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Independent Auditor's Report

To the Members of Gati Kausar India Limited

Report on the Audit of the Financial Statements

Qualified Opinion

1. We have audited the accompanying financial statements of Gati Kausar India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. As explained in note 30 to the accompanying financial statements, the Company has provided for its obligation towards commitment fee based on the management's assessment of the likely obligation in view of the ongoing negotiation with the investor relating to the terms of the amended Bond Subscription Agreement, instead of measuring the obligation at ₹837 lakhs as per the terms of the aforementioned agreement. However, in the absence of sufficient and appropriate audit evidence in support of management's assessment and pending final outcome of the negotiation referred above, we are unable to comment upon the adequacy of the provision and its consequential impact on the financial statements. Our opinion on the financial statements for the year ended 31 March 2020 was also qualified in respect of this matter.

4. We conducted our audit in accordance with the Standards on Auditing 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 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 ('ICAI') 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 qualified opinion.

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Material Uncertainty Related to Going Concern

5. We draw attention to note 29 to the accompanying financial statements, which indicates that the Company has incurred loss of ₹1,649.65 lakhs during the year ended 31 March 2021, and as of that date, its accumulated losses amounting to ₹10,891.62 lakhs has resulted in complete erosion of its net worth and the current liabilities exceeded its current assets by ₹9,582.48 lakhs. These conditions along with matters set forth in the said note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the revised business plans including the restructuring plan under consideration with the key shareholders of the Company, as stated in the aforesaid note, the management is of the view that going concern basis of accounting is appropriate in preparation of the accompanying financial statements.

Our audit included, but was not restricted to, the following procedures in relation to assessment of appropriateness of going concern basis of accounting:

- Obtained understanding of the management's process for identifying all events or conditions that could impact the Company's ability to continue as a going concern, and the process to assess the corresponding mitigating factors existing against each such event or condition.
- Evaluated the design and tested the operating effectiveness of key controls around aforesaid identification of events or conditions and mitigating factors, and controls around cash flow projections prepared by the management.
- Reconciled the cash flow projections to future business plans of the Company as approved by the Board of Directors.
- We tested the appropriateness of the assumptions that had the most material impact by holding discussions with the Board of Directors and Management and corroborated the assumptions using the actual results and external data;
- We tested the arithmetic integrity of the calculations including those related to management's sensitivities.
- Performed independent sensitivity analysis on aforementioned key assumptions used in cash flow projections to test the adequacy of the available headroom.
- We considered the appropriateness of the disclosures made in the Financial Statements in respect of going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matter

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

Except for the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section we have determined that there are no other key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report thereon

7. 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 financial statements and our auditor's report thereon. The Annual Report 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 will not express any form of assurance conclusion thereon.

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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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

8. The accompanying financial statements have been approved by the Company's Board of Directors. 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

11. 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 Standards on Auditing 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.

12. As part of an audit in accordance with Standards on Auditing, 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 Act, 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.

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- 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.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report to the extent applicable that:

    a) we have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion section, 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 matter described in the Basis for Qualified Opinion section, 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 financial statements dealt with by this report are in agreement with the books of account;

    d) except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) the matters described in paragraph 3 and 5 under the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern paragraphs, in our opinion, may have an adverse effect on the functioning of the Company;

f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;

h) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12 May 2021 as per Annexure II expressed unmodified opinion; and

i) 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 does not have any pending litigation which would impact its financial position as at 31 March 2021;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid
Nihil Vaid
Partner
Membership No.: 213356
UDIN: 21213356AAAABR5873

Walker Chandiok & Co. LLP ★ Hyderabad ★

Place: Hyderabad
Date: 12 May 2021

Annexure I to the Independent Auditor's Report of even date to the members of Gati Kausar India Limited, on the financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties which are included under the head Property, plant and equipment are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, 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) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, goods and service tax, duty of customs that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings payable to any bank. The Company has not defaulted in repayment of dues to debenture-holders during the year, except for non-payment of commitment fee aggregating to ₹837 lakhs on the unavailed drawdown amouut as explained in note 30 to the financial statements.

(ix) The Company did not raise moneys by way of initial public offer or further public offer. In our opinion and according to the information and explanations given to us, the Company has applied moneys raised by way of debt instruments and term loans for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties comply with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Nikhil Vaid
Partner
Membership No.: 213356
UDIN: 21213356AAAABR5873

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: 12 May 2021

Annexure II to the Independent Auditor's Report of even date to the members of Gati Kausar India Limited, on the financial statements for the year ended 31 March 2021

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Gati Kausar India Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 (the "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 the Company's 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

5. 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 with reference to financial statements.

