended September 30, 2019;
 - do not require any adjustment for the matters stated in para 6 above;
 - have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. The Restated Ind AS Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim Consolidated Ind AS financial statements and audited Consolidated financial statements mentioned in paragraph 4 above.
9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.



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11. Our report is intended solely for use of the Board of Directors for inclusion in the DLOF / LOF to be filed with Securities and Exchange Board of India, the Stock Exchanges and Registrar of Companies, Gujarat in connection with the proposed Rights Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Sorab S. Engineer & Co.

Chartered Accountants

Firm Registration No. 110417W

Chokshi Shreyas B.

CA. Chokshi Shreyas B.

Partner

Membership No. 100892

UDIN: 19100892AAABIH4753



Place: Ahmedabad

Date: December 17, 2019