

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND LIMITED

Opinion

We have audited the accompanying standalone financial statements of Arvind Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Demerger of Brands and Engineering divisions from the Company

Key Audit Matter Description

During the year a Scheme of arrangement was approved between the company and its subsidiary companies, Arvind Fashions Limited ("AFL") and The Anup Engineering Limited ("AEL") whereby it has proposed to demerge "Branded Apparel Undertaking" to AFL with effective date of the Scheme i.e. November 29, 2018, and "Engineering undertaking" to AEL with effect from January 01, 2018.

Accounting treatment is provided by the management for transferring of assets and liabilities of the Brand Apparel and Engineering undertaking to subsidiary companies and accordingly the impact is given in the financial statement for year ended on March 31, 2019.

Thus it is considered to be key audit matter as this is significant event which has happened during the year and it required compliance of scheme and applicable Ind AS.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures includes obtaining an understanding of the transaction. We have read the approved scheme of arrangement related to demerger and identified pertinent terms relevant to the accounting for the transaction. We assessed the Company's conclusion as regard business combination accounting in accordance with Appendix C to IND AS 103 with respect to Demerger scheme.

These conclusion included:

- the transfer of assets and liabilities at cost to the demerged entity as the entity were under common control.
- Impact in reserves and surplus on book value of net assets transferred to the demerged entity.

In determining the treatment of the demerger we tested following:

- the arithmetic accuracy of management's calculations for giving effect of the scheme in standalone financial statements,
- tested the bifurcation of profit and loss into continued and discontinued business having engineering and brand division,
- tested the adjustment given in the reserves and surplus for net assets transferred to the demerged entity,
- tested the inter business transaction between demerged business and continued business.

Upgradation of Accounting software

Key Audit Matter Description

During the year, Company has upgraded its accounting software to SAP HANA with effect from October 1, 2018 and other erstwhile systems have been discontinued.

Migration to S/4 HANA is a major upgrade to the existing core enterprise application system resulting into a significant change to the financial accounting configuration which is the core for financial reporting including preparation of standalone financial statements.

Risks identified as emanating from the aforesaid change were (i) Inappropriate changes made to the application systems or programs that contain relevant automated controls (i.e., configurable settings, automated algorithms, automated calculations, and automated data extraction) and/or report logic and (ii) Systems not adequately configured or updated to restrict system access to authorized users.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures included obtaining detailed project plan and SAP Governance framework for transition to new SAP landscape. We involved Information Technology (IT) Specialists as part of the audit team to perform audit procedures in respect of this upgradation.

Considering upgradation stabilization period, we have planned to test it predominantly with transaction level manual controls followed by the entity.

We have reviewed manual controls implemented and tested its effectiveness to ensure integrity of data processed and used in preparation of financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS and other accounting principles generally accepted in India. 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 judgments 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit we report that:
 - 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.
 - 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.
 - The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

Year for which the amount pertains	Amount involved (₹ In crores)	Number of days delay in depositing the amount	Date of deposit
1986-87	(₹ 40,539)*	616	15-06-2018
1995-96	(₹ 50,500)*	607	06-06-2018
1996-97	₹ 0.02	607	06-06-2018

*Amount in bracket represents absolute Rupees

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No: 117366W/W-100018)

Kartikeya Raval

Partner

(Membership no. 106189)

Ahmedabad,
May 17, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **Arvind Limited** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone 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. 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 respective 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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 controls 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 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 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 records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting 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.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm’s Registration No: 117366W/W-100018)

Kartikeya Raval

Partner

(Membership no. 106189)

Ahmedabad,

May 17, 2019

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under “Report on Other Legal and Regulatory Requirements” section of our report of even date)

- (i) In respect of its Property, plant and equipment (including Capital work in progress):
- The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
 - Some of the Property, plant and equipment were physically verified by the management in accordance with a programme of verification which in our opinion provides for physical verification of the Property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following::

Particulars	Total No. of Cases	Area	Amount (Gross Carrying amount as at the balance sheet date)	Amount (Net Carrying amount as at the balance sheet date)	Remarks
Freehold land	53	6,77,317 Sq. Mtr.	₹ 151.95 crore	₹ 151.95 crore	The Company is in process to register title deed in its name.
Freehold Acquired Building	6	9,056 Sq. Mtr.	₹ 12.82 crore	₹ 8.44 crore	The Company is in process to register title deed in its name.
Freehold Land	40	4,13,895 Sq. Mtr.	₹ 39.80 Crores	₹ 39.80 crores	The title deeds are in the name of Arvind Brands and Retail Limited, Dholka Textile Park Private Limited and Arvind Garment Park Private Limited (erstwhile companies) which were merged with the Company under scheme of amalgamation sanctioned by National Company Law Tribunal vide its order dated 24th August 2017, with effect from 1st April 2016. The Company is in process to register title deed in its name.
Freehold Acquired Building	9	1,329 Sq. Mtr.	₹ 1.66 Crores	₹ 1.53 Crores	

