

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLCARGO LOGISTICS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Allcargo Logistics Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Recoverability of trade receivables (as described in Note 7.3 of the standalone Ind AS financial statements)</p> <p>The gross balance of trade receivables as at 31 March 2020 amounted to ₹ 38,163 lakhs, against which the Company has recorded expected credit loss provision of ₹ 6,752 lakhs. The collectability of trade receivables is a key element of the Company's working capital management.</p> <p>The Company has a formal policy for evaluation of recoverability of receivables and recording of impairment loss which is applied at every period-end. In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables which is based on the credit loss incurred in the past, current conditions and forecasts of future conditions. In calculating expected credit loss, the Company has also considered customer accounts as well as experience with collection trends and current economic and business conditions and has taken into account estimates of possible effect from the pandemic relating to COVID -19.</p>	<p>As part of our audit procedures:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Company's policies and processes relating to monitoring of trade receivables and review of credit risk of customers, evaluated the design and tested the operating effectiveness of financial controls in this area relevant to our audit. • Examined the management's assessment of the customers' financial circumstances and ability to repay the debt. • Circularized requests for balance confirmations on sample basis and examined responses. • Obtained evidence of receipts from customers. • Inspected relevant contracts and correspondence with the customers on sample basis, assessment of their creditworthiness with reference to publicly available information, where applicable. • Evaluated management's estimates and the inputs used by management for development of the ECL model, analysis of ageing of receivables, assessment of material overdue individual trade receivables including specific customer balances and sector exposure.



Key audit matters	How our audit addressed the key audit matter
<p>The Company's disclosures are included in Note 2.2(e), Note 2.2(r) and Note 7.3 to the financial statements, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.</p>	<ul style="list-style-type: none"> We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.
Income Taxes – recoverability of deferred tax assets (as described in Note 8 of the standalone Ind AS financial statements)	
<p>At March 31, 2020, the Company had net deferred tax assets of ₹ 3,746 lakhs, which include Minimum Alternate Tax (MAT) of ₹ 10,889 lakhs paid in accordance with the income-tax provisions. MAT is recognized as deferred tax asset in the balance sheet based on a judgment that it is probable that the future economic benefit in the form of availability of set off against future income tax liability will be realized.</p> <p>Some of the Company's units are located in tax-free zone/area from which the profit earned is not subject to income-tax and this results in the Company being subject to paying MAT. The recognition of MAT and its subsequent assessment of recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and significant judgements in the interpretation of tax regulations and tax positions adopted by the management, based on which we determined MAT to be a key audit matter.</p> <p>The Company's disclosures are included in Note 2.2(f) and Note 8 to the financial statements, which outlines the accounting policy for taxes and details of the period on period movement in deferred tax assets and liabilities.</p>	<p>As part of our audit procedures:</p> <ul style="list-style-type: none"> We evaluated the Company's accounting policies with respect to recognition of tax credits in accordance with Ind AS 12 "Income Taxes". We obtained an understanding of the process relating to recognition and assessment of recoverability of deferred tax asset and evaluated the design and tested the operating effectiveness of financial controls in this area relevant to our audit. We have evaluated the Company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent budgets and plans, prepared by management principally by performing sensitivity analysis and evaluated and tested the key assumptions used to determine the amounts recognized. We assessed the reasonableness of management's business plans considering the relevant economic and industry indicators. We involved our tax specialists who evaluated the Company's tax positions. We have tested the mathematical accuracy of tax calculation and the MAT balance. We assessed the disclosures in accordance with the requirements of Ind AS 12 "Income Taxes".
Provisions and contingent liabilities including taxation related matters (as described in Note 26 of the standalone Ind AS financial statements)	
<p>The Company is contesting direct tax, indirect tax and legal cases and management exercises judgment in estimating the likelihood of any liability crystalizing on the Company.</p> <p>The evaluation of management's judgments, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of the potential financial settlement have been identified as key audit matter during the current year audit. Evaluation of the outcome of the direct tax, indirect tax and legal cases, and whether the risk of loss is more likely than not or remote, requires significant judgment by management.</p> <p>The Company's disclosures are included in Note 2.2(o), 2.2(p) and Note 26 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending legal and direct and indirect tax litigation disclosed as contingent liabilities.</p>	<p>As part of our audit procedures:</p> <ul style="list-style-type: none"> We evaluated the Company's policy and processes for direct tax, indirect tax and legal cases. We evaluated the design and tested the operating effectiveness of the Company's controls over the assessment of litigation and disclosures thereof. We examined regulatory correspondence to assess development in all pending cases against the Company. We discussed the status and potential exposures in respect of significant litigation and claims with the Company's internal legal team including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors. For tax matters, we involved our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.