Walker Chandiok & Co. LLP * Hyderabad *
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Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Nikhil Vaid
Partner
Membership No.: 213356
UDIN: 21213356AAAABR5873

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: 12 May 2021

Gati Kausar India Limited
Balance Sheet as at 31 March 2021
(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant & equipment	3	3,543.29	4,217.28
Right-of-use assets	3(a)	930.61	993.86
Financial assets			
(i) Loans receivables	4	88.31	89.23
Income tax assets		108.87	139.82
Other non-current assets	5	3.13	3.13
		4,674.21	**5,443.32**
Current assets			
Inventories	6	7.56	16.01
Financial assets			
(i) Trade receivables	7	505.78	582.80
(ii) Cash and cash equivalents	8	22.07	118.70
(iii) Bank balances other than (ii) above	8	3.74	3.74
(iv) Loans receivables	4	13.25	28.10
Other current assets	5	109.77	96.08
Assets classified as held for sale		160.07	160.07
		822.24	**1,005.50**
Total assets		**5,496.45**	**6,448.82**
Equity & liabilities			
Equity			
Equity share capital	9	745.79	745.79
Other equity	10	(6,990.71)	(5,340.89)
Total equity		**(6,244.92)**	**(4,595.10)**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	11	246.60	409.91
(ii) Lease liabilities	3(a)	1,066.60	1,074.20
Provisions	12	23.45	21.53
Total non-current liabilities		**1,336.65**	**1,505.64**

Walker Chandiok & Co. LLP
Hyderabad

Gati Kausar India Limited
Hyderabad

Gati Kausar India Limited
Balance Sheet as at 31 March 2021
(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Current liabilities			
Financial liabilities			
(i) Borrowings	13	250.79	441.72
(ii) Trade payables	14		
- total outstanding dues of micro enterprises and small enterprises		2.50	6.96
- total outstanding dues of creditors other than micro enterprises		190.06	182.76
(iii) Other financial liabilities	15	9,910.18	8,868.54
Provisions	12	8.60	8.52
Other current liabilities	16	42.59	29.78
		10,404.72	**9,538.28**
Total liabilities		**11,741.37**	**11,043.92**
Total equity & liabilities		**5,496.45**	**6,448.82**

The accompanying notes form an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Nikhil Vaid
Partner
Membership No. 213356

Place: Hyderabad
Date: 12 May 2021

Walker Chandiok & Co. LLP Hyderabad

Gati Kausar India Limited Hyderabad

For and on behalf of the Boards of Directors of
Gati Kausar India Limited

Adarsh Hegde
Chairman
DIN: 00035040

Prabhu Narain Shukla
Director
DIN: 01868580

CJ Shaju
Chief Financial Officer

Nandan Bisoi

Nandan Bisoi
Company Secretary

Place: Hyderabad
Date: 12 May 2021

Gati Kausar India Limited
Statement of Profit and Loss for the year ended 31 March 2021
(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	For the year ended	
		31 March 2021	**31 March 2020**
Income			
Revenue from operations	17	3,108.65	4,141.10
Other income	18	56.67	136.58
Total income		**3,165.32**	**4,277.68**
Expenses			
Operating expenses	19	2,382.96	3,204.18
Employee benefits expense	20	365.74	405.79
Finance cost	21	1,258.72	1,196.32
Depreciation expense	3 & 3(a)	684.68	752.21
Other expenses	22	122.87	136.09
Total expenses		**4,814.97**	**5,694.59**
Loss before tax		**(1,649.65)**	**(1,416.91)**
Tax expense		-	-
Loss for the year		**(1,649.65)**	**(1,416.91)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net (loss)/gain on FVTOCI equity securities		-	(0.64)
Re-measurement of post-employment benefit obligations		(0.17)	(2.06)
Total other comprehensive income for the year, net of tax		**(0.17)**	**(2.70)**
Total comprehensive income for the year		**(1,649.82)**	**(1,419.61)**
Earnings per equity share [EPES]	23		
Basic (in absolute ₹)		(22.12)	(20.16)
Diluted (in absolute ₹)		(22.12)	(20.16)

The accompanying notes form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid
Nikhil Vaid
Partner
Membership No. 213356

For and on behalf of the Boards of Directors of
Gati Kausar India Limited

Adarsh Hegde
Chairman
DIN: 00035040

Prabhu Narain Shukla
Director
DIN: 01868580

CJ Shaju
Chief Financial Officer

Nandan Bisoi
Nandan Bisoi
Company Secretary

Place: Hyderabad
Date: 12 May 2021

Place: Hyderabad
Date: 12 May 2021

Gati Kausar India Limited
Cash Flow Statement for the year ended 31 March 2021
(All amounts in ₹ lakhs, except share data and where otherwise stated)

