



# Financial Statements

of

**AAI Cargo Logistics And  
Allied Services Company Limited**



## Balance Sheet as at 31<sup>st</sup> March, 2020

Particulars	Note No.	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
<b>A EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a. Share capital	3	250,000,000	250,000,000
b. Reserves and surplus	4	2,834,037,617	2,130,687,567
		<b>3,084,037,617</b>	<b>2,380,687,567</b>
<b>2. NON-CURRENT LIABILITIES</b>			
a. Deferred tax liabilities	5	48,503,048	29,677,889
b. Other long-term liabilities	6	17,154,482	24,610,005
		<b>65,657,530</b>	<b>54,287,894</b>
<b>3. CURRENT LIABILITIES</b>			
a. Trade payables	7		
- Total outstanding dues of micro enterprises and small enterprises		6,064,856	13,041,594
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,514,143,129	1,600,641,278
b. Other current liabilities	8		
		1,542,595,405	1,570,998,121
		<b>4,062,803,390</b>	<b>3,184,680,993</b>
		<b>7,212,498,537</b>	<b>5,619,656,454</b>
<b>B ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Property, Plant and Equipment	9		
- Tangible assets		1,575,781,198	1,278,220,573
- Intangible assets		4,874,969	5,904,371
- Capital work-in-progress		228,959,637	13,582,953
		<b>1,809,615,804</b>	<b>1,297,707,897</b>
<b>2. CURRENT ASSETS</b>			
a. Trade receivables	10	306,020,061	183,855,456
b. Cash and Cash Equivalents	11	3,764,044,591	3,177,420,347
c. Short-term loans and advances	12	269,258,858	243,275,108
d. Other current assets	13	1,063,559,223	717,397,646
		<b>5,402,882,733</b>	<b>4,321,948,557</b>
		<b>7,212,498,537</b>	<b>5,619,656,454</b>
See accompanying notes forming part of the financial statements	1 - 41		

In terms of our Audit Report Attached

For & on behalf of Board of Directors

For P.R.KUMAR & CO.  
Chartered Accountants  
Firm Reg. No.: 003186N

sd/-  
(J.B.SAINI)  
Chief Financial Officer  
PAN: AEW PJ2629A

sd/-  
(APIL AGRAWAL)  
Company Secretary  
PAN: AMPAA1914L

(RAHUL KATHURIA)  
Partner  
M. No.: 090657

sd/-  
(KEKU BOMI GAZDER)  
Chief Executive Officer  
PAN: ARCPK6948G

sd/-  
(ARVIND SINGH)  
Chairman  
DIN:02780573

Place: New Delhi  
Date : 02.11.2022

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

Particulars	Note No.	Year ended March 31, 2020 (in Rupees)	Year ended March 31, 2019 (in Rupees)
1. Revenue from operations	14	3,754,911,549	3,689,520,755
2. Other income	15	265,562,885	228,468,667
<b>3. TOTAL REVENUE (1+2)</b>		<b>4,020,474,434</b>	<b>3,917,989,422</b>
<b>4. EXPENSES</b>			
a. Employee benefits expense	16	479,290,262	479,397,537
b. Operative expenses	17	1,694,055,644	2,556,530,662
c. Depreciation and amortisation expense	18	116,145,776	106,533,786
d. Administrative and other expenses	19	403,250,398	93,965,183
<b>TOTAL EXPENSES</b>		<b>2,692,742,080</b>	<b>3,236,427,168</b>
<b>5. PROFIT BEFORE TAX</b>		<b>1,327,732,354</b>	<b>681,562,254</b>
<b>6. TAX EXPENSE</b>			
a. Current tax		385,242,344	356,382,024
b. Short/(Excess) Provision of Income Tax of early year -		-	(428,775,782)
c. Utilisation of MAT Credit		-	123,778,353
d. Deferred tax charge/(credit)		18,825,159	21,231,546
<b>NET TAX EXPENSE</b>		<b>404,067,503</b>	<b>72,616,141</b>
<b>7. PROFIT FOR THE YEAR</b>		<b>923,664,851</b>	<b>608,946,113</b>
<b>8. EARNINGS PER SHARE</b> (Equity shares of Rupees 10 each)			
a. Basic	20	36.95	24.36
b. Diluted	20	36.95	24.36
See accompanying notes forming part of the financial statements	1 - 41		

In terms of our Audit Report Attached

For & on behalf of Board of Directors

For P.R.KUMAR & CO.  
Chartered Accountants  
Firm Reg. No.: 003186N

sd/-  
(J.B.SAINI)  
Chief Financial Officer  
PAN: AEWPJ2629A

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(ARVIND SINGH)  
Chairman  
DIN:02780573

Place: New Delhi  
Date : 02.11.2022



## Cash Flow Statement for the year ended 31<sup>st</sup> March 2020

Particulars	Year ended March 31, 2020 (in Rupees)	Year ended March 31, 2019 (in Rupees)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	1,327,732,354	681,562,254
<u>Adjustments for :</u>		
Depreciation and amortisation expense	116,145,776	106,533,786
Profit on Transfer/Discard of Fixed Assets	-	(31,762)
Interest income on current investments	(250,163,229)	(182,610,086)
Provision for doubtful debts	75,433,631	14,526,721
Gain on Foreign Currency Fluctuation	-	(555,827)
<b>Operating profit/(loss) before working capital changes</b>	<b>1,269,148,532</b>	<b>619,425,086</b>
<b>Adjustments for movement in operating assets:</b>		
Decrease/(Increase) in Trade receivables	(197,598,236)	(93,943,613)
Decrease/(Increase) in Short term loans & advances	(713,257)	(226,372)
Decrease/(Increase) in Other current Assets	(299,609,467)	(634,468,032)
<b>Adjustments for movement in operating Liability:</b>		
Increase/(Decrease) in Long term Liabilities	(7,455,523)	19,339,493
Increase/(Decrease) in Trade payable	906,525,113	1,012,710,097
Increase/(Decrease) in Other current liabilities	130,941,445	1,172,120,682
Cash generated from / (used in) operations	<b>1,801,238,607</b>	<b>2,094,957,341</b>
Net income tax (paid) / refunds	(410,512,837)	(581,943,741)
<b>Net cash from/ (used in) operating activities (A)</b>	<b>1,390,725,770</b>	<b>1,513,013,600</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(572,021,159)	(212,368,812)
Transfer/Discard of fixed assets		270,935
Capital work in progress	(215,376,684)	(13,582,953)
Interest income on current investments	203,611,118	186,670,976
Term Deposits with more than 3 months maturity	1,173,490,375	(1,354,170,568)
<b>Net cash from/ (used in) investing activities (B)</b>	<b>589,703,650</b>	<b>(1,393,180,422)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid (including Dividend Distribution Tax)	(220,314,801)	-
<b>Net cash from/ (used in) financing activities (c)</b>	<b>(220,314,801)</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents	1,760,114,619	119,833,178
Cash and cash equivalents as at the beginning of the year	472,854,566	353,021,388
Cash and cash equivalents as at the end of the year	<b>2,232,969,185</b>	<b>472,854,566</b>

## Cash Flow Statement for the year ended 31<sup>st</sup> March 2020

Particulars	Year ended March 31, 2020 (in Rupees)	Year ended March 31, 2019 (in Rupees)
<b>"Reconciliation of Cash and Cash equivalents with the Balance Sheet:</b>		
Component of cash and cash equivalents as per Balance sheet (Refer Note No. 12)"	3,764,044,591	3,177,420,347
Less: Bank balances not considered as Cash and cash equivalents as define in AS-3 "Cash Flow Statement":	1,531,075,406	2,704,565,781
Term Deposits with more than 3 months maturity		
<b>"Net Cash and cash equivalents (As defines in AS-3 "Cash Flow Statements")"</b>	<b>2,232,969,185</b>	<b>472,854,566</b>
Cash and cash equivalents at the end of the year comprises		
Cash and Cheque on Hand	2,751,707	340,318
Balances with Bank	8,221,598	30,021,921
Term Deposits with Less than 3 Months Maturity	2,221,995,880	442,492,327
	<b>2,232,969,185</b>	<b>472,854,566</b>

In terms of our Audit Report Attached

For & on behalf of Board of Directors

For P.R.KUMAR & CO.  
Chartered Accountants  
Firm Reg. No.: 003186N

sd/-  
(J.B.SAINI)  
Chief Financial Officer  
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Chief Executive Officer  
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sd/-  
(ARVIND SINGH)  
Chairman  
DIN:02780573

Place: New Delhi  
Date : 02.11.2022



## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2020

### 1. Corporate Information

AAI Cargo Logistics & Allied Services Company Limited ('the Company') was incorporated on 11 August, 2016 under the Companies Act, 2013. The Company is primarily engaged in the business of Cargo logistics and allied services.