Immovable properties of land whose title deeds have been pledged as security for loans, guarantees, etc. are held in the name of the Company based on the confirmations directly received by us from lenders / parties except for the freehold land of the Khatraj amounting to ₹ 44.72 crores admeasuring 1,27,784 sq. meter which are pledged with banks and are not available with the company and have not been independently confirmed by the bank.

In respect of immovable properties of land that have been taken on lease and disclosed as Property, plant and equipment in the Standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreements.

- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- In our opinion and according to the information and explanations given to us, the Company has granted unsecured loans to other parties covered in the register maintained under section 189 of the Act, in respect of which:
 - The terms and condition of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
 - The schedule of repayment of principle and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayment or receipts of principle amounts and interest or whether there is an overdue amount remaining outstanding at year end.

The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnership or Companies covered in the register maintained under section 189 of the Act.

- In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, would apply. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records have been specified by the central government under section 148(1) of the act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Sales Tax, Excise Duty, Service Tax, Value Added Tax, Goods and Service Tax, Custom Duty, Income tax, Cess and other material statutory dues applicable to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Sales Tax, Goods and Service Tax, Service Tax, Income tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - Details of Income Tax, Excise Duty, Custom Duty, Service Tax, Sales Tax and Value Added Tax dues which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount involved and Unpaid (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is pending
The Income Tax Act, 1961	Income Tax	₹ 7.78	2004-05, 2008-09 20014-15, 2015-16	Commissioner of Income Tax Appeal
		₹ 3.02	2005-06, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13	Income Tax Appellate Tribunal
	Fringe Benefit Tax	₹ 0.01	2005-06	Income Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	₹ 9.17	1999-00, 2000-01	Supreme Court
		₹ 10.97	2000-01, 2001-02, 2002-03, 2003-04	High Court
		₹ 0.47	2008-09	Assistant Commissioner
The Customs Act, 1962	Custom Duty	₹ 2.88	2012-13	Customs, Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	₹ 2.96	2004-05, 2005-06, 2006-07, 2007-08, 2012-13, 2013-14 2014-15, 2015-16, 2016-17	Assistant Commissioner
		₹ 0.77	2013-14, 2014-15	Principal Commissioner
		₹ 1.27	2004-05, 2005-06, 2006-07, 2007-08, 2012-13	Commissioner
		₹ 0.44	2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2012-13, 2013-14	Customs, Excise and Service Tax Appellate Tribunal
Gujarat Value Added Tax Act, 2003	Value Added Tax	₹ 3.87	2006-07, 2007-08	Joint Commissioner (Appeal)
Central Sales Tax Act, 1956	Central Sales Tax	₹ 0.60	2005-06	Deputy Commissioner
		₹ 1.61	2006-07, 2007-08	Joint Commissioner (Appeal)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues as at March 31, 2019 to financial institutions, banks and debenture holders. The Company has not borrowed money from Government.
- (ix) The Company has not raised money by way of initial public offer/ further public offer (including debt instruments). In our opinion and according to the information and explanation given to us, money raised by way of term loans during the year have been applied by the Company for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No: 117366W/W-100018)

Kartikeya Raval

Partner

(Membership no. 106189)

Ahmedabad,
May 17, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Arvind Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and joint ventures referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Demerger of Brands and Engineering subsidiaries from the Group

Key Audit Matter Description

During the year a Scheme of arrangement was approved between the company and its subsidiary companies, Arvind Fashions Limited ("AFL") and The Anup Engineering Limited ("AEL") whereby it has proposed to demerge "Branded Apparel Undertaking" to AFL with effective date of the Scheme i.e. November 29, 2018, and "Engineering undertaking" to AEL with effect from January 01, 2018. As per scheme, The Anup Engineering limited has been demerged with effect from January 1, 2018 and Arvind Fashions Limited along with subsidiaries has been demerged with effect from November 29, 2018.

Accounting treatment is provided by the management for demerging of Anup engineering Limited and Arvind Fashions Limited (along with its subsidiaries) and accordingly the impact is given in the financial statement for year ended on March 31, 2019.