		For the year ended	
		31 March 2021	31 March 2020
Cash flow from operating activities			
Loss before tax		(1,649.65)	(1,416.91)
Adjustments:			
Depreciation expense		684.68	752.21
Interest income		(10.61)	(32.04)
Finance costs		1,258.72	1,196.32
Gain on sale of property, plant and equipment		(46.06)	(81.59)
Advances write off		9.92	-
Liability no longer required written back		-	(20.66)
Provision for bad and doubtful debts and advances		8.00	33.54
Operating cash flows before changes in working capital		**255.00**	**430.87**
Adjustment for changes in working capital:			
Changes in inventories		8.45	7.90
Changes in trade receivables		72.52	119.38
Changes in other assets		(27.11)	3.41
Changes in loans		15.77	8.25
Changes in trade payables		2.84	(4.17)
Changes in other financial liabilities		6.34	20.71
Changes in other current liabilities		12.81	(28.53)
Changes in provisions		1.83	4.06
Cash generated from operations		**348.45**	**561.87**
Income tax refund, net		30.95	187.88
Net cash generated from operating activities	**(A)**	**379.40**	**749.75**
Cash flows from investing activities			
Purchase of property, plant and equipment		(23.63)	(232.21)
Proceeds from sale of property, plant and equipment		98.61	112.52
Proceeds from sale of investments		-	2.60
Interest income received		10.61	45.01
Net cash (used in)/from investing activities	**(B)**	**85.60**	**(72.08)**
Cash flows from financing activities			
Proceeds/(repayment) from short-term borrowings, net		(190.93)	80.04
Proceeds from long-term borrowings		-	170.66
Repayment of long-term borrowings		(181.59)	(356.91)
Repayment of lease liabilities		(0.50)	(0.31)
Finance costs		(188.61)	(460.80)
Net cash used in financing activities	**(C)**	**(561.63)**	**(567.32)**
Net change in cash and cash equivalents	**(A + B + C)**	**(96.63)**	**110.35**
Cash and cash equivalents at the beginning of the year		118.70	8.35
Cash and cash equivalents at the end of the year		**22.07**	**118.70**

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Gati Kausar India Limited
Cash Flow Statement for the year ended 31 March 2021
(All amounts in ₹ lakhs, except share data and where otherwise stated)

	As at	
	31 March 2021	**31 March 2020**
Components of cash and cash equivalents		
Cash on hand	0.15	0.36
Balances with banks in current accounts	21.92	118.34
	22.07	**118.70**

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid
Nikhil Vaid
Partner
Membership No. 213356

Walker Chandiok & Co. LLP * Hyderabad *

Gati Kausar India Limited Hyderabad

Place: Hyderabad
Date: 12 May 2021

For and on behalf of the Boards of Directors of
Gati Kausar India Limited

Adarsh Hegde
Chairman
DIN: 00035040

Prabhu Narain Shukla
Director
DIN: 01868580

CJ Shaju
Chief Financial Officer

Nandan Bisoi
Nandan Bisoi
Company Secretary

Place: Hyderabad
Date: 12 May 2021

Gati Kausar India Limited
Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in ₹ lakhs, except share data and where otherwise stated)

a **Equity share capital**

	Notes	Number	Amount
As at 1 April 2019		6,525,658	652.57
Changes during the year	9	932,237	93.22
Balance as at 31 March 2020		**7,457,895**	**745.79**
Changes during the year		-	-
Balance as at 31 March 2021		**7,457,895**	**745.79**

b **Instruments entirely equity in nature**

	Number	Amount
Compulsorily Convertible Cumulative Preference Shares ("CCCPS")		
As at 1 April 2019	932,237	93.22
Issued during the year	-	-
Converted into equity shares	(932,237)	(93.22)
Balance as at 31 March 2020	-	-
Issued during the year	-	-
Balance as at 31 March 2021	-	-

c **Other equity (Refer note 10)**

	Reserves and surplus		Other comprehensive income		Total
	Securities premium	Retained earnings	Equity instruments through OCI	Actuarial gains / (losses)	
Balance at 1 April 2019	**3,892.88**	**(7,827.53)**	**3.11**	**10.26**	**(3,921.28)**
Loss for the year	-	(1,416.91)	-	-	**(1,416.91)**
Net change in fair value of FVTOCI investments	-	-	(0.64)	-	**(0.64)**
Transfer to retained earnings on disposal	-	2.47	(2.47)	-	-
Actuarial loss on post-employment benefit obligations	-	-	-	(2.06)	**(2.06)**
Balance at 31 March 2020	**3,892.88**	**(9,241.97)**	-	**8.20**	**(5,340.89)**
Loss for the year	-	(1,649.65)	-	-	**(1,649.65)**
Actuarial loss on post-employment benefit obligations	-	-	-	(0.17)	**(0.17)**
Balance at 31 March 2021	**3,892.88**	**(10,891.62)**	-	**8.03**	**(6,990.71)**

The accompanying notes form an integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid
Partner
Membership No. 213356

Walker Chandiok & Co. LLP Hyderabad

Gati Kausar India Limited Hyderabad

Place: Hyderabad
Date: 12 May 2021

For and on behalf of the Boards of Directors of
Gati Kausar India Limited

Adarsh Hegde
Chairman
DIN: 00035040

Prabhu Narain Shukla
Director
DIN: 01868580

Nandan Bisoi

CJ Shaju
Chief Financial Officer

Nandan Bisoi
Company Secretary

Place: Hyderabad
Date: 12 May 2021

Gati Kausar India Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except share data and where otherwise stated)

1. Company overview

Gati Kausar India Limited ("the Company") is a limited liability company incorporated in 1984 under the provisions of the Companies Act, 1956. The Company is a subsidiary of Gati Limited and is primarily engaged in provision of cold chain related logistic services.

