



## **Independent Auditor's Report**

To

The Members of Advance Lifestyles Limited.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Advance Lifestyles Limited (Formerly Known as The Ahmedabad Advance Mills Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and Loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

We have determined that there are no key audit matters to communicate in our report.

#### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the





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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Financial Statements:**

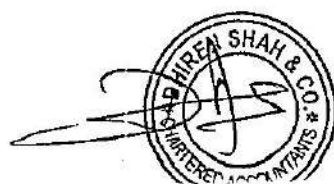
The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

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

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 with reference to financial statements 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 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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:**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2014 as amended;
  - e) on the basis of written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and



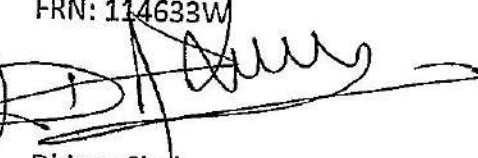


- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its Ind AS financial statements.
  - The Company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses; hence the company need not make any provision.
  - There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

Place: Ahmedabad  
Date: 04-06-2019



For, Dhiren Shah & Co.  
Chartered Accountants  
FRN: 114633W

  
Dhiren Shah  
(Partner)  
Membership No. : 035824





**Annexure-A to the Auditor's Report**

The Annexure referred to in Independent Auditors' Report to the members of the company on the financial statements for the year ended 31<sup>st</sup> March, 2019, we report that:

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
  
(b) The company has a regular program of physical verification of its fixed assets by which fixed assets of the Company have been physically verified by the Management and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.  
  
(c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.
- ii) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and no material discrepancies were noted in the same.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the order is not applicable to the company.
- iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185, but has not complied with section 186 of the Companies Act, 2013 with respect to the loans and investments made.

Sr. No.	Nature of non-compliance with Section 186	Name of Company	Amount Involved	Balance at the balance sheet date	Remarks if any
1.	Loan given at rate of interest lower than prescribed.	Astron Developers Pvt Ltd	58,74,84,560/-	51,12,60,860/-	Interest free loan

- v) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not





2ND & 3RD FLOOR, SWASTIK AVENUE, OPP. OMKAR HOUSE, C.G. ROAD, NAVRANGPURA, AHMEDABAD-380 009.  
PHONE : +91-79-26420854, 26423324, 26445013 E-MAIL : dhirenshah\_co2000@yahoo.com  
Web : www.dhirenshahandco.com

accepted any loans or deposits which are 'deposits' within the meaning of Rule 2(b) of the Companies (Acceptance of Deposits) Rule, 2014.

- vi) We have been informed by the management that the Central Government has not specified the maintenance of cost records under section 148(1) of the Act for any of the products rendered by the Company.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales-tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material dues were in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, sales-tax, duty of excise, duty of customs, service tax and value added tax which have not been disputed with the appropriate on account of any dispute.

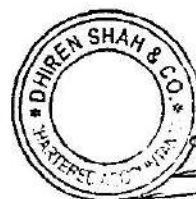
- viii) The company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.
- x) According to the information and explanation given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The Company is not paying managerial remuneration to any of the Directors. Hence, this clause is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.



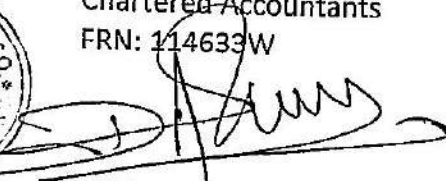


- xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanation given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the paragraph 3(xv) of the order is not applicable.
- xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. The company has not obtained the registration till the date of signing the audit report. The company is being advised to obtain the registration under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Ahmedabad  
Date: 04.06.2019



For, Dhiren Shah & Co.  
Chartered Accountants  
FRN: 114633W

  
Dhiren Shah  
(Partner)  
Membership No.: 035824





**Annexure B to the independent Auditor's Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Advance Lifestyles Limited (Formerly Known as The Ahmedabad Advance Mills Limited) ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