The cargo business was earlier a business division of Airports Authority of India (Parent Company). The entire business activity related to this division has been transferred by the parent company to the company w.e.f. 01.04.2017.

### 2. Significant Accounting Policies

#### a. Basis of Preparation of Financial Statements

i) The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of Current – Non Current classification of Assets and Liabilities.

#### ii) Going Concern Assumption

The financial statements have been prepared on the assumption of Going Concern basis, accordingly all the assets and liabilities have been reflected at their book value.

#### iii) Use of Estimates

"The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date

of the financial statements. Management believes that these estimates and assumptions are reasonable and made on prudent basis taking into account all available information, however the actual results could differ from these estimates and such differences are recognized in the period in which the results are crystallized.

#### b. Property, Plant and Equipments

##### i) Tangible Assets

- The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable expenditure to bring the Property, Plant and Equipment to the location and making it ready for its intended use and is net of credit availed in respect of any taxes, duties, capital grant receipts.
- Part completion of works / projects and put to use are capitalized based on the technical assessment.
- Asset individually costing less than ₹ 5,000/- are charged off to Revenue expenses.

##### ii) Intangible Assets

Computer Software (not being an embedded software in the equipment) which is put to use and is expected to provide future enduring economic benefits is recognized as Intangible Assets and amortized on straight line basis as per accounting standard -26 "Intangible assets" or license period of the software whichever is earlier. However where such computer software is still in development stage, costs incurred during the development stage of such software are accounted as "Intangible Assets Under Development" and expenditure on Research & Development, other than on capital account, is charged to revenue.

##### iii) Impairment of Assets

As at each balance sheet date, the carrying amount of cash generating units/assets is tested for impairment so as to determine:

- a) The provision for impairment loss, if any required; or the reversal, if any, required of impairment loss recognized in previous

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2020

periods

- b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

### c. Depreciation and Amortisation

Depreciation on fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Class of Assets	Useful Life
Tangible Assets	As per Schedule II of the Companies Act, 2013
Intangible Assets - Softwares	3 Years

### d. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

### e. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### i) Income from Operation

- Revenue is recognized as the services are rendered on accrual basis and is net of Goods and Services Tax.
- Bills are raised at the time when and to the extent there is no significant uncertainty as to its measurability and ultimate realization.

#### ii) Other Income

- In respect of cases under legal disputes /Interest on delayed payments from customers, Insurance Claims, Interest on Staff advances, etc. are accounted on receipt basis.
- In respect of unclaimed cargo, Revenue is

recognized when the custom duty has been assessed and paid to the custom department. The procedures as laid down under section 48 of the customs act, 1962 is being followed by the company for disposal of unclaimed/uncleared cargo.

#### iii) Interest Income

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### f. Stores/Spares

Stores/spares which are charged to the Statement of Profit and Loss as and when they are procured. The costs of purchase consist of the purchase price including duties and taxes (other than those subsequently recoverable by the company from the taxing authorities), freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.

### g. Foreign Currency Translation

- i) Transactions in foreign currency are recorded at the exchange rates prevailing at the date of transactions.
- ii) Non-Monetary items denominated in foreign currency (such as Fixed Assets etc) are valued at the exchange rate prevailing on the date of transaction.
- iii) Monetary Items denominated in foreign currencies (such as Loans, Cash, Bank balances etc) outstanding at the end of reporting period, are translated at exchange rates prevailing as at the end of reporting date.
- iv) Any gains or losses arising due to differences in exchange rates at the time of translation are accounted for in the statement of P&L either under the head foreign exchange fluctuation or interest cost as per the case.

### h. Taxes on Income

- i) Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.





## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2020

ii) Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent period and are measured using tax rates enacted or substantially enacted as at the Balance Sheet date.

Deferred Tax assets are not recognized unless, in the management judgement, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

### i. Additional Demand of Taxes

Payment of additional demand of, Goods and Services Tax, Income Tax and any other taxes are accounted for if constructive obligation that can be estimated, reliably and it is probable that an outflow of economic benefit will be required to settle the obligation. Similarly refund of above were accounted for "As and when received" basis.

### j. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if :

- i) The company has a present obligation as a result of a past event,
- ii) A probably outflow of resources is expected to settle the obligation and,
- iii) The amount of the obligation can be reliably estimated.

Contingent liabilities are disclosed in the case of :

- i) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) A possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### k. Earnings per share

The basic and diluted earnings per share are computed by dividing the net profit/loss after tax, attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

### l. Cash Flow

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

### m. Prior Period and Extraordinary Items

Income and expenditure pertaining to prior period as well as extraordinary items, where material, are disclosed separately.

### n. Trade Receivables

Debt more than 1 year old recoverable from parties other than Government Departments but including Public sector undertaking are considered doubtful and provided for in Books of Accounts.

- a) Security Deposit available has not been considered while making the provision for doubtful debts.

### o. Cash and Cash Equivalentents

Cash and cash equivalentents included cash on hand, Cheques on Hand, terms deposits with banks.

### p. Municipal Taxes

Municipal Taxes recognized in books of accounts on basis of expense transferred by the Parent company i.e Airports Authority of India, as and when demand received by them.

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
<b>3. SHARE CAPITAL</b>		
<u>Authorised</u>		
225,000,000 (Previous year 225,000,000) Equity Shares of Rupees 10 each	2,250,000,000	2,250,000,000
	2,250,000,000	2,250,000,000
<u>Issued, Subscribed and Paid up:</u>		
25,000,000 (Previous year 25,000,000) Equity Shares of Rupees 10 each (Refer notes (i) to (iii) below)	2,250,000,000	2,250,000,000
	2,250,000,000	2,250,000,000

**Notes :-**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Year ended 31 March, 2020		Year ended 31 March, 2019	
	(Number)	(Rupees)	(Number)	(Rupees)
<u>Equity Shares</u>				
Outstanding at the beginning	25,000,000	250,000,000	25,000,000	250,000,000
Issued during the year (Also see note ii below)	-	-	-	-
Outstanding at the end	25,000,000	250,000,000	25,000,000	250,000,000
<b>Total</b>	<b>25,000,000</b>	<b>250,000,000</b>	<b>25,000,000</b>	<b>250,000,000</b>

(ii) Rights, preferences and restrictions attached to each class of shares

Equity Shares

"The Company has one class of equity shares having a par value of Rupees 10 per share. Each holder of equity share is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding."