The financial statements were authorized for issue in accordance with a resolution of the directors passed in the Board meeting held on 12 May 2021.

2. Summary of significant accounting policies

a) Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS'), as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost convention and accrual basis, except for certain financial assets and liabilities measured at fair value and net defined benefit liability measured at present value of defined benefit obligations plan assets towards defined benefit plans, which are measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees ("Rs.") and all the values are rounded to the nearest lakhs, except when otherwise indicated.

b) Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known or materialized.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

c) Significant accounting policies

(i) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to Statement of profit or loss during the reporting period in which they are incurred.

Assets acquired but not ready for use are classified under Capital work in progress and are stated at cost comprising direct cost and related incidental expenses.

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(ii) Non-current assets held for sale
The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification. Property, plant and equipment once classified as held for sale to owners are not depreciated.

(iii) Depreciation
Depreciation on property, plant and equipment is provided pro-rata to the period of use, on the straight-line method, at the rates specified in Schedule II to the Act (expect for building which is being depreciated over the lease period). Depreciation on sold/discarded property, plant and equipment is provided for up to the date of sale /discarded.

(iv) Impairment of non-financial assets
Assessment is done at each Balance Sheet date to evaluate whether there is any indication that a nonfinancial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(v) Financial instruments

Financial assets

Initial recognition
In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost
Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

Financial assets measured at fair value
Financial assets are measured at fair value through other comprehensive income (FVOCI) if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Impairment of financial assets
In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL impairment loss allowance (or reversal) recognised during the period is recorded as expense/ income in the Statement of Profit and Loss.

De-recognition of financial assets
The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Equity investments
All equity investments in the scope of Ind AS 109, Financial Instruments, are measured at fair value. For equity instruments, the Company may make an irrevocable election to present the subsequent fair value changes in Other Comprehensive Income (OCI). The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognitiou and is irrevocable. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. Equity instruments included within the FVTPL (fair value through profit and loss) category are measured at fair value with all changes in fair value recognized in the profit or loss.

Financial Liabilities

Initial Recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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Subsequent measurement

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

Financial liabilities at amortised cost
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the terms of a financial liability is re-negotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

De-recognition of financial liabilities
Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(vi) Fair value measurement
Fair value measurement The Company measures financial instruments, such as, derivatives at fair value at each balance sheet. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(vii) Inventories
Consumables, stores and spares are valued at lower of cost and net realisable value. Cost is computed on first in first out basis. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Obsolete, defective, unserviceable and slow/ nonmoving stocks are duly provided for. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

(viii) Revenue recognition
Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding taxes or duties collected on behalf of the government and reduced by any rebates and trade discount allowed.

The specific recognition criteria described below must also be met before income is recognised.

i) Revenue from goods transport service is recognised as and when goods are transported.

ii) Revenue from warehousing services is recognised as per the terms of agreement where the tariffs are agreed with the customers based on delivery of services when the outcome of the transactions involving rendering of services can be estimated reliably.

iii) Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(ix) Employee benefits

Defined contribution plan
The Company's contribntion to Provident Fund and Employees State Insurance Scheme is determined based on a fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss on accrual basis. The Company has categorised its Provident Fund and the Employees State Insurance Scheme as a defined contribution plan since it has no further obligations beyond these contributions

Defined benefit plan
The Company's liability towards gratuity, being a defined benefit plan are accounted for on the basis of an independent actuarial valuation based on Projected Unit Credit Method. Gratuity liability is unfunded. Service cost and the net interest cost is included in employee benefit expense in the Statement of profit and loss. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in 'other comprehensive income' as income or expense.

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Compensated absences
Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. The Company presents the leave as a short term provision in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as long term provision.

(x) Borrowing costs
General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in Statement of Profit and Loss in the period in which they are incurred.

(xi) Leases
The Company assesses a contract at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets: The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities: At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included in the measurement of the lease liability include fixed payments (including in substance fixed payments), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

In case of a short-term lease contract and lease contracts for which the underlying asset is of low value, lease payments are charged to statement of profit and loss on accrual basis.

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(xii) Income taxes
Income tax expense comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax
Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax
Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operations results, adjusted for significant non-taxable income and expenses and specific limits on the use of auy uuused tax loss or credit. Deferred tax is uot provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(xiii) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimhursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xiv) Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liahility also arises in extreme rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

(xv) Cash and cash equivalents
Cash and cash equivalent in the balance sheet comprise cash at hanks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(xvi) Cash flow statement
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of noncash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated in the Cash flow statement.

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(xvii) Earnings per equity share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit of the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares if any.

d) Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Property, plant and equipment

Plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets.

Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

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Gati Kausar India Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except share data and where otherwise stated)

3. **Property, plant & equipment**

	Lease assets	Land	Building	Plant & machinery	Fleet	Office equipment	Furniture & fixtures	Vehicles	Computers	Total
Balance as at 1 April 2019	**180.18**	-	**1,992.99**	**1,426.73**	**2,952.59**	**32.32**	**158.70**	**6.55**	**53.32**	**6,803.38**
Additions	-	-	-	6.29	184.34	0.11	-	-	15.42	206.14
Disposals/retirement	-	-	-	-	(201.68)	(0.54)	-	-	-	(202.22)
Assets classified as right of use asset	(180.18)	-	-	-	-	-	-	-	-	(180.18)
Balance as at 31 March 2020	-	-	**1,992.99**	**1,433.01**	**2,935.25**	**31.88**	**158.70**	**6.55**	**68.74**	**6,627.12**
Additions	-	-	-	-	-	-	-	-	-	-
Disposals/retirement	-	-	-	(52.37)	(271.90)	-	-	-	-	(324.27)
Balance as at 31 March 2021	-	-	**1,992.99**	**1,380.64**	**2,663.35**	**31.88**	**158.70**	**6.55**	**68.74**	**6,302.85**
Accumulated depreciation										
Up to 31 March 2019	**18.02**	-	**261.49**	**224.74**	**1,299.79**	**19.25**	**42.37**	**2.92**	**41.61**	**1,910.19**
Depreciation charge	-	-	107.63	95.23	452.58	6.02	16.19	0.95	10.37	688.96
Adjustments for disposals/retirement	-	-	-	-	(170.92)	(0.37)	-	-	-	(171.29)
Assets classified as right of use asset	(18.02)	-	-	-	-	-	-	-	-	(18.02)
Up to 31 March 2020	-	-	**369.12**	**319.96**	**1,581.46**	**24.90**	**58.56**	**3.86**	**51.98**	**2,409.84**
Depreciation charge	-	-	107.63	94.08	391.89	3.92	16.08	0.95	6.89	621.43
Adjustments for disposals/retirement			-	(14.26)	(257.46)	-	-	-	-	(271.72)
Up to 31 March 2021	-	-	**476.75**	**399.78**	**1,715.89**	**28.82**	**74.64**	**4.81**	**58.87**	**2,759.55**
Net book value as at 31 March 2020	-	-	1,623.87	1,113.05	1,353.79	6.98	100.14	2.69	16.76	**4,217.28**
Net book value as at 31 March 2021	-	-	1,516.24	980.86	947.46	3.06	84.06	1.74	9.87	**3,543.29**

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

3(a) Right-of-use assets

	Buliding	Others	Total
Gross block			
As at 1 April 2019	-	-	-
Impact of adoption of Ind AS 116	894.93	180.18	**1,075.11**
Additions during the year	-	-	-
As at 31 March 2020	**894.93**	**180.18**	**1,075.11**
Additions during the year	-	-	-
As at 31 March 2021	**894.93**	**180.18**	**1,075.11**
Accumulated amortization			
Up to 1 April 2019	-	-	-
Impact of adoption of Ind AS 116	-	18.00	18.00
For the year	54.24	9.01	63.25
Up to 31 March 2020	**54.24**	**27.01**	**81.25**
For the year	54.24	9.01	63.25
Up to 31 March 2021	**108.48**	**36.02**	**144.50**
Net block			
As at 31 March 2021	786.45	144.16	**930.61**
As at 31 March 2020	840.69	153.17	**993.86**

The incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 10.10%

The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	7.48	0.38
Non-current lease liabilities	1,066.60	1,074.20
Total	**1,074.08**	**1,074.58**

The following is the movement in lease liabilities during the year:

	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	1,074.58	-
Additions on account of recognition of lease liability	-	1,074.90
Finance cost accrued during the year	108.04	108.11
Payment of lease liabilities	(108.54)	(108.43)
Balance at the end of the year	**1,074.08**	**1,074.58**

Following amount has been recognized in statement of profit and loss:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation/amortisation on right to use asset	63.25	63.25
Interest on lease liability	108.04	108.11
Expenses related to short term lease (included under other expenses)	0.81	1.23
Total amount recognized in the statement of profit and loss	**172.10**	**172.59**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis:

	As at 31 March 2021	As at 31 March 2020
Less than one year	122.09	116.20
One to five years	533.40	513.80
More than five years	1,645.31	1,787.00
	2,300.80	**2,417.00**

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

4. Loans receivables

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Non-current		
Security deposits	88.31	89.23
	88.31	**89.23**
Current		
Advance to related party	13.25	28.10
	13.25	**28.10**

5. Other assets

Unsecured, considered good, unless otherwise stated	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital advances	3.13	3.13
	3.13	**3.13**
Current		
Advance for purchases & expenses	41.62	41.11
Prepaid expenses	68.16	54.98
Unsecured, considered doubtful		
Advances for purchases & expenses	41.91	32.18
	151.68	**128.26**
Less: Allowance for doubtful assets	(41.91)	(32.18)
	109.77	**96.08**

6. Inventories

	As at 31 March 2021	As at 31 March 2020
Stores and spares (at cost)	7.56	16.01
	7.56	**16.01**

7. Trade receivables

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	505.78	582.80
Unsecured, with significant increase in credit risk	41.43	73.11
	547.21	**655.91**
Less: allowance for trade receivables	(41.43)	(73.11)
	505.78	**582.80**

Trade receivables include dues aggregating to ₹0.95 lakhs (31 March 2020: ₹2.40 lakhs) receivable from Gati-Kintetsu Express Private Limited, in which Director of the Company is a Director.