Key audit matters	How our audit addressed the key audit matter
<p>Impact on adopting India Accounting Standard 116 Leases (as described in Note 3 and Note 32 of the standalone Ind AS financial statements)</p> <p>Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an Ind AS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.</p> <p>The Company has adopted Ind AS 116 "Leases" with effect from April 01, 2019, using modified retrospective method and has recognised Right-of-Use (ROU) asset in Property, Plant and Equipment (PP&E) amounting to ₹ 8,422 lakhs and a corresponding lease liability of ₹ 8,149 lakhs as on date of transition i.e. April 1, 2019. Operating lease expenses which were recognised as other expenses in previous year are now recognised as depreciation expense for the ROU and the finance cost for interest accrued on lease liability in the financial statement for the year ended on March 31, 2020.</p> <p>As at March 31, 2020, the Company had ROU of ₹ 6,906 lakhs and lease liability of ₹ 6,966 lakhs.</p> <p>The implementation of Ind AS 116 is considered a key audit matter due to judgment required in the assumptions and estimates made related to assessment of lease term and determination of appropriate discount rates.</p> <p>The Company's disclosures are included in Note 2.2(m), Note 3 and Note 32 to the financial statements, which outlines the accounting policy for leases and details of the period on period movement in ROU and lease liability.</p>	<p>As part of our audit procedures:</p> <ul style="list-style-type: none"> ● We assessed the management evaluation of the application of Ind AS 116 and tested the resulting impact on the balance sheet and income statement. We have assessed whether the accounting regarding leases is consistent with the definitions of Ind AS 116 including factors such as lease term, discount rate and measurement principles. ● We assessed the design and operating effectiveness of key financial controls pertaining to the determination of the Ind AS 116 transition impact disclosures. ● We assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business. ● We read a sample of contracts to assess whether leases have been appropriately identified, agreed the inputs used in the quantification to the lease agreements, the discount rate applied and performed computation checks. ● We assessed the discount rates applied. ● We assessed the disclosures with the requirements of Ind AS 116 including disclosures relation to transition.
<p>Accounting for the Business Transfer Agreement ("BTA") and subsequent divestment (as described in Note 37 of the standalone Ind AS financial statements)</p> <p>During the year, the Company transferred its warehouses and other assets of Logistics Park Business ('Business Undertaking') to some of its wholly owned subsidiaries ('WOS') by way of a Business Transfer Agreement (BTA) under slump sale arrangement. Accordingly, the financial statements include gain arising on account of transfer of Business Undertakings under the BTA of ₹ 8,858 lakhs net of cost of transfers.</p> <p>Further the Company entered into a framework agreement and securities subscription and purchase agreement ("SSPA") with BRE Asia Urban Holdings Limited ('Investor') for divestment of its stake in the identified WOS. The divestment is expected in a phase manner over the next 12 months, subject to satisfaction of customary closing conditions and achievement of certain milestone as prescribed in the transaction documents.</p> <p>The framework agreement specified that if certain Conversion Conditions Precedent specified in the relevant SSPA are not satisfied within the period stipulated therein, the Company together with the identified WOS shall acquire the debentures and equity held by the Investor in the specified WOS in accordance with the terms and conditions of Agreement and in the event of failure of which the Investor will be entitled to exercise the Investor's Put Option as set out in framework agreement.</p>	<p>As part of our audit procedures</p> <ul style="list-style-type: none"> ● We read the BTA, SSPA and framework agreement. ● We evaluated management assessment in relation to conditions precedent. ● We obtained the bank statement to verify the receipt of consideration. ● We tested the reconciliation of the net assets disposed to underlying accounting records. ● We evaluated the recognition of divestment gain and the gain recorded on fair valuation of the balance investment held by the Company in the divested WOS. ● We obtained the put option valuation report prepared by the valuation specialist engaged by the management. We have also involved our valuation specialist to assess the valuation methodology and assumptions used. ● We assessed the disclosures included in the financial statements in accordance with the applicable accounting standards.