(iii) Details of shares held by each shareholder holding more than 5% shares :

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	(Number)	(% of holding in that class of shares)	(Number)	(% of holding in that class of shares)
<u>Equity Shares</u>				
Airports Authority of India (Including 7 shares held by Nominee shareholder of Airports Authority of India)	25,000,000	100.00%	25,000,000	100.00%



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
<b>4. RESERVES AND SURPLUS</b>		
a. Balance as at beginning of the year	2,130,687,567	1,521,741,454
Less:- Dividend paid during the year for FY 2018-19	(182,750,001)	-
Less:- Dividend distribution tax	(37,564,800)	
Add: Surplus for the current year	923,664,851	608,946,113
Closing balance	<u>2,834,037,617</u>	<u>2,130,687,567</u>
<b>5 DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Assets</b>		
Related to Preliminary Expenses	135,050	306,879
Related to Income Tax Act	1,323,215	91,184
<b>Deferred Tax Liability</b>		
Related to Fixed Asset	49,961,313	30,075,952
	<u>48,503,048</u>	<u>29,677,889</u>
<b>6 OTHER LONG-TERM LIABILITIES</b>		
a. Security Deposit	17,154,482	24,610,005
	<u>17,154,482</u>	<u>24,610,005</u>
<b>7. TRADE PAYABLES</b>		
For Goods and Services#		
- Total outstanding dues of micro enterprises and small enterprises*	6,064,856	13,041,594
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,514,143,129	1,600,641,278
	<u>2,520,207,985</u>	<u>1,613,682,872</u>
* * Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act, 2006 are as below:-		
a) Dues remaining unpaid as at March 31, 2020		
- Principal	6,064,856	13,030,207.00
- Interest on the above	-	11,387.00
	<u>6,064,856</u>	<u>13,041,594</u>
b) Interest paid in terms of Sec 16 of the Act, alongwith the amount of payment made to the supplier beyond the appointed day during the year.		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the Act	-	-
c) Amount of Interest due and payable for the period of delay on payments made beyond the appointed date during the year.	-	-

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-
e) Amount of interest accrued and remaining unpaid as at March 31.	-	11,387.00
<p><b>Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.</b> # Refer Note No- 30</p>		
<b>8. OTHER CURRENT LIABILITIES</b>		
a. Advance from Customers (See Note No- 37)	159,183,123	145,926,192
b. Payable for Expenses	1,165,685,644	1,130,476,709
c. Unearned Revenue	1,639,990	-
d. Security Deposit	75,606,496	2,207,902
e. Other payables		
i. <u>Trade Payable for Fixed Assets#</u>		
Total outstanding dues of micro enterprises and small enterprises (refer note given below)*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	121,693,907	281,038,067
f. Statutory Liabilities	18,786,244	11,349,251
	<u>1,542,595,405</u>	<u>1,570,998,121</u>
<p><b>* Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:-</b></p>		
a) Dues remaining unpaid as at March 31, 2020		
- Principal	-	-
- Interest on the above	-	-
	<u>-</u>	<u>-</u>
b) Interest paid in terms of Sec 16 of the Act, alongwith the amount of payment made to the supplier beyond the appointed day during the year.		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the Act	-	-
c) Amount of Interest due and payable for the period of delay on payments made beyond the appointed date during the year.	-	-



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-
e) Amount of interest accrued and remaining unpaid as at March 31.	-	-
<b>Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.</b>		
# Refer Note No- 30		

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Note No.9 (All amount in Rupees)

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2019	Additions	Deductions adjustments	As at Mar 31, 2020	As at April 1, 2019	Depreciation for the year	Deduction adjustments	As at Mar 31, 2020	As at April 1, 2019
<b>A. Tangible assets</b>									
(i) Building	731,699,477	208,703,384	-	940,402,861	146,048,750	35,236,523	-	181,285,273	759,117,588
(ii) Plant and machinery	681,681,316	184,477,625	-	866,158,941	80,700,108	52,051,247	-	132,751,355	733,407,586
(iii) Furniture and fixtures	7,329,343	2,548,569	-	9,877,912	928,060	755,752	-	1,683,812	8,194,100
(iv) Office equipment	61,174,068	7,035,765	-	68,209,833	16,267,953	12,433,168	-	28,701,121	39,508,712
(v) Road	7,092,105	-	-	7,092,105	4,079,055	982,377	-	5,061,432	2,030,673
(vi) Computers	18,776,187	3,532,265	-	22,308,452	7,394,927	4,628,468	-	12,023,395	10,285,057
(vi) Electrical Installation	33,184,589	3,794,282	-	36,978,871	7,297,659	6,443,730	-	13,741,389	23,237,482
<b>Total [A]</b>	<b>1,540,937,085</b>	<b>410,091,890</b>	<b>-</b>	<b>1,951,028,975</b>	<b>262,716,512</b>	<b>112,531,265</b>	<b>-</b>	<b>375,247,777</b>	<b>1,575,781,198</b>
Previous Year	1,329,694,367	211,585,535	342,817	1,540,937,085	159,749,355	103,070,801	103,644	262,716,512	1,278,220,573
<b>B. Intangible asset</b>									
(i) Softwares	10,350,960	2,585,109	-	12,936,069	4,446,589	3,614,511	-	8,061,100	4,874,969
<b>Total [B]</b>	<b>10,350,960</b>	<b>2,585,109</b>	<b>-</b>	<b>12,936,069</b>	<b>4,446,589</b>	<b>3,614,511</b>	<b>-</b>	<b>8,061,100</b>	<b>5,904,371</b>
Previous Year	9,567,683	783,277	-	10,350,960	983,604	3,462,985	-	4,446,589	5,904,371
<b>Total [A+B]</b>	<b>1,551,288,045</b>	<b>412,676,999</b>	<b>-</b>	<b>1,963,965,044</b>	<b>267,163,101</b>	<b>116,145,776</b>	<b>-</b>	<b>383,308,877</b>	<b>1,580,656,167</b>
Previous Year	1,339,262,050	212,368,812	342,817	1,551,288,045	160,732,959	106,533,786	103,644	267,163,101	1,284,124,944
<b>C. Capital Work-IN-Progress</b>									
Capital Work-IN-Progress	-	-	-	-	-	-	-	-	228,959,637
<b>Total</b>									<b>1,582,953</b>

Note:

i. Also refer Note No- 26 and 27 for physical verification of Fixed Assets and Impairment of Asset



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
<b>10. TRADE RECEIVABLES*</b>		
(Unsecured)		
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- considered good	135,683,806	76,468,618
- considered doubtful	89,960,352	14,526,721
	225,644,158	90,995,339
Less : Provision for doubtful debts (See Note No- 38)	89,960,352	14,526,721
	135,683,806	76,468,618
b. Others		
- considered good	170,336,255	107,386,838
	<b>306,020,061</b>	<b>183,855,456</b>
* Refer Note No- 30		
<b>11. Cash and Cash Equivalents</b>		
a. Cash on hand	38,707	340,318
b. Cheques in hand	2,713,000	-
c. Balances with banks		
- In Current Accounts	8,221,598	30,021,921
- Term Deposits with Less than 3 Months	2,221,995,880	442,492,327
- <b>Other Bank Balances</b>		
a. Term Deposits (More than 3 Months and less than 12 month)	1,531,075,406	2,704,565,781
	<b>3,764,044,591</b>	<b>3,177,420,347</b>
<b>12. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured)		
a. Advances to vendor	717,969	206,964
b. Advance Income Tax (net of Provision for Tax)	268,219,598	242,949,105
c. Other Recoverable	321,291	119,040
	<b>269,258,858</b>	<b>243,275,108</b>
<b>13. OTHER CURRENT ASSETS</b>		
a. Accrued Interest on Term Deposit	55,740,547	9,188,437
b. Custom Duty Deposit Under Protest (See Note No- 23)	1,403,180	1,403,180
c. Unbilled Revenue	415,242,815	142,035,631
d. Income Tax Refundable	248,934,440	248,934,440
e. Input Tax Credit on GST	340,081,629	315,276,368
f. Prepaid expenses	2,156,612	559,590
	<b>1,063,559,223</b>	<b>717,397,646</b>