Thus it is considered to be key audit matter as this is significant event which has happened during the year and it required compliance of scheme and applicable Ind AS.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures includes obtaining an understanding of the transaction. We have read the approved scheme of arrangement related to demerger and identified pertinent terms relevant to the accounting for the transaction. We assessed the Company's conclusion as regard business combination accounting in accordance with Appendix C to IND AS 103 with respect to Demerger Scheme.

These conclusion included:

- the transfer of assets and liabilities at cost to the demerged entity as the entity were under common control
- Impact in reserves and surplus on book value of net assets transferred to the demerged entity.

In determining the treatment of the demerger we tested following:

- the arithmetic accuracy of management's calculations for giving effect of the scheme in consolidated financial statements,
- tested the bifurcation of profit and loss into continued and discontinued business having engineering and brand division,
- tested the adjustment given in the reserves and surplus for net assets transferred to the demerged entity,
- tested the inter business transaction between demerged business and continued business.

Upgradation of Accounting software

Key Audit Matter Description

During the year, Company has upgraded its accounting software to SAP HANA with effect from October 1, 2018 and other erstwhile systems have been discontinued.

Migration to S/4 HANA is a major upgrade to the existing core enterprise application system resulting into a significant change to the financial

accounting configuration which is the core for financial reporting including preparation of standalone financial statements.

Risks identified as emanating from the aforesaid change were (i) Inappropriate changes made to the application systems or programs that contain relevant automated controls (i.e., configurable settings, automated algorithms, automated calculations, and automated data extraction) and/or report logic and (ii) Systems not adequately configured or updated to restrict system access to authorized users.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures included obtaining detailed project plan and SAP Governance framework for transition to new SAP landscape. We involved Information Technology (IT) Specialists as part of the audit team to perform audit procedures in respect of this upgradation.

Considering upgradation stabilization period, we have planned to test it predominantly with transaction level manual controls followed by the entity.

We have reviewed manual controls implemented and tested its effectiveness to ensure integrity of data processed and used in preparation of financial statements.

Compliance of Ind AS 115 for revenue recognition

Key Audit Matter Description

During the year the Group have adopted new accounting standard w.e.f April 1, 2018 for recognition of revenue from operation which is one of the significant audit risk. Risk exists that revenue is recognised without substantial transfer of control and is not in accordance with IND AS-115 “Revenue from Contracts with Customer” resulting into recognition of revenue in incorrect period.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedure consist of the design and operating effectiveness of the internal control and substantive testing performed by the us and by the Component auditor are as follows:

- We evaluated the design of internal controls relating to revenue recognition.
- We selected sample of Sales transactions and tested the operating effectiveness of the internal control relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection.
- We have tested sample of Sale transaction to their respective customer contracts, underlying invoices and related documents.

For above procedure Group auditor have enquired from the Component auditor for the process followed by them and relied upon the testing carried by Component auditor for Components audited by them.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's

Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint ventures is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the Group and its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and

performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of 24 subsidiaries, whose financial statements reflect total assets of ₹ 1,104.77 crores as at March 31, 2019, total revenues of ₹ 4,061.14 crores and net cash outflows amounting to ₹ 13.33 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated 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 subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of 5 subsidiaries, whose financial statements reflect total assets of ₹ 60.06 crores as at March 31, 2019, total revenues of ₹ 54.95 crores and net cash inflows amounting to ₹ 14.19 crores for the year ended on that

date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 1.01 crores for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of 5 joint ventures, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements and other financial information of the subsidiaries and joint ventures incorporated in India, referred to in the Other Matters section above we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies and joint ventures incorporated in India is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies and joint ventures incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of Parent, subsidiary companies and joint ventures incorporated in India, for the reasons stated therein.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures.
 - ii) The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

Year for which the amount pertains	Amount involved (₹ In crores)	Number of days delay in depositing the amount	Date of deposit
1986-87	(₹ 40,539)*	616	15-06-2018
1995-96	(₹ 50,500)*	607	06-06-2018
1996-97	₹ 0.02	607	06-06-2018

*Amount in bracket represents absolute Rupees

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No: 117366W/W-100018)

Kartikeya Raval

Partner

(Membership no. 106189)

Place : Ahmedabad,

Date : May 17 , 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Arvind Limited (hereinafter referred to as “the “Parent”), which includes internal financial controls over financial reporting of the Company’s subsidiaries and joint ventures, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective 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 internal financial controls over financial reporting of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 controls 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 financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India.

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 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 records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based the criteria for internal financial control over financial reporting established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 12 subsidiary companies and 1 joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No: 117366W/W-100018)

Kartikeya Raval
Partner
(Membership no. 106189)

Place : Ahmedabad,
Date : May 17, 2019