

**Auditor's Report on Half Yearly Financial Results and Year to Date Financial Results of AVG Logistics Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Board of Directors**

1. We have audited the accompanying Statement of Standalone Financial Results of AVG Logistics Limited ('the Company') for the half year and year ended March 31, 2019 (the 'Statement'), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The statement, as it relates to the half year ended March 31, 2019, are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the first half of the financial year, prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS 25) "Interim Financial Reporting" ('AS 25'). The Statements also relates to the year ended March 31, 2019, has been prepared on the basis of the related standalone financial statements for the year ended March 31, 2019, prepared in accordance with the Accounting Standards (AS) prescribed under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 and other accounting principles generally accepted in India. This Statement is the responsibility of the Company's Management and is approved by the Board of Directors. Our responsibility is to express an opinion on the Statement based on our audit of standalone financial statements for the year ended March 31, 2019 and our review of standalone financial results for the six months period ended September 30, 2018.
3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Statement that give a fair presentation view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement.



#### 4. Basis for Qualified Opinion:

- a) As referred to in Note 2, Freight income from transporters include INR 1,944.70 Lakhs for which necessary documents pertaining to contract, terms of business, proof of delivery and subsequent receipts are not available with the Company. In the absence of such documents, we are unable to comment on such income and recoverability of its corresponding balances.
- b) The Company has outstanding 'Lorry Trip Advance' amounting to INR 1,749.56 Lakhs as on March 31, 2019 disclosed under the head 'Short-term loans and advances'. In the absence of trip wise settlement statement, lorry challan for cash advance given, trip sheet for settlement of such advance, we are unable to comment on the accuracy and recoverability of such advances and its impact, if any, on expenses for the year. (Refer Note 3)
- c) The Company has not prepared computation of income tax as per the requirements of Income Tax Act, 1961 for the financial year ended March 31, 2019. In the absence of such computation, we are unable to comment on the appropriateness and accuracy of income tax expense for the year. Consequentially, we are unable to comment on the deferred tax asset/ liability. (Refer Note 4)

#### Qualified Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the Statement:
  - i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
  - ii. gives a true and fair view in conformity with the aforesaid Accounting Standards (AS) and other accounting principles generally accepted in India of the net profit and other financial information of the Company for the year ended March 31, 2019.

#### Emphasis of Matter

6. We draw attention to the following matters in the Notes to the accompanying Statement:
  - a) Note 5 regarding amount spent during the year on Corporate Social Responsibility (CSR) activities of INR 14.34 Lakhs. The Company is in the process of seeking necessary approvals from appropriate authorities to operate the old age home. In view of the Management, the necessary approvals would be obtained since they are procedural in nature.
  - b) Note 6 wherein it is stated that the Company has not reassessed the components of basic salary for the purposes of deduction of Provident Fund in view of the Supreme Court Judgment dated February 28, 2019, as the Company believes that there is no impact on such assessment on the statement as on March 31, 2019.

Our Opinion is not qualified with respect to these matters



# MSKA

## & Associates

Chartered Accountants

### Other Matter

7. The standalone Indian GAAP financial statements of the Company for the year ended March 31, 2018, were audited by another auditor whose report dated May 31, 2018 expressed an unmodified opinion on those statements.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W



Amit Mitra

Partner

Membership No.: 094518



Place: New Delhi

Date: June 11, 2019



# AVG LOGISTICS<sup>®</sup>

## A STEP AHEAD

AVG Logistics Limited  
Standalone Statement of Assets and Liabilities  
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	1,029.80	720.80
Reserves and surplus	5,896.31	2,239.12
	<b>6,926.11</b>	<b>2,959.92</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,899.43	1,636.51
Deferred tax liabilities (Net)	-	105.34
Other long term liabilities	322.55	152.22
Long term provisions	46.78	39.94
	<b>3,268.76</b>	<b>1,934.01</b>
<b>Current liabilities</b>		
Short-term borrowings	3,093.47	2,969.51
Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises; and	0.32	-
	963.29	797.47
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Other current liabilities	3,246.88	1,346.45
Short-term provisions	42.89	28.77
	<b>7,346.85</b>	<b>5,142.20</b>
	<b>17,541.72</b>	<b>10,036.13</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment		
Tangible assets	3,740.93	2,160.84
Intangible assets	6.13	0.11
Capital work-in-progress	785.42	432.13
Non-current investments	986.07	155.00
Deferred tax assets (Net)	20.82	-
Long term loans and advances	1,048.41	996.39
Other non current assets	156.16	218.60
	<b>6,743.94</b>	<b>3,963.07</b>
<b>Current assets</b>		
Inventories	8.18	16.55
Trade receivables	7,046.73	4,695.07
Cash and bank balances	235.74	150.18
Short-term loans and advances	2,950.01	1,138.42
Other current assets	557.12	72.84
	<b>10,797.78</b>	<b>6,073.06</b>
	<b>17,541.72</b>	<b>10,036.13</b>