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	Year ended March 31, 2020 (in Rupees)	Year ended March 31, 2019 (in Rupees)
<b>14. REVENUE FROM OPERATIONS</b>		
A. Sale of Services		
a. Revenue from Cargo Services	3,673,877,019	3,623,411,368
	<u>3,673,877,019</u>	<u>3,623,411,368</u>
B. Other Operative Revenue		
a. Other Misc. Operative Income	81,034,531	66,109,387
	<u>81,034,531</u>	<u>66,109,387</u>
	<u>3,754,911,549</u>	<u>3,689,520,755</u>
<b>15. OTHER INCOME</b>		
a. Interest income	250,163,229	182,610,086
b. Miscellaneous Non Operative Income	4,775,180	9,970,219
c. Prior period Income	10,624,476	35,888,362
	<u>265,562,885</u>	<u>228,468,667</u>
<b>16. EMPLOYEE BENEFITS EXPENSE</b>		
a. Salaries and wages	465,320,927	478,326,748
b. Contribution to Provident and Other Funds	11,431,562	522,681
c. Staff Welfare	2,537,773	548,108
	<u>479,290,262</u>	<u>479,397,537</u>
<b>17. OPERATING EXPENSES</b>		
a. Concession Fee (See Note No- 33)	1,084,056,999	2,135,656,076
b. Watch & Ward expenses	196,331,149	108,082,944
c. Electricity & Water charges	139,802,237	137,717,485
d. Repairs & Maintenance of Civil works	53,897,223	51,590,481
e. Repairs & Maintenance of Plant and machinery	9,224,353	3,542,286
f. Repairs & Maintenance- Others	127,746,999	97,408,069
g. Insurance	1,136,630	1,612,458
h. Municipal Tax	993,259	2,087,285
i. Advertisement & publicity	11,052,234	5,464,673
j. Consumption of stores	2,397,952	3,476,279
k. Hire charges	2,223,050	-
l. Travelling expenses	46,394,290	-
m. Training expenses	9,229,100	-
n. Upkeep expenses	9,570,172	9,892,626
	<u>1,694,055,644</u>	<u>2,556,530,662</u>





## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	Year ended March 31, 2020 (in Rupees)	Year ended March 31, 2019 (in Rupees)
<b>18. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and amortisation expense		
- Tangible Asset	112,531,265	103,070,801
- Intangible Asset	3,614,511	3,462,985
	<b>116,145,776</b>	<b>106,533,786</b>
<b>19. ADMINISTRATIVE AND OTHER EXPENSES</b>		
a. Rent, Rates, & Taxes	2,018,033	357,159
b. Hire charges	88,390,925	32,846,989
c. Business Promotion Expense	4,002,963	2,084,081
d. Training expenses	315,000	491,147
e. Legal and professional	20,301,123	13,033,923
f. Payment To Auditor	925,000	850,000
g. Printing & stationary charges	7,908,073	5,445,947
h. Travelling expenses	3,851,705	6,269,346
i. Telephone, fax & internet charges	3,283,495	3,755,807
j. Custom Duty	1,552,785	1,204,412
k. Interest on GST & TDS	931,536	992,198
l. Miscellaneous expenses	10,420,233	10,176,209
m. Provision for Bad & Doubtful Debts	75,433,631	14,526,721
n. Prior period Expenses	163,791,896	1,931,244
o. Expenses on Corporate Social Responsibility	20,124,000	-
	<b>403,250,398</b>	<b>93,965,183</b>
Note :		
(i) <b>Payment to Auditor</b>		
Statutory Audit Fees	825,000	750,000
Tax Audit Fees	100,000	100,000
	<b>925,000</b>	<b>850,000</b>

(ii) The Company has spent ₹2,01,24,000/- (FY 2018-19 Nil) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

- a) Gross amount required to be spent by the Company during the year ₹2,01,23,829/- (FY 2018-19 Nil).
- b) Amount spent during the year on:

Donation to Swachh Bharat Kosh	10,062,000	-
Donation to Clean Ganga Fund	10,062,000	-
	<b>20,124,000</b>	-

### 20 EARNINGS PER SHARES (EPS)

Profit after Tax for the Year	923,664,851	608,946,113
Profit attributable to the Equity Share for the year	923,664,851	608,946,113
Weighted Average No. of Shares outstanding during the year	25,000,000	25,000,000
Basic Earnings per Share	36.95	24.36
Diluted Earnings per Share	36.95	24.36
Nominal Value per Equity Share	10.00	10.00

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

### 21 RELATED PARTY DISCLOSURES

As per Accounting Standard 18 - Related Parties, as notified under the Companies (Accounting Standards) Rule, 2006, the disclosure of transactions with the related parties as defined in accounting standard are given below:-

**a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise**

Airports Authority of India (AAI)

Holding Company

**b) Key Management Personnel**

1. Mr. Anuj Aggarwal (from 16 <sup>th</sup> Aug 2019 to 5 <sup>th</sup> Nov 2019)	Chairman
2. Dr. Guruprasad Mohapatra (Resigned w.e.f. 31 <sup>st</sup> July 2019)	Chairman
3. Mr. Arvind Singh (Appointed w.e.f. 28 <sup>th</sup> November 2019)	Chairman
4. Mr. Keku Bomi Gazder	Chief Executive Officer
5. Mr. Suresh Seshadri (Resigned w.e.f. 25 <sup>th</sup> September 2019)	Director
6. Mr. Angshumali Rastogi (Resigned w.e.f. 9 <sup>th</sup> December 2019)	Director
7. Mr. Anil Kumar Pathak	Director
8. Ms. V. Vidya	Director
9. Mr. Vandana Aggarwal (Appointed w.e.f. 20 <sup>th</sup> March 2020)	Director
10. Mr. Ranjit Kumar Das (Repatriated w.e.f. 3 <sup>rd</sup> September 2020)	Chief Financial Officer
11. Mr. J.B. Saini (Appointed w.e.f. 7 <sup>th</sup> October 2020)	Chief Financial Officer
12. Mr. Apil Agrawal	Company Secretary

**c) Related Party Transactions:**

Nature of Transaction	Class of Related Parties				Total	
	Enterprise (AAI)		Key Managerial Personnel		31.03.2020 (In Rupees)	31.03.2019 (In Rupees)
	31.03.2020	31.03.2019	31.03.2020	31.03.2019		
	(In Rupees)	(In Rupees)	(In Rupees)	(In Rupees)		
Remuneration to Key Managerial Personnel	-	-	6,980,486	6,869,299	6,980,486	6,869,299
Gratuity to Key Managerial Personnel	-	-	72,271	-	72,271	-
Incentive to Key Managerial Personnel	-	-	283,159	812,481	283,159	812,481
Contribution towards EPF of Key Managerial Personnel	-	-	372,602	145,252	372,602	145,252
Consultancy Charges	-	-	-	82,500	-	82,500
Reimbursement of expenses	-	-	335,487	22,800	335,487	22,800
Revenue Transfer from AAI (Inclusive of GST)	363,509,057	418,026,390	-	-	363,509,057	418,026,390
Expenses Transfer from AAI (Inclusive of GST)	848,070,307	864,502,057	-	-	848,070,307	864,502,057
Concession Fees Paid (Inclusive of GST)*	1,084,056,999	2,320,841,485	-	-	1,084,056,999	2,320,841,485
Dividend Paid	182,750,001	-	-	-	182,750,001	-
Deposit Work	134,326,917	-	-	-	134,326,917	-
Fixed Asset Transfer by AAI (Inclusive of GST and net of assets returned by AAICLAS)	311,186,566	236,393,238	-	-	311,186,566	236,393,238
Net Payable (including Expense Payable)	2,449,240,227	2,898,294,272	-	-	2,449,240,227	2,898,294,272
<b>Total</b>	<b>5,373,140,074</b>	<b>6,738,057,442</b>	<b>8,044,005</b>	<b>7,932,332</b>	<b>5,381,184,079</b>	<b>6,745,989,774</b>

Related Parties have been identified and certified by the management and auditors have relied upon the same.

\*Current year figure is exclusive of GST however, Previous year figure is inclusive of GST.