Key audit matters	How our audit addressed the key audit matter
<p>On satisfaction of the condition precedent as specified in the relevant SSPA, the Company has divested its control in certain WOS. The financial of the Company includes gain arising of ₹ 677 lakhs on account of equity stake sold and ₹ 75 lakhs on account of fair valuation of remaining equity stake in respect of these WOS.</p> <p>We considered the above transaction to be a key audit matter as these divestments had a significant effect on the Financial Statements. In addition, Company is exposed to contingencies on account of the Investor Put Option which cannot be estimated with certainty, and the assessment as to whether or not a liability should be recognised and whether amounts can be reliably estimated requires management to form significant judgment.</p> <p>The Company's disclosures are included in Note 37 to the financial statements, which outlines the accounting policy for divestments and details of the said transaction.</p>	

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 standalone Ind AS financial statements for the financial year ended March 31, 2020 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

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 1" 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 purposes of our audit;
 - (b) 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of 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 standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid



/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 26 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja

Partner

Membership Number: 048966

UDIN: 20048966AAAABI2730

Place of Signature: Mumbai

Date: June 30, 2020

Annexure 1 to the Independent Auditor's Report

Re: Allcargo Logistics Limited ('the Company')

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.
- (i) (b) The Company has a regular programme of physical verification of its fixed assets by which heavy equipment's are verified annually and all other fixed assets are verified over the period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company except for the freehold land parcels at Nagpur, for which title deeds are held in the name of director as a trustee and would be transferred to Company in due course, subsequent to completion of registration formalities.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, value added tax and cess on account of any dispute, are as follows:

Nature of Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service tax	277	2007-08 to 2011-12	Ahmedabad CESTAT
The Finance Act, 1994	Service tax	123	2012-13 to 2013-14	Mumbai CESTAT
The Custom Act, 1962	Custom duty	8	2009	Mumbai CESTAT
The Central Sales Tax Act, 1956	CST	32	2008-09	Deputy Commissioner of Sales Tax (Appeal), Maharashtra
MP Entry Tax Act, 1976	Entry Tax	41	2010-11	Deputy Commissioner, Commercial Tax, Jabalpur
The Income Tax Act, 1961	Income Tax	6,729	2004-05 to 2009- 10	Supreme Court (refer note 26(i) of Standalone Financial Statement)
The Income Tax Act, 1961	Income Tax	7,737	2012-13 to 2015- 16	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1961	Income Tax	193	2016-17	Commissioner of Income Tax (Appeal)



- (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 banks or to the debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (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 no material fraud 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 by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to 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 the 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 an 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 and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence 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 Act.
- (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 S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja

Partner

Membership Number: 048966

UDIN: 20048966AAAABI2730

Place of Signature: Mumbai

Date: June 30, 2020

ANNEXURE 2 referred to in Paragraph 2 under the Report on Other Legal and Regulatory Requirements of our report of even date

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

We have audited the internal financial controls over financial reporting of Allcargo Logistics Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone 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 (the "Guidance Note") 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 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 with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with 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 and, both issued by the ICAI. 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our

audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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 material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Govind Ahuja

Partner

Membership Number: 048966

UDIN: 20048966AAAABI2730

Place of Signature: Mumbai

Date: June 30, 2020