8. Cash and bank balances

	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
Balances with banks in current accounts	21.92	118.34
Cash on hand	0.15	0.36
	22.07	**118.70**
Bank balances other than above		
Fixed deposits with bank (with maturity of less than 12 months)	3.74	3.74
	3.74	**3.74**

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(All amounts in ₹ lakhs, except share data and where otherwise stated)

9. Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Authorized share capital				
Equity shares of ₹10 each	7,500,000	750.00	7,500,000	750.00
Preference Shares of ₹10 each	1,000,000	100.00	1,000,000	100.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	7,457,895	745.79	7,457,895	745.79
Balance at the end of the year	**7,457,895**	**745.79**	**7,457,895**	**745.79**

(a) Reconciliation of equity share capital

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹10 each				
Balance at the beginning of the year	7,457,895	745.79	6,525,658	652.57
Add: Issued during the year	-	-	-	-
Add: Shares issued on conversion of CCCPS	-	-	932,237	93.22
Balance at the end of the year	**7,457,895**	**745.79**	**7,457,895**	**745.79**

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, in proportion of their shareholding.

(c) Details of shares held by holding company and its subsidiaries

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹10 each				
Gati Limited	5,212,526	521.25	5,212,526	521.25

(d) Shareholders holding more than five percent shares in the Company

	31 March 2021		31 March 2020	
	Number	%	Number	%
Equity shares of ₹10 each				
Gati Limited	5,212,526	69.89%	5,212,526	69.89%
Mandala Capital AG Limited	2,237,369	30.00%	2,237,369	30.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

10. Other equity

	As at 31 March 2021	As at 31 March 2020
Reserve and surplus		
Securities premium	3,892.88	3,892.88
Retained earnings	(10,891.62)	(9,241.97)
	(6,998.74)	**(5,349.09)**
Other comprehensive income		
Actuarial gain on post-employment benefit obligations	8.03	8.20
	8.03	**8.20**
	(6,990.71)	**(5,340.89)**

Nature and purpose of reserves

Securities premium

Securities premium reserve is used to record the premium on issue of shares and is utilised in accordance with provisions of the Act.

Remeasurement of defined benefit obligations

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit or loss.

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11. Non-current borrowings

	As at 31 March 2021	As at 31 March 2020
Non-convertible debentures ("NCD"), Secured	9,106.81	8,384.53
Vehicle loans, Secured		
- From banks	491.23	672.82
	9,598.03	**9,057.34**
Less: Current maturities of long-term borrowings (note 15)	(9,351.44)	(8,647.43)
	246.60	**409.91**

Details of non-convertible debentures

The Company has issued 590 (31 March 2020: 590) secured, rated, redeemable, transferable, non-convertible debentures (NCD) of face value of ₹10 lakhs each fully paid up to Mandala Agribusiness Investments II Ltd ("the Debenture Holders"). The Company has allotted 350 NCD on 29 February 2016; 180 NCD on 01 January 2015 and 60 NCD on 09 October 2014. The NCDs are secured by way of first charge on all the assets of the Company other than exempted assets (as defined in the Bond Subscription Agreement) and second charge on the exempted assets. Further, Gati Limited has pledged 2,562,826 equity shares of ₹10 each held in the Company.

NCDs carry a coupon rate of 5.65% per annum payable on quarterly basis. These NCDs are redeemable at a premium at the end of five years from the date of issue. The redemption premium is 8% per annum and shall (if not voluntarily paid annually) be compounded annually up to the date of redemption. The Company has option to extend the term of a portion of NCDs by a period of two years subject to certain conditions laid out in the Bond Subscription Agreement. Also, under certain circumstances, the Company has an option to redeem the NCDs at any time after expiry of one year from the date of the issue.

During the year, the Debenture Holders has extended the due date for repayment of (i) outstanding NCD's along with redemption premium; and (ii) quarterly interest on the NCD's from quarter ended March 2020 onwards to 30 September 2021.

Details of vehicle loans

Loans availed from banks are fully secured by way of hypothecation of specific vehicles against which the loan is availed. These loans carry interest in the range of 8.49% to 10.10% (31 March 2020: 8.49% to 10.37%) per annum.