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 20

### 22. Segment Reporting

As the company's business activity falls within a single primary business, however, the company has identified the geographical segment on the basis of revenue such as North, South, East & West and the company has disclosed the Segment Reporting as per the prescribed guidelines under the Accounting Standard - 17 "Segment Reporting".

Particulars		East	North	South	West	Unallocated	Total
		(in Rupees)	(in Rupees)	(in Rupees)	(in Rupees)	(in Rupees)	(in Rupees)
Segment Revenue	2019-20	836,234,509	153,264,081	2,405,220,697	360,192,262	-	3,754,911,549
	2018-19	843,465,298	105,678,991	2,438,126,484	302,249,981	-	3,689,520,755
<b>Segment Result</b>							
Segment Result (Profit/loss)	2019-20	254,153,726	53,193,946	1,019,493,766	205,585,475	-	1,532,426,913
	2018-19	28,483,387	11,069,544	452,975,367	135,693,271	-	628,221,569
Unallocated corporate expense	2019-20					470,257,444	470,257,444
	2018-19					175,127,981	175,127,981
Operating Profit	2019-20	254,153,726	53,193,946	1,019,493,766	205,585,475	(470,257,444)	1,062,169,469
	2018-19	28,483,387	11,069,544	452,975,367	135,693,271	(175,127,981)	453,093,588
Other income	2019-20					265,562,885	265,562,885
	2018-19	-	-	-	-	228,468,667	228,468,667
Profit before tax	2019-20	254,153,726	53,193,946	1,019,493,766	205,585,475	(204,694,559)	1,327,732,354
	2018-19	28,483,387	11,069,544	452,975,367	135,693,271	53,340,684	681,562,253
<b>Tax expense</b>							
Income Tax	2019-20		-	-	-	385,242,344	385,242,344
	2018-19		-	-	-	51,384,595	51,384,595
Deferred Tax	2019-20					18,825,159	18,825,159
	2018-19					21,231,546	21,231,546
Profit After Tax	2019-20	254,153,726	53,193,946	1,019,493,766	205,585,475	(608,762,062)	923,664,851
	2018-19	28,483,387	11,069,544	452,975,367	135,693,271	(19,275,456)	608,946,113
<b>Other information</b>							
Segment Assets	2019-20	489,146,694	296,126,008	1,914,301,135	405,236,742	4,107,687,958	7,212,498,537
	2018-19	358,101,032	85,043,726	1,214,819,447	141,489,147	3,820,203,102	5,619,656,454
Segment Liabilities	2019-20	890,483,513	272,752,104	2,326,946,860	388,573,815	249,704,628	4,128,460,920
	2018-19	916,569,034	123,448,487	1,778,566,467	191,332,968	229,051,930	3,238,968,887
Capital Expenditure	2019-20	75,123,570	159,712,991	254,396,845	133,615,305	5,204,972	628,053,683
	2018-19	62,579,350	8,161,354	135,044,202	16,773,592	3,050,451	225,608,948
Depreciation, Amortization & Impairment	2019-20	25,618,863	2,729,580	81,501,268	1,970,848	4,325,219	116,145,778
	2018-19	26,578,295	2,480,434	73,103,087	1,165,492	3,206,479	106,533,788

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

### 23. Contingent Liabilities, Commitments and Proposed Dividend

#### a. Contingent Liabilities

Pending litigation	Financial Impact FY 19-20 (Amount in Rs.)	Financial Impact FY 18-19 (Amount in Rs.)
Commissioner Of Customs-In the matter of Recovery of Custom Duty	18,809,106	18,809,106
Waiver of demurrage charges in the matters of M/s Arihant Electronic & Others	158,921	158,921
Commissioner Of Customs-In the matter of cost Recovery charges	86,564,329	-
Jac Airways- In the matter of counter claim raised by the customer relating to Amritsar station	3,919,020	-

#### b. Capital Commitments

	31.03.2020 (in Rupees)	31.03.2019 (in Rupees)
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances) (excluding GST)	173,730,493	292,995,715

#### c. Proposed Dividend on Equity Shares

The Board of Directors of the company has recommended a dividend of ₹11.08 per equity share for the financial year ended on March 31, 2020 and which is subject to approval of the members at the Annual General Meeting. The Company has not recognised the liability of such proposed dividend in its Books of Accounts and the same is in accordance with Accounting Standard by Institute of Chartered Accountants of India.

#### 24. Operating lease

The Company has provided office spaces on operating lease. The future minimum lease income in respect of period of lease of the premises, including the optional period of lease is as follows :

Stations	Lease rental (0-1 yr)	Lease rental (1-3 yr)	Lease rental (more than 3 yr)
	(In Rupees)	(In Rupees)	(In Rupees)
Chennai	175,416,199	405,211,420	490,305,818
Kolkata	107,750,207	248,902,979	301,172,605
Other Stations	235,938,958	545,018,992	659,472,980
<b>Total</b>	<b>519,105,364</b>	<b>1,199,133,391</b>	<b>1,450,951,403</b>

The details as required under Accounting Standard 19 has been prepared by management and this has been relied upon by the auditors.

#### 25. Employee Benefits as per Accounting Standard - 15

"All the employees of the company are on stand by deputation from the parent company. However, CEO, few employees deputed at regional/head office are hired on contractual basis for a period less than 5 years. The company has also hired Screeners & Multitaskers during the year on contractual basis for a period less than 5 years. The appointment of CFO has been done by Board of Directors as Stand Post Deputation. All the retiral benefits (such as gratuity and leave encashment) relating to employees stand by deputed from parent company (including the statutory dues) are borne by and recorded by the parent company in its books of accounts. During the year, the company has provided for its obligation towards gratuity of the CEO and other contractual employees based on the company's estimate. Further, company has not provided for its obligation towards retiral benefits (such as gratuity and leave encashment) towards screeners and multitaskers. Retiral obligation of CFO of the company has been estimated and recognized by the company as per the rules & regulations of the parent company and all such liability has been transferred to the parent company as the CFO has been appointed on stand post deputation basis."

#### 26. Physical Verification of Fixed Assets

The Company has not conducted the physical verification of its Fixed Assets. There are certain cargo fixed assets which have not been transferred by its Parent Company, and all such excess fixed assets would be subject to reconciliation and will be transferred by the Parent Company in due course.



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

### 27. Disclosure under AS-28 "Impairment of Asset".

The management of the Company has not conducted the impairment testing during the financial year based on assumption that being the Third year of operation of the Company and majority of assets being acquired from the parent company, impairment testing is not required. However, the management of the Company is of the view that impairment testing will be conducted in due course.

### 28. Security Deposit

Security Deposit in relation to customers/ Operations and Management contracts (O&M contracts) related to cargo business have been received/accounted for by the parent company and the parent company has retained the security deposit amounting to CY ₹10,89,45,405/- (PY ₹10,89,45,405/-) in its financial statements as on March 31, 2020.

### 29. Transactions with parent company

"The cargo business was earlier a business division of Airports Authority of India (Parent Company). The entire business activity related to this division has been transferred by the parent Company to the Company w.e.f. 01.04.2017, however, Revenue, expenditure and Fixed Assets and other related assets and liability of Cargo Business which has been undertaken by the parent Company, has been duly transferred to the Company during the year. Details of transactions as per Annual Report of the Parent Company are given hereunder: -Payable on account of transfer of Revenue ₹35.35 Crore- Receivable on account of transfer of Expenditure ₹101.07 Crore- Receivable on account of transfer of Fixed Assets ₹31.11 Crore- Receivable on account of concession fees of ₹123.38 Crore Accordingly, the Net receivable as on 31/03/2020 by the parent company is ₹220.21 Crore however, payable balance as per books of the company is ₹244.93 Crore. Difference between Parent company and company is ₹24.72 crore, which is subject to reconciliation."

### 30. Trade Receivables and Trade Payables

All the balances related to Trade receivables and Advances from Customers as well as Trade payables including capital creditors are under reconciliation and subject to confirmation from respective parties.

