

Auditor's Report on Consolidated 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 Consolidated Financial Results of AVG Logistics Limited (the 'Company') and its associate company and an enterprise (associate company and enterprise collectively known as 'group entities') for the 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 Statements relates to the year ended March 31, 2019, has been prepared on the basis of the related consolidated 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 Company (Accounts) Rules, 2004 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 consolidated financial statements for the year ended March 31, 2019.
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. The Statement includes the Company's share of net loss of INR 62.57 Lakhs for the year ended March 31, 2019, as considered in the Statement, in respect of group entities, financial statements have not been audited by us. The financial statements of these group entities have been audited by the other auditors whose reports have been furnished to us by the management, and our opinion on this Statement, in so far as it relates to the amounts and disclosures included in respect of these group entities and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid group entities, is based solely on the report of other auditors.
5. **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)

6. Qualified Opinion

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. includes the financial results of the NDRAVG Business Park Private Limited and NDR AVG Logistics LLP considered for consolidation for the year ended March 31, 2019;
- ii. 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
- iii. gives a true and fair view in conformity with the aforesaid Accounting Standards (AS) and other accounting principles generally accepted in India of the consolidated net profit and other financial information for the year ended March 31, 2019.



MSKA

& Associates

Chartered Accountants

7. Emphasis of Matter

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.105047W


Amit Mitra
Partner
Membership No.: 094518



Place: New Delhi
Date: June 11, 2019



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AVG Logistics Limited
Audited Consolidated 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)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1,029.80	720.80
Reserves and surplus	5,833.75	2,239.12
	6,863.55	2,959.92
Non-current liabilities		
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
	3,268.76	1,934.01
Current liabilities		
Short-term borrowings	3,093.47	2,969.51
Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises; and	0.32	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	963.29	797.47
Other current liabilities	3,246.88	1,346.45
Short-term provisions	42.89	28.77
	7,346.85	5,142.20
	17,479.16	10,036.13
ASSETS		
Non-current assets		
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	923.51	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
	6,681.38	3,963.07
Current assets		
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
	10,797.78	6,073.06
	17,479.16	10,036.13

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AVG Logistics Limited

Statement of Consolidated Audited Financial Results for the year ended March 31, 2019

(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
	(Audited)	(Audited)
Income		
Revenue from operations	31,349.21	22,659.36
Other income	221.02	43.74
	31,570.23	22,703.10
Expenses		
Purchases of traded goods	3,654.61	2,309.77
Changes in inventories of traded goods	8.37	(9.33)
Operating expenses	21,740.10	15,685.97
Employee benefits expense	1,232.01	1,111.40
Finance costs	837.41	678.06
Depreciation and amortization expense	755.77	569.99
Other expenses	1,920.72	1,154.66
	30,148.99	21,500.52
Profit before tax and prior period adjustments	1,421.24	1,202.58
Prior period expenses (Net)	81.10	-
Profit before tax	1,340.14	1,202.58
Tax expense:		
Current tax		
- For current year profits	463.39	489.04
- Adjustments for earlier years	(8.76)	-
- Deferred tax	(126.16)	(41.12)
Profit after tax	1,011.67	754.66
Share of loss from associate	(62.96)	-
Share of profit from enterprise	0.39	-
Net profit after tax and share of loss from group entities	949.10	754.66
Earnings per equity share (nominal Value per Share INR 10 (Previous year INR 10)		
Basic	9.36	10.47
Diluted	9.36	10.47

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Annexure 1 to the notes

Consolidated

Segment wise Revenue, Results, Assets and Liabilities

(All amounts in INR Lakhs)

Particular	Year ended	
	March 31, 2019	March 31, 2018
A. Segment Revenue		
Warehousing income	1,443.15	1,468.37
Freight income	26,209.76	18,993.39
Sale of traded goods	3,569.34	2,184.64
Others	126.96	12.96
Total Revenue from operations	31,349.21	22,659.36
B. Segment Results		
Expenses		
Warehousing expenses	1,078.41	1,300.47
Freight expenses	20,661.69	14,539.58
Purchase of traded goods	3,514.83	2,148.45
Total	6,094.28	4,670.86
Less:		
i) Finance Costs	837.41	678.06
ii) Other unallocable expenditure net off unallocated income	3,835.63	2,790.22
Profit before tax	1,421.24	1,202.58
C. Segment Assets		
Warehousing debtors	240.46	283.43
Transportation debtors	6,678.80	4,336.20
Traded goods debtors	67.58	60.00
Others	59.89	15.44
Unallocated	-	-
Total	7,046.73	4,695.07
D. Segment Liabilities		
Warehousing payables	117.61	161.06
Transportation payables	835.92	636.41
Unallocated payables	10.08	-
Total	963.61	797.47



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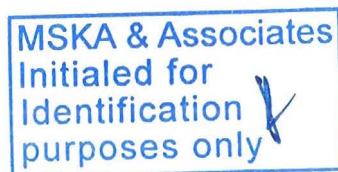
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Notes to the Financial Results:

- 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 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 associate company was incorporated on October 1, 2018 and the enterprise entity was not required to be consolidated till March 31, 2018, hence previous year numbers are standalone numbers.
- 9 In accordance with the requirements of the Accounting Standard 17 "Segment Reporting" refer annexure 1 to these notes for necessary details
- 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