

To,
The Board of Directors,
Rupa & Company Limited
Metro Towers, 8th Floor
1, Ho Chi Minh Sarani,
Kolkata- 700 071

Independent Statutory Auditor's Certificate on the Accounting Treatment contained in the Proposed Scheme of Arrangement

1. We, Singhi & Co, Chartered Accountants, the Statutory Auditors of Rupa & Company Limited, have been requested to examine the Accounting Treatment specified in clauses 16.1 to 16.3 of the Proposed Scheme of Arrangement with reference to its compliance with the Indian Accounting Standards prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles. The Proposed Scheme of Arrangement (hereinafter referred as 'the Scheme') has been presented for demerger of the Demerged Undertaking of the Oban Fashions Private Limited ("Demerged Company") to Rupa & Company Limited ("the Company" / "the Resulting Company"), pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules thereunder.

Management's responsibility

2. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the Indian Accounting Standards prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is only to examine and report whether the accounting treatment referred to in clauses 16.1 to 16.3 of the Scheme referred to above comply with the Indian Accounting Standards prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the Statutory Auditors of any financial statements of the Company.
4. We carried out our examination of the aforesaid accounting treatment in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India (ICAI), in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by 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. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Scheme.



Conclusion

6. Based on the procedures performed by us as referred in paragraph 3 to 5 above, and according to the information and explanations given to us, we confirm that the accounting treatment, as contained in Clauses 16.1 to 16.3 of the Scheme, is in compliance with the Indian Accounting Standards prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as applicable.
7. For ease of references, Clauses 16.1 to 16.3 of the Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialed by us only for the purposes of identification.

Restriction on Use

8. This certificate is issued at the request of the Company for onward submission by the Company to National Company Law Tribunal and other regulatory authority associated for approval of the Scheme. This Certificate should not be used for any other purpose without our prior written consent. 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 certificate is shown or into whose hands it may come without our prior consent in writing.



For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E

Ankit Dhelia

(Ankit Dhelia)
Partner

Membership No. 069178

UDIN: 20069178AAAA DC 5132

Place : Kolkata
Date : December 23, 2020

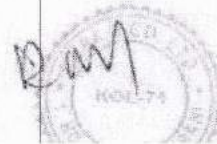
Annexure 1: Extract of Clauses 16.1 to 16.3 in respect of Accounting Treatment contained in the Proposed Scheme of Arrangement

16. ACCOUNTING TREATMENT

16.1. Accounting treatment in the books of the Demerged Company

Upon the Scheme coming into effect and with effect from Appointed Date, the Demerged Company shall account for the demerger of the Demerged Undertaking in its books of account as per the applicable accounting principles prescribed under the relevant Indian Accounting Standards (Ind AS). It would *inter alia* include the following:

- (a) The Demerged Company shall in its books of accounts, reduce the respective carrying values of the assets and liabilities pertaining to the Demerged Undertaking being transferred to and vested in Resulting Company at values appearing in Books of Accounts of the Demerged Company as on the Appointed Date.
- (b) The intercompany balances, loans and advances, pertaining to the Demerged Undertaking, outstanding between the Resulting Company and the Demerged Company will stand cancelled.
- (c) The difference i.e., the excess or shortfall, if any, of the aggregate of the net assets (i.e., difference between the carrying value of assets and liabilities related to Demerged Undertaking) standing in the books of accounts of the Demerged Company transferred to the Resulting Company on the Appointed Date, shall be adjusted/ recorded against Reserves & Surplus in the books of the Demerged Company.
- (d) Since, the entire paid-up share capital of the Demerged Company is held by the Resulting Company, no new shares shall be issued by Resulting Company in lieu of the transfer of Demerged Undertaking, to the shareholders of the Demerged Company, as the Resulting Company itself is the shareholder of the Demerged Company.



(e) Upon the Scheme becoming effective as an integral part of the Scheme and in pursuant to clause 15 of the Scheme:

- the face value as on the Appointed date of the preference share capital will be reduced by reducing the face value of the preference share from INR 100 per preference share to INR 1 fully paid up per preference share. The face value of such preference share capital as reduced shall be adjusted against Reserves & Surplus of the Demerged Company.
- the face value as on the Appointed date of the equity share capital will be reduced by reducing the face value of the equity share from INR 10 per equity share to INR 1 fully paid up per equity share. The face value of such equity share capital as reduced shall be adjusted against Reserves & Surplus of the Demerged Company.

16.2. Accounting treatment in the books of the Resulting Company

Upon the Scheme coming into effect and with effect from Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the demerger, the Resulting Company shall account for the Demerged Undertaking in its books of account, using pooling of interest method, in accordance with Appendix C 'Business Combinations of entities under common control' of IND AS 103 for Business Combination prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as may be amended from time to time. It would *inter-alia* include the following:

- (a) The Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking of the Demerged Company transferred to and vested in it pursuant to this Scheme at book values;
- (b) The intercompany balances, loans and advances, pertaining to the Demerged Undertaking, outstanding between the Resulting Company and the Demerged Company will stand cancelled;



- (c) Consequent to clause 15 hereinabove, the investments held by the Resulting Company in the Demerged Company shall get reduced in the proportion of capital reduced by the Demerged Company and therefore, the acquisition of Demerged Undertaking by the Resulting Company would not result in any monetary gains to the Resulting Company.
- (d) The difference, being the excess or shortfall, if any, of book value of the assets over the liabilities pertaining to the Demerged Undertaking of the Demerged Company recorded by the Resulting Company and after adjusting for reduction, if any, in the value of investments of the Resulting Company in the Demerged Company, shall be adjusted in Reserves and Surplus, in the books of the Resulting Company.

16.3. In case of any differences in accounting policy followed by the Demerged Company in respect of Demerged Undertaking vis-à-vis the accounting policy followed by the Resulting Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves and Surplus of the Resulting Company, to ensure that upon the coming into effect of this Scheme, the financial statements of the Resulting Company reflect the financial position on the basis of a consistent accounting policy.

For Rupa & Company Limited

Ramesh Agarwal *RAM*
Whole Time Director-CFO