	31.03.2020 (in Rupees)	31.03.2019 (in Rupees)
<b>31. CIF Value of Imports</b>		
Purchase of Fixed Assets	81,978,137	33,580,243
	<b>81,978,137</b>	<b>33,580,243</b>
<b>32. Expenditure in Foreign Currency</b>		
Purchase of books	-	21,189
Travelling expense	-	31,131
	-	<b>52,320</b>

### 33. Concession Fee to AAI

The Board of the company in its 12th meeting held on 07/03/2019 vide Agenda item no: 20.20 has approved the proposal to enter into a concession agreement with Airports Authority of India (AAI) for transfer of business and land/space of Airports Authority of India related to Cargo and Allied activities on lease basis to the Company. As per approval of both the Boards of Directors and other terms and conditions of boards minutes of meeting, the Concession Fees @ 30% of Revenue from Operation (excluding revenue earned by the company against reimbursement of screeners and multitaskers salary which is recovered from the parent company on cost to cost basis) shall be payable by the Company to AAI. Further, the Company has made provision of Concession Fees for the financial year 2019-20 by ₹108,40,56,699/-.

### 34. GST On Perishable Goods

"Company has recognized revenue of ₹152,22,582 /- relating to cargo services of perishable goods (which primarily consist of agricultural products) in the current financial year. Company has not charged GST on invoices relating to TSP Charges, the Company has take up the matter with Authority of Advance Ruling established under GST Act to ascertain the applicability of GST on cargo revenue of such nature. The Company has filed application with Delhi Authority for Advance Ruling on 20/02/2020. No provision has been made in the books towards GST liability on such revenue. Although proportionate input in relation to such exempted services has been reversed in the books of accounts.

### 35. Royalty Income

- a The company has allocated space to M/s Etihad Airways, and M/s AVS Cargo Management Services P Ltd (GSA) is doing sales activity on behalf of M/s Etihad Airways. The company has to charge Royalty from GSA for the FY 2018-19 and 2019-20, the management of the company has calculated estimate amount of Royalty to be charged from GSA and the same will come out to less than ₹2 Lac per year (Approx). Accordingly, the management of the company has decided to recognise such

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

revenue during the next year, once all the related information for calculation of Royalty would be available with the company.

- b) The company has assigned the right to Air India for providing Ground Handling Services to company's customer at 4 stations. The Air India has assigned right to its subsidiary company (AIATSL) for providing Ground Handling Services. The company has to charge Royalty from AIATSL for the FY 2019-20. The company has raised invoice for the period April 2019 to June 2019 only. The company is unable to ascertain the amount of Royalty to be charged from AIATSL for the balance period since the underlying information/data has not provided by AIATSL. Accordingly, the management of the company has decided to recognise such revenue during the next Financial Year, once all the related information is available to ascertain the amount of Royalty. The estimated amount of income for the period July 2019 to March 2020 is estimated to be ₹75 Lacs (Approx) based on royalty earned for the period April 2019 to June 2019.

### 36. CISF Expenses

During the FY 2018-19, parent company (AAI) raised a claim on the company amounting to ₹13.87 Crore towards services given by CISF to the Company which is initially borne by parent company and subsequently claimed from the Company. The company did not provide for such expenditure against the said claim in anticipation of the fact that matter related to transfer of such expenditure shall be taken up with parent company. However, during the current FY the company has acknowledged the claim and consequently recorded the said expenditure in its books of account.

### 37. Pre Deposit Account (PDA) balances at Chennai and Kolkata location

The Company has the policy of taking advance from customers in respect of specified cargo services, the advance has been kept under Pre Deposit Account (PDA) of such customer and advance is being adjusted against cargo services rendered by the Company. Such PDA accounts are maintained as subsidiary records in ICMS software (Billing Software, which is different from main accounting software). As per books of accounts (under SAP), PDA balances at Chennai and Kolkata location as on March 31, 2020 is amounting to ₹14,72,43,948/- and balances as per ICMS (Subsidiary records) is ₹9,40,47,551/-. The difference of ₹5,31,96,397/- is subject to reconciliation with the parent Company vis-a-vis reconciliation of customer balances as per ICMS is also to be done in due course.

### 38. Provision for Doubtful Debts

The company has recognized provision for Doubtful debts amounting to ₹7,54,33,631/- which are outstanding for more than 1 year as per the significant accounting policy of the company, net of realizations made subsequent to the Balance Sheet date.

### 39. In-Line Hold Baggage Screening System (ILHBS)

"The company has started a new business vertical during the financial year namely In-Line Hold Baggage Screening System (ILHBSs). The company has raised Invoices to its parent company Airports Authority of India based on cost recovery basis for amounting to ₹14.13 Cr.

### 40. Custom Charges

"Customs Charges recognized in books of accounts on the basis of payment made at respective stations by AAI/ AAICLAS. Further remaining demands at stations Bhubaneswar, Madurai, Trichy company being pursued through MOCA to waive off and these demands not recognized as expense have been showed as Contingent Liability via Note 23 a."

### 41. Previous Year Figures

"Figures of the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary, to make them comparable with the current year figures."

In terms of our Audit Report Attached

**For P.R.KUMAR & CO.**  
Chartered Accountants  
Firm Reg. No.: 003186N

**(RAHUL KATHURIA)**  
Partner  
M. No.: 090657

sd/-  
**(J.B.SAINI)**  
Chief Financial Officer  
PAN: AEWPJ2629A

sd/-  
**(KEKU BOMI GAZDER)**  
Chief Executive Officer  
PAN: ARCPK6948G

For & on behalf of Board of Directors

sd/-  
**(APIL AGRAWAL)**  
Company Secretary  
PAN: AMPAA1914L

sd/-  
**(ARVIND SINGH)**  
Chairman  
DIN:02780573

Place: New Delhi  
Date : 02.11.2022



## INDEPENDENT AUDITOR'S REPORT

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

#### Qualified Opinion

We have audited the financial statements of M/s AAI CARGO LOGISTICS AND ALLIED SERVICES COMPANY LIMITED (a wholly owned subsidiary of M/s Airports Authority of India ("the parent Company"), a Body Corporate set up under The Airports Authority of India Act, 1994) ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss and statement of Cash Flow Statement 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid 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, 2020, and profit and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- a. The company has not raised the Invoices during the financial year which has resulted into accounting of the abovesaid Revenue amounting to ₹27,44,79,943/- to Unbilled Revenue and consequently deferred the compliance of the provisions of Goods and Services Tax amounting to ₹4,93,46,725 to the next financial year and consequently, Debtors has been understated by the amount of ₹32,38,26,668/-.
- b. The company has not raised the Invoices amounting to ₹69,46,541/- to various customers. Further, the company has not raised the Credit Note during the financial year amounting to ₹607,263/- and thus the Revenue of the Company has been understated to the extent of non-generation of Invoices and overstated to the extent of Credit Note not generated during the financial year. Further, in the case of one of the Customer, Jet Airways, the company has billed for whole financial year despite having the order from the Head Office about non-billing to the Customer and thus Invoicing has been done in excess for ₹16,03,494/- and again the Revenue is overstated to this extent.
- c. The company has recognized the revenue in relation to one of the Customers, namely Kerala State Industrial Enterprises Limited (Calicut) amounting to ₹1,87,75,372/-, however, as per the documents provided to us, revenue is overstated by ₹8,88,056/- related to abovesaid customer.
- d. Except for the period from April 2019 to June 2019 for the stations located at Kolkata, Amritsar and Lucknow, the company has not recognized the Revenue on account of royalty from one of the customers namely Air India Air Transport Services Limited and consequently, in the absence of relevant information provided to us, we are unable to comment upon quantum of revenue in relation to abovesaid customer.
- e. The company has received an addendum agreement from M/s Go Airlines (India) Limited and M/s Livewel Aviation Services Private Limited dated 03rd October 2019 with respect to non-chargeability of the Revenue regarding the NIL Cargo. However, corresponding Credit Notes for the reversal of revenue recognised during FY 2018-19 and 2019-20 amounting to ₹50,13,847/- has been generated in the next financial year (2020-21). As per the provisions of AS 4 (Contingencies and Events Occurring after the Balance Sheet Date), the company should have raised the Credit Note in relation to Nil Cargo amounting to ₹24,50,900/- during the financial year under audit, consequently, we are of the opinion that the company has overstated the revenue to the extent of ₹24,50,900/- and accounts receivable has also been overstated amounting to ₹50,13,847 plus applicable taxes.
- f. The company has started a new business vertical during the financial year under audit namely In-line Hold Baggage Screening System (ILHBSS) and we have observed that the company has

## Report on the Audit of the Standalone Financial Statements

raised Invoices to its parent company based on payment made to the concerned employees and this has led the accounting on payment basis rather than on accrual basis and further, in the absence of information provided to us for our verification, we are not able to comment upon its impact on financial statement of the Company.