Repayment schedule of vehicle loans

	As at 31 March 2021	As at 31 March 2020
Up to 1 year	244.63	262.90
1 to 3 years	244.39	378.70
3 years and above	2.21	31.22
	491.23	**672.82**

Net debt reconciliation

	Current borrowings	Non-current borrowings	Interest accured
Net debt as on 1 April 2019	361.68	8,767.22	3.80
Cash flows, net	80.04	(186.20)	-
Redemption premium accured on NCD	-	656.52	-
Classification of borrowings to lease liablity	-	(180.20)	-
Interest expenses	-	-	539.88
Interest paid	-	-	(460.80)
Net debt as on 31 March 2020	**441.72**	**9,057.34**	**82.88**
Cash flows	(190.93)	(181.59)	-
Redemption premium accured on NCD	-	722.28	-
Interest expenses	-	-	536.44
Interest paid	-	-	(188.61)
Net debt as on 31 March 2021	**250.79**	**9,598.03**	**430.71**

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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except share data and where otherwise stated)

12. **Provisions**

	As at 31 March 2021	As at 31 March 2020
Non-current		
For gratuity	17.72	16.52
For leave encashment	5.73	5.01
	23.45	**21.53**
Current		
For gratuity	6.25	6.21
For leave encashment	2.35	2.31
	8.60	**8.52**

(a) Gratuity

Company has a unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Under the said policy, the eligible employees are entitled for gratuity upon their resignation or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of ₹20 lakhs.

(i) Change in projected benefit obligation

	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	22.73	16.78
Service cost	2.61	2.79
Interest cost	1.05	1.10
Actuarial (gain) / loss	0.17	2.06
Beneits paid	(2.59)	-
Projected benefit obligation at the end of the year	**23.97**	**22.73**

(ii) Expense recognized in the statement of profit and loss

	For the year ended	
	31 March 2021	31 March 2020
Included under Employee benefits		
Current service cost	2.61	2.79
Net interest cost / (income) on benefit obligation	1.05	1.10
	3.65	**3.89**
Expense recognized in OCI		
Recognized net actuarial (gain)/ loss	0.17	2.06

(iii) Key actuarial assumptions

	As at 31 March 2021	As at 31 March 2020
Discount rate	5.45%	5.35%
Attrition rate (per annum)	29.00%	29.00%
Salary escalation rate	4.03%	4.03%

(iv) Sensitivity analysis

- Discount rate : 1% increase	2.32	2.19
- Discount rate : 1% decrease	2.48	2.34
- Future salary : 1% increase	2.48	2.34
- Future salary : 1% decrease	2.32	2.19
- Attrition rate 1% increase	2.26	2.26
- Attrition rate 1% decrease	2.27	2.27

The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

(v) Expected cash flows (valued on undiscounted basis):

	As at 31 March 2021	As at 31 March 2020
1 year	6.60	6.20
2 to 5 years	15.30	14.85
6 to 10 years	53.00	5.40
More than 10 years	0.90	0.90

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(All amounts in ₹ lakhs, except share data and where otherwise stated)

13. Borrowings

	As at 31 March 2021	As at 31 March 2020
Secured, repayable on demand		
- From banks	250.79	441.72
	250.79	**441.72**

Secured by hypothecation of specific vehicles of the Company and charge on the current assets along with the corporate guarantee extended by Gati Limited. The loan is repayable on demand and carries an interest rate of 10.00% (31 March 2020: 10.55%) per annum.

14. Trade payables

	As at 31 March 2021	As at 31 March 2020
Outstanding dues of micro enterprises and small enterprises	2.50	6.96
Outstanding dues of creditors other than micro enterprises and small enterprises	190.06	182.76
	192.56	**189.72**

The Micro and Small Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Details of dues to such parties are given below:

	As at 31 March 2021	As at 31 March 2020
The principal amount remaining unpaid as at the end of the year	2.50	6.96
The amonnt of interest accrued and remaining unpaid at the end of the year	-	-
Amount of interest paid by the company in terms of Section 16, of (MSMED Act 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006)	-	-
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act 2006)	-	-

15. Other current financial habilites

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (note 11)	9,351.44	8,647.43
Current maturities of lease liablities	7.48	0.38
Interest accrued but not due on borrowings	430.71	82.88
Creditors for capital expenditure	27.68	51.31
Employee related liabilities	48.54	41.72
Others	44.34	44.82
	9,910.18	**8,868.54**

16. Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Payable to statutory authorities	30.10	25.18
Advance from customers	12.50	4.60
	42.59	**29.78**

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17. Revenue from operations

	For the year ended	
	31 March 2021	31 March 2020
Sale of services		
Transportation and warehousing services	3,108.65	4,141.10
	3,108.65	**4,141.10**

(i) Disaggregation of revenue - based on natue of services		
Transportation services	2,651.54	3,600.90
Warehousing services	457.11	540.20
	3,108.65	**4,141.10**
(ii) Disaggregation of revenue - based on timing of revenue recognition		
Revenue recognized over time	457.11	540.20
Revenue recognized at a point in time	2,651.54	3,600.90
	3,108.65	**4,141.10**