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## A STEP AHEAD

AVG Logistics Limited

Statement of Standalone Financial Results for the half year and year ended March 31, 2019

(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Six Months ended			Year ended	
	March 31, 2019 (Audited)	September 30, 2018 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
<b>Income</b>					
Revenue from operations	18,065.53	13,283.68	12,204.96	31,349.21	22,659.36
Other income	128.10	92.92	2.72	221.02	43.74
	<b>18,193.63</b>	<b>13,376.60</b>	<b>12,207.68</b>	<b>31,570.23</b>	<b>22,703.10</b>
<b>Expenses</b>					
Purchases of traded goods	2,075.83	1,578.78	2,248.64	3,654.61	2,309.77
Changes in inventories of traded goods	2.15	6.22	24.31	8.37	(9.33)
Operating expenses	12,176.89	9,563.21	7,416.24	21,740.10	15,685.97
Employee benefits expense	656.15	575.86	597.21	1,232.01	1,111.40
Finance costs	458.93	378.48	391.50	837.41	678.06
Depreciation and amortization expense	423.47	332.30	281.83	755.77	569.99
Other expenses	1,384.72	536.00	510.24	1,920.72	1,154.66
	<b>17,178.14</b>	<b>12,970.85</b>	<b>11,469.97</b>	<b>30,148.99</b>	<b>21,500.52</b>
<b>Profit before tax and prior period adjustments</b>	<b>1,015.49</b>	<b>405.75</b>	<b>737.71</b>	<b>1,421.24</b>	<b>1,202.58</b>
Prior period expenses (Net)	83.23	(2.13)	-	81.10	-
<b>Profit before tax</b>	<b>932.26</b>	<b>407.88</b>	<b>737.71</b>	<b>1,340.14</b>	<b>1,202.58</b>
<b>Tax expense:</b>					
Current tax					
- For current year profits	360.18	103.21	340.29	463.39	489.04
- Adjustments for earlier years	(11.76)	3.00	-	(8.76)	-
- Deferred tax	(118.12)	(8.04)	2.53	(126.16)	(41.12)
<b>Profit for the year</b>	<b>701.96</b>	<b>309.71</b>	<b>394.89</b>	<b>1,011.67</b>	<b>754.66</b>
<b>Earnings per equity share (nominal Value per Share INR 10 (Previous year INR 10))</b>					
Basic	6.92	3.05	5.48	9.97	10.47
Diluted	6.92	3.05	5.48	9.97	10.47

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**AVG LOGISTICS LIMITED**

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## Segment wise Revenue, Results, Assets and Liabilities

(All amounts in INR Lakhs)