- g. Accounting Standard 15 (Employees Benefits) – The company has provided for Gratuity Expenses without computed its Actuary Valuation and accordingly the provisions of Accounting Standard 15 – Employee Benefits have not been complied with, consequently, we are unable to determine whether any adjustment is required in relation to amount recognized as Gratuity Expenses in the financial statement (also refer Note No. 25).
- h. The company has raised invoices on the various stations in relation to rental income and screening charges, however, corresponding assets, through which such revenue is being generated, are not appearing in the fixed assets register. In the absence of information, we are unable to comment upon the exact volume of revenue which have been generated without having the required corresponding fixed assets (also refer Note No. 26).
- i. We have observed the differences of ₹24.72 Crores as per the reconciliation provided to us in respect of transactions taken place with its parent company, however, the reason for differences has not been provided to us. Further, in the absence of certificate from the Parent Company, we are not able to comment upon the completeness of Revenue and Expenditure being transferred by the parent company to the company (also refer Note No. 29).

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 qualified opinion.

### Emphasis of Matters

We draw attention to the following matters:

- (a) Note No. 23 – Customs Charges : The company has received demand letter, amounting to ₹10,69,44,960/-, from Customs Department related to recovery of Customs Charges for various stations and the company has recognized the expense amounting to ₹2,03,80,631/- on payment basis. The company has pursued for waiver off the remaining demand through the Ministry of Civil Aviation and the balance of the demand other than paid during the financial year has been acknowledged as Contingent Liabilities amounting to ₹8,65,64,329/-.
- (b) Note No. 28 – Security Deposits : Security Deposit in relation to Cargo Segment has been kept by the parent company within their books of accounts and hence corresponding entries have not been passed in the books of the company. Further, the company has classified the Security Deposits under Long Term and Short Term and we have relied upon the classification done by the management.
- (c) Note No. 30 & 37 – Balances of Trade Receivables and Payables : Balances of Trade Receivables and Advances from Customers (including PDA Balances) as well as balances of Trade Payables including the Capital Creditors are still under reconciliations and confirmations.
- (d) Note No. 33 – Concession Fees : The Board of Directors of the company and the parent company has given consent for entering into an agreement for Concession Fees and accordingly the company has accounted for the expenses for the financial year 2019-20.
- (e) Note No. 34– GST on Perishable Goods : The





## Report on the Audit of the Standalone Financial Statements

management of the company has considered the services related to perishable goods as exempted services and at the same time the management has filed for Advance Ruling for such stand and at the same time the corresponding impact of GST Liability has been accounted for.

- (f) Note No. 38 – Provision for Doubtful Debts : The company has provided for the debts as doubtful which have become overdue for more than 1 year amounting to ₹7,54,33,631/- as per the policy of the company during the financial year.
- (g) The company has appointed Internal Auditor during the financial year under audit as per the Internal Audit Program designed by the Company. The Internal Auditor could not submit their report due to Pandemic situation and accordingly we also could not be able to consider the same for our audit procedures.

Our opinion is not modified in respect of the aforesaid matters.

### 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 Directors Report alongwith its annexures including Secretarial Audit Report but does not include the financial statements and our auditor's report thereon. Such other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the report mentioned above, if we conclude that there is a material misstatement therein, we are required to communicate the matter

to those charged with governance. As the other information is not made available to us as at the date of this auditor's report, we have nothing to report in this regard.

### Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Company's Act ("the Act") with respect to the preparation of these 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 read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

## Report on the Audit of the Standalone Financial Statements

### Auditor's Responsibility for the Audit of 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 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.
- 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.

### Other Matters

Due to the COVID 19 Pandemic evolved in the country during the audit, we could not visit the stations and we have formed our opinion based on limited records and documents made available to us at Head Quarter (CHQ – Delhi).

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central



## Report on the Audit of the Standalone Financial Statements

Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable,

2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, in the Annexure-II on the directions and sub-directions issued by the Comptroller and Auditor General of India.
3. As required by section 143 (3) of the Act, we report that:
  - a. Except for the matters described under the Basis for Qualified Opinion paragraph, We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. Except for the possible effects of the matters described under the Basis of Qualified Opinion paragraph above, 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. Except for the possible effects of the matters described under the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Annexure III;
  - g. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (16) of Section 197 of the Companies Act, 2013, are not applicable to the Company;
  - 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, 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 financial statements – Refer Note No. 23 to the financial statements;
    - ii) The company did not have 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.

**For P R Kumar & Co.**  
Chartered Accountants  
Firm Reg. No.: 003186N

**(Rahul Kathuria)**  
Partner  
M. No.: 090657

Place: NEW DELHI  
Date: 02<sup>nd</sup> November 2020

## Report on the Audit of the Standalone Financial Statements

### Annexure-I

#### ANNEXURE OF THE INDEPENDENT AUDITOR'S REPORT

(Referred to paragraph (1) under the heading of "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 company has not conducted physical verification of the Fixed Assets, hence we are not able to comment upon any discrepancies in relation to assets appearing under Fixed Assets Register.
- (c) According to the information and explanation given to us and on the basis of our examination of records of the Company, land related to cargo business has not transferred by the parent company and as on balance sheet date, the company is in the process of lease out such land to the Company. Further, buildings amounting to ₹94,04,02,861/- (being purchase cost) transferred by parent company against monetary consideration which appears in the financial statements as building under fixed assets.
- (ii) The company does not have any inventory and consequently, clauses (ii) of paragraph 3 of the Order are not applicable.
- (iii) According to the information and explanations provided to us, the Company has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, consequently, provisions of sub-clause (iii)(a), (b) & (c) of the Paragraph 3 of the Order are not applicable.
- (iv) The Company has not given any loan, guarantee, security or made investment as stipulated under Sections 185 & 186 of the Companies Act, consequently, clause (iv) of the Paragraph 3 of the Order is not applicable.
- (v) According to the information and explanation given to us, the Company has not accepted deposits as per the provisions of the Companies Act, 2013 and consequently, directives issued by the Reserve Bank of India; the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed there under are not applicable.
- (vi) The provisions of the maintenance of the cost records as has been specified under sub-section (1) of Section 148 of the Companies Act, 2013 and maintenance of cost records are applicable on the company, however, in the absence of any record provided to us, we are unable to comment upon the maintenance of cost records by the company.
- (vii) (a) The company has been regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues as applicable to it. Being a wholly owned subsidiary of M/s Airports Authority of India (parent company), majority of the employees are on standby deputation basis, therefore, statutory dues related to such employees, such as Provident Fund, Professional Tax as applicable, are being deducted and deposited by the parent company. However, Employees who are on the payroll of the company, all the employees related statutory dues, such as Provident Fund, Professional Tax as applicable, are being deducted and deposited by company on regular basis.
- (b) (b) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on March 31, 2020, and the details of the same are as under :

Sl No.	Name of the Statute	Amount (₹)	Forum at which case is pending
1.	Customs Act	1,88,09,106/-	CESTAT, Kolkata

- (viii) In our opinion and according to the information and explanations given to us, the company has



## Report on the Audit of the Standalone Financial Statements

neither taken any loan from financial institution, bank, government nor issued any debenture, hence provisions under clause (viii) of the Paragraph 3 of the Order is not applicable to the company.

