



ANG LIFESCIENCES INDIA LIMITED
CIN: L24230PB2006PLC030341

INDEPENDENT AUDITOR'S REPORT

To the Members of ANG Life Sciences India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ANG Life Sciences India Limited (“the Company”), which comprise the Balance Sheet as at 31st March 2019, and the statement of profit and loss, 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.

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 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 its profit, 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 Companies Act, 2013. Our responsibilities under those Standards 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 Companies Act, 2013 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.

EMPHASIS OF MATTERS

We draw attention to the following matters in the Notes to the financial statements

- a. Note 28 to the financial statements which, describes the uncertainty related to the outcome of the lawsuit filed against the company by the two parties;
- b. Note 28 to the financial statements, the company has filed lawsuit against twelve debtors for recovery of Rs.2,31,13046/- There is uncertainty regarding the collection this amount being shown under the head Sundry Debtors. Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

Description of Key Audit Matter

<p>Completeness, existence and accuracy of Revenue Recognition</p> <p>The Company's major part of revenue relates to sales which comprises of high volumes of individually small transactions recorded in the books through sales register. Revenue from the sale of goods is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when control over the same is transferred to the customer, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. Since revenue comprises of high volumes of individually small transactions, the process of summarizing and recording sales revenue is critical with regard to the completeness, existence and accuracy of sales revenue.</p>	<p>How the matter was addressed in our audit</p> <p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>A) Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to the recognition of revenue, including those related to the reconciliation of sales records relating to revenue recognition.</p> <p>B) Testing whether the sales have been recorded in the correct period by selecting samples of reconciliation between sales transactions and agreeing those reconciliations through supporting documentation.</p>
<p>Existence and Valuation of Inventories</p> <p>The Company's major part of inventory comprises Raw materials and quarantine. These inventories are counted by the Company on a cyclical basis and accordingly provision for obsolescence of inventories is assessed and recognized by the management in the financial statements based on management estimation as at end of reporting period. The Company manufactures and sells goods which may be subject to expiry date from manufacturing date.</p>	<p>How the matter was addressed in our audit</p> <p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>A) Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to physical verification of inventories by the management and the internal auditors of the Company, identification of obsolete and slow moving inventories, inventories with low or negative gross margins, monitoring of inventory ageing and assessment of provisioning and of net realizable values.</p> <p>B) Assessing whether items in the inventory ageing report prepared by the management were classified within the appropriate ageing bracket;</p> <p>C) Performing a review of the provisions for inventories by examining movements in the balance during the current year and new provisions made for inventory balances as at 31 March 2018 during the current year to assess the historical accuracy of management's inventory provisioning process;</p> <p>D) Assessing, on a sample basis, the net realizable value of slow-moving and obsolete inventories and inventories with low or negative gross margins as calculated by management with reference to prices achieved and costs to sell after the financial year end.</p> <p>E) Evaluating the results of the cycle counts performed by the management throughout the year to assess management's estimation of the provisioning.</p>



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

Information Other than the Standalone 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, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance, 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, 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("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, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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, the Board of Directors 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 the Board of Directors 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 Responsibilities 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 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 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 Companies Act, 2013, 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.



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

- 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 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 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 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 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 Companies Act, 2013, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, 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, (the Statement of Changes in Equity) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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 2".
- 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:



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to note 28
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(h) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For Ajay K. Khanna & Co.

Chartered Accountants

(Firm Registration No 012303N.)

Sd/-

(BHUPINDER SINGH)

(Partner)

(Membership No. 513899)

Place of Signature: Amritsar

Date: 28th May , 2019

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

Annexure 1 to referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification and in case of any material discrepancies the same have been properly dealt with in the books of account.
- (c) According to the information and explanations 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 except Land & Building purchased from Punjab & Sind Bank situated at Plot No. 61-B, EPIP, Phase I, Jharmajri, Tehsil Baddi, Distt. Solan which belonged to Star Biotech. The payment of the same was completed in the month of February, 2018. Likewise a Land & Building situated at Plot No.66-A, EPIP, Phase I, Jharmajri, Tehsil Baddi, Distt. Solan was also not registered in the name of the company upto the end of financial year under audit.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured loans/advances to the companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of Companies Act, 2013.
- (iv). In our opinion and according to the information and explanation given to us, the Company has not given loans to directors/ to a Company in which the Director is interested in violation of provisions of section 185 of the Companies Act, 2013.



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

In our opinion and according to the information and explanation given to us, provisions of sub section (7) of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and guarantees, and securities given have also been complied with by the Company.

- (v). The Company has not accepted any deposits from the public.
- (vi). We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the central government for the maintenance of cost records under section 148(1) of the company act 2013 related to manufacture of products of the company and are of the opinion that prima facie, the specified accounts and records have been maintained. We have not, however, made a detailed examination of the same.
- (vii). (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except Rs.1036840/= payable for AY 2010-11 and AY 2015-16 determined u/s 143(1) (a) of the Income Tax Act, 1961
- (c) As per information and explanations given to us, there is no amount payable under dispute regarding sales-tax, income tax service-tax, duty of customs, duty of excise, value added tax and cess on account of any dispute except Rs.16,46,960/= on account of Income Tax for AY 2016-17 for disallowance of deduction under Section 80IC of the Income Tax Act, 1961. The appeal for the same is pending with Commissioner of Income Tax (Appeals), Amritsar.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holders or government.
- (ix) According to the information and explanations given by the management, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year under audit. During the year under audit, the company has raised term loans Rs.103.58 lacs from various Non Banking Finance Companies. The money raised from various NBFC's was used as per the terms of the sanctions.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based upon our examination of the records of the company, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with schedule VI of the act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

(xvi) According to the information and explanations given to us the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Ajay K. Khanna & Co.
Chartered Accountants
(Firm Registration No 012303N.)

Sd/-
(BHUPINDER SINGH)
(Partner)
(Membership No. 513899)
Place of Signature: Amritsar
Date: 28th May , 2019

INDEPENDENT AUDITOR'S REPORT (CONTINUED)....

Annexure 2 referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date Re: ANG Life Science India Limited (the Company):

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

We have audited the internal financial controls over financial reporting of **ANG Life Science India 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 which considers 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 the 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 the 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 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 as specified 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



ANG LIFESCIENCES INDIA LIMITED

CIN: L24230PB2006PLC030341

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 the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 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, the Company has, in all materials 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 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.

Explanatory Paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Chartered Accountants of India, as specified under section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2019, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, and our report of even date expressed an unqualified opinion thereon.

For Ajay K. Khanna & Co.

Chartered Accountants

(Firm Registration No 012303N.)

Sd/-

(BHUPINDER SINGH)

(Partner)

(Membership No. 513899)

Place of Signature: Amritsar

Date: 28th May, 2019