Particular	Six Months ended			Year ended	
	March 31, 2019	September 30, 2018	March 31, 2018	March 31, 2019	March 31, 2018
<b>A. Segment Revenue</b>					
Warehousing income	741.93	701.22	712.60	1,443.15	1,468.37
Freight income	15,178.52	11,031.24	9,294.76	26,209.76	18,993.39
Sale of traded goods	2,047.97	1,521.37	2,184.64	3,569.34	2,184.64
Others	97.11	29.85	12.96	126.96	12.96
<b>Total Revenue from operations</b>	<b>18,065.53</b>	<b>13,283.68</b>	<b>12,204.96</b>	<b>31,349.21</b>	<b>22,659.36</b>
<b>B. Segment Results</b>					
<b>Expenses</b>					
Warehousing expenses	460.41	618.00	646.28	1,078.41	1,300.47
Freight expenses	11,772.16	8,889.53	8,070.54	20,661.69	14,539.58
Purchase of traded goods	2,008.46	1,506.37	2,148.45	3,514.83	2,148.45
<b>Total</b>	<b>3,824.50</b>	<b>2,269.78</b>	<b>1,339.69</b>	<b>6,094.28</b>	<b>4,670.86</b>
<b>Less:</b>					
i) Finance Costs	458.93	378.48	391.50	837.41	678.06
ii) Other unallocable expenditure net off unallocated income	2,350.08	1,485.55	210.48	3,835.63	2,790.22
<b>Profit before tax</b>	<b>1,015.49</b>	<b>405.75</b>	<b>737.71</b>	<b>1,421.24</b>	<b>1,202.58</b>
<b>C. Segment Assets</b>					
Warehousing debtors	240.46	270.95	283.43	240.46	283.43
Transportation debtors	6,678.80	4,952.77	4,336.20	6,678.80	4,336.20
Traded goods debtors	67.58	43.08	60.00	67.58	60.00
Others	59.89	7.13	15.44	59.89	15.44
Unallocated	-	-	-	-	-
<b>Total</b>	<b>7,046.73</b>	<b>5,273.93</b>	<b>4,695.07</b>	<b>7,046.73</b>	<b>4,695.07</b>
<b>D. Segment Liabilities</b>					
Warehousing payables	117.61	150.80	161.06	117.61	161.06
Transportation payables	835.92	231.28	636.41	835.92	636.41
Unallocated payables	10.08	-	-	10.08	-
<b>Total</b>	<b>963.61</b>	<b>382.08</b>	<b>797.47</b>	<b>963.61</b>	<b>797.47</b>

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**Notes to the Financial Results:**

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meeting held on June 11, 2019. The statutory auditors of the Company have carried out audit for the year ended March 31, 2019.
- 2 The Company, owing to its strategy to expand its operations, undertook consignments of / from various transport entities to deliver such consignments at desired locations. Such business revenues are exempt from GST. Accordingly, during the current financial year, the Company has earned such income amounting to of INR 4,144.44 lakhs (Previous year 2,284.51 lakhs) from such transporters which included INR 1,944.70 Lakhs booked during the months of January, February and March, 2019, invoices for which were raised in March, 2019. The Company is confident of recovering entire amount from such parties in due course of time. Further, the Company is taking steps to strengthen its internal control system to ensure timely and accurate booking of revenue along with requisite supporting's.
- 3 Since the Company is engaged in transportation business, it is expected to provide advances to it's own lorry drivers to meet necessary trip expenses. As such, as on March 31, 2019, the Company has outstanding 'Lorry Trip Advance' amounting to INR 1,749.56 Lakhs disclosed under the head 'Short-term loans and advances'. The Company recognises transportation expense on the basis of information submitted by its drivers after the completion of each trip and adjusts the advance given to them. As at March 31, 2019, the Company is in the process of reconciling the trip wise 'Lorry Trip Advance' with the trip sheet for settlement of one to one of such advances.
- 4 The Company has computed the income tax expenses, however final computation of taxable income and tax expense thereon would be concluded once tax audit is finalised. Further the Company believes that the provision accrued in books is adequate.
- 5 As per the recommendation of the Corporate Social Responsibility ('CSR') committee and its CSR policy, the Company is in the process of constructing an old age home in the town named Renigunta in Chittoor District, Andhra Pradesh. The amount spent on CSR activities during the year includes an amount of INR 14.34 lakhs spent for the above stated purpose. As per 'The Andhra Pradesh Maintenance and Welfare of Parents and Senior Citizens Rules, 2011' ('state regulation') prior registration from, Assistant Director for welfare of Disabled and Senior Citizens of each district ('Registration Authority'), is required. Currently, the Company is in the process for obtaining the requisite approvals from the Registration Authority and setting up the organizational structure to operate the old age home. The Company believes that the requisites approvals are procedural in nature.
- 6 Based on the Supreme Court Judgement dated February 28, 2019, the Company was required to reassess the components to be included in the basic salary for the purposes of deduction of Provident Fund. However, the Company believes that there will be no impact and hence has not provided for any additional liability as on March 31, 2019 in the books of account.
- 7 Their were no investor complaints received/ pending as at March 31, 2019.
- 8 The figures for the last half year are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the first half of the financial year.
- 9 In accordance with the requirements of the Accounting Standard 17 "Segment Reporting" refer annexure 1 to these notes.
- 10 The figures for the previous periods have been regrouped/ rearranged wherever necessary.

Date: June 11, 2019  
Place: New Delhi



For and on behalf of the Board  
AVG LOGISTICS LIMITED



SANJAY GUPTA  
Managing Director  
DIN : 00527801