- (ix) According to the information and explanations given to us, the company has not raised moneys by way of initial public offer (including debt instruments) and no term loan has been raised during the year, hence provisions under clause (ix) of the Paragraph 3 of the Order is not applicable to the company.
- (x) During the financial year we have come to the knowledge about the fraud taken place at Kolkata Station during the financial year 2017-18 amounting to ₹51,11,570/- and as per the copy of FIR provided to us, this fraud has done by three parties alongwith the active connivance of employees of the company and others. As per the information and explanations provided to us, ₹16.75,715 related to one of the parties have been recovered and the corresponding income has been booked during the financial year under audit.

Further, we have been represented that an FIR has been filed on 18.06.2020 for further investigation. As per the explanation and information provided to us, pending Investigation with the Local Police, no income or recovery has been done upto the date of the signing of the financial statement.

- (xi) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, hence clause 3(xi) of the Order is not applicable.
- (xii) The company is not a Nidhi Company, hence in our opinion and according to the information and explanations given to us, clause 3 (xii) of the Order is not applicable. As per the information and explanations provided to us, the company

has transacted with the related party, i.e., M/s Airports Authority of India (Parent Company) as per the provisions of the Section 177 and 188 of the Companies Act, 2013 and the disclosure has been done under the financial statements.

- (xiii) As per the information and explanations provided to us, the company has transacted with the related party, i.e., M/s Airports Authority of India (Parent Company) as per the provisions of the Section 177 and 188 of the Companies Act, 2013 and the disclosure has been done under the financial statements.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly executable debentures during the year under review, accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xiv) of the Order is not applicable.
- (xv) The company has not entered into any non cash transactions with directors or persons connected with him, accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xvi) of the Order is not applicable.

**For P R Kumar & Co.**  
Chartered Accountants  
Firm Reg. No.: 003186N

**(Rahul Kathuria)**  
Partner  
M. No.: 090657

Place: NEW DELHI  
Date: 02<sup>nd</sup> November 2020

## Report on the Audit of the Standalone Financial Statements

Annexure-I

### ANNEXURE OF THE INDEPENDENT AUDITOR'S REPORT

(Referred to paragraph (2) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

Sl.No.	Query	Response
1.	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.	No, complete integrated system is not in place, hence, we are unable to comment upon the financial implication on non-integration of accounts and their integrity.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial year may be stated.	There were no cases of waiver / write-off of debts/loans/interest.
3.	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.	There were no funds which have been received / receivable for specific schemes from Central / State agencies.

For **P R Kumar & Co.**

Chartered Accountants

Firm Reg. No.: 003186N

Place: New Delhi  
Date: 02<sup>nd</sup> November 2020

sd/-  
**(Rahul Kathuria)**  
Partner  
M. No.: 090657



## Annexure to The Independent Auditor's Report of even date on the Financial Statements of AAI Cargo Logistics and Allied Services Company Limited

(Referred to paragraph {3(f)} under the heading of "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 M/s AAI CARGO LOGISTICS AND ALLIED SERVICES COMPANY LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, 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 judgement, 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 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 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**

Because of the 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**

According to the information and explanation given to us, the company has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

**For P R Kumar & Co.**  
Chartered Accountants  
Firm Reg. No.: 003186N

Place: New Delhi  
Date: 02<sup>nd</sup> November 2020

sd/-  
**(Rahul Kathuria)**  
Partner  
M. No.: 090657





## Compliance Certificate

We have conducted the audit of annual accounts of AAI Cargo Logistics And Allied Services Company Limited for the year ended 31st March, 2020 in accordance with the directions/sub-directions issued by the C & AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

**For P R Kumar & Co.**  
Chartered Accountants  
Firm Reg. No.: 003186N

Place: New Delhi  
Date: 02<sup>nd</sup> November 2020  
UDIN : 20090657AAAAAC9714

sd/-  
**(Rahul Kathuria)**  
Partner  
M. No.: 090657



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

गोपनीय

संख्या/No. GAP/AAICLAS/AG/6-61/2020-21/160

भारतीय लेखापरीक्षा और लेखा विभाग,  
कार्यालय, प्रधान निदेशक लेखापरीक्षा (इन्फ्रास्ट्रक्चर), दिल्ली  
INDIAN AUDIT & ACCOUNTS DEPARTMENT,  
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT  
(INFRASTRUCTURE), DELHI

दिनांक/Dated 30/12/2020

मेव्रा में,

अध्यक्ष,

एएआई कार्गो लोजिस्टिक्स एण्ड एलाइड सर्विसेस कम्पनी लिमिटेड  
आईक्लाम काम्प्लेक्स, दिाी फ्लाईंग क्लब रोड, सफदरजंग हवाई ब्रुडा,  
नई दिल्ली - 110003

विषय : 31 मार्च 2020 को समाप्त वर्ष एएआई कार्गो लोजिस्टिक्स एण्ड एलाइड सर्विसेस कम्पनी लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143 (6) (b) के अन्तर्गत भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियाँ

सहोदय,

मैं इस पत्र के साथ 31 मार्च 2020 को समाप्त वर्ष के लिए एएआई कार्गो लोजिस्टिक्स एण्ड एलाइड सर्विसेस कम्पनी लिमिटेड के वार्षिक लेखों पर कम्पनी अधिनियम 2013 की धारा 143 (6) (b) के अन्तर्गत भारत के नियंत्रक महालेखा परीक्षक की 'टिप्पणियाँ' अर्पित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक आम राश्री में उसी प्रकार रखा जाए जिस प्रकार वैधानिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

संलग्न : टिप्पणियाँ

भवदीया



(रिना अकोइजम)  
प्रधान निदेशक



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of **AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LIMITED** for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02 November 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LIMITED** for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matter under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

**A. Comments on Profitability  
Statement of Profit and Loss**

**Deferred Tax charge/(credit) - Rs. 1.88 crore**

The provision for debtors for the year amounting to Rs.7.54 crore is disallowed under section 43(b) of the Income Tax Act, 1961. However, the amount was not included while calculating deferred tax assets / liabilities in non-compliance of Accounting Standard - 22 relating to Accounting for taxes on income. Thus, non-inclusion of the same has resulted in overstatement of Deferred tax liabilities and overstatement of Deferred tax charge/(credit) by Rs. 1.90 crore (25.168 per cent of Rs. 7.54 crore).


**B. Comment on Disclosure**

Office of the Principal Commissioner of Customs (Airport & Admn), Kolkata in its order dated 06 September 2018 levied customs duty of Rs. 1.88 crore (including penalty of Rs. 0.01 crore) mentioning the facts about deletion of entries in respect of various missing cargo consignments from the Integrated Cargo Management System by few officials of the company. The company filed an appeal before the Hon'ble Customs Excise and Service Tax Appellate Tribunal against the above said order which was listed for hearing on 07 February 2020.

Further, Statutory Auditor has disclosed the 'disputed statutory dues relating to Customs Department' amounting to Rs.1.88 crore under clause no. vii (b) of Annexure-I to the Independent Auditor's Report.

However, neither such disclosure regarding the above malafide event was made by the company in the financial statements and nor the same was disclosed by the Statutory Auditor in the Independent Auditor's Report.

**For and on behalf of the  
Comptroller and Auditor-General of India**



**(Rina Ahoijam)  
Principal Director of Audit (Infrastructure)  
New Delhi**

**Place: New Delhi  
Dated: 30 December 2020**