18. Other income

	For the year ended	
	31 March 2021	31 March 2020
Interest income	10.61	32.04
Gain on sale of property, plant and equipment (net)	46.06	81.59
Liability no longer required written back	-	20.66
Other miscellaneous income	-	2.29
	56.67	**136.58**

19. Operating expenses

	For the year ended	
	31 March 2021	31 March 2020
Vehicle running expenses	2,099.87	2,803.69
Power and fuel	108.61	111.42
Warehouse rent	33.26	54.16
Stores and spares	92.54	175.50
Other expenses	48.68	59.41
	2,382.96	**3,204.18**

20. Employee benefits expense

	For the year ended	
	31 March 2021	31 March 2020
Salaries and wages	346.05	380.23
Contribution to provident and other funds	12.94	14.78
Staff welfare expenses	6.75	10.78
	365.74	**405.79**

(a) Defined contribution plan

During the year ended 31 March 2021, the Company has contributed ₹11.54 lakhs (31 March 2020: ₹13.10 lakhs) towards provident fund and ₹1.40 lakhs (31 March 2209: ₹1.68 lakhs) towards Employees' State Insurance.

21. Finance costs

	For the year ended	
	31 March 2021	31 March 2020
Interest expenses	1,258.04	1,196.15
Other borrowing costs	0.68	0.17
	1,258.72	**1,196.32**

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22. Other expenses

	For the year ended	
	31 March 2021	**31 March 2020**
Rent	0.81	1.23
Insurance expenses	20.87	8.08
Repairs and maintenance - machinery	8.73	5.26
Communication expenses	2.29	3.60
Travelling and conveyance	2.45	10.90
Legal and professional charges	29.34	36.43
Provision towards doubtful receivables	4.50	27.00
Provision towards doubtful advances	3.50	6.54
Advances writen off	9.92	-
Payment to auditors		
- As Auditor	17.69	14.95
- Certification fee	2.44	2.87
Director's sitting fee	2.10	3.49
Office maintenance	8.38	6.47
Miscellaneous expenses	9.85	9.28
	122.87	**136.09**

23. Earnings per equity share [EPES]

		For the year ended	
		31 March 2021	**31 March 2020**
a)	**Computation of loss for the year**		
	Loss attributable to equity share holders	(1,649.65)	(1,416.91)
b)	**Computation of weighted average number of equity shares in computation of basic and diluted EPES**		
	Weighted average number of shares considered for computation of basic EPES	7,457,895	7,027,436
	Add: Effect of potential dilutive shares	-	-
	Weighted average number of shares considered for computation of diluted EPES	**7,457,895**	**7,027,436**
c)	**Earnings per equity share [EPES]**		
	Basic EPES	(22.12)	(20.16)
	Diluted EPES	(22.12)	(20.16)

24. Segment reporting

The Company operates in a single reportable segment i.e. 'Cold chain related logistics' which includes providing transportation and cold storage services and has been considered a single reportable segment. Further, all services are rendered only in India. Hence, no separate disclosures have been provided for operating segments.

Revenue from three largest customers represented ₹1,139.93 lakhs (31 March 2020: ₹1,263.60 lakhs) out of the Company's total revenues from operations.

25. Contingent liabilites

The Hon'ble Supreme Court (SC) has clarified in the case of Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal that various allowances like conveyance allowance, special allowance, education allowance, medical allowance etc., paid uniformly and universally by an employer to its employees shall form part of basic wages for computation of the provident fund contribution. On the basis of internal evaluation, management has determined that the aforesaid ruling is applicable prospectively and has amended the pay structure and made the consequent payment of provident fund on a prospective basis in accordance with the SC Order.

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(All amounts in ₹ lakhs, except share data and where otherwise stated)

26. Fair value measurement

For amortised cost instruments, carrying value represents the best estimate of fair value as of the reporting period.

	As at 31 March 2021		As at 31 March 2020	
	Amortised cost	FVTOCI	Amortised cost	FVTOCI
Financial assets				
Loans	101.56	-	117.33	-
Trade receivables	505.78	-	582.80	-
Cash and bank balances	25.81	-	122.44	-
	633.15	**-**	**822.57**	**-**
Financial liabilities				
Borrowings	9,848.83	-	9,499.06	-
Lease liabilities	1,074.08	-	1,074.58	-
Trade payables	192.56	-	189.72	-
Other financial liabilities	551.27	-	220.73	-
	11,666.73	**-**	**10,984.09**	**-**

The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations and capital expenditure. The Company's principal financial assets include loans, trade and other receivables, cash and bank balances that derive directly from its operations.

(iv) Financial Risk Management

The Company is exposed to credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

A Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the company through continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The company uses expected credit loss model to assess the impairment loss or gain.

Trade receivables outstanding as at 31 March 2021 and 31 March 2020 is as follows

	0-90 days	91-180 days	Above 180 days	Total
As at 31 March 2021	460.80	12.80	73.61	547.21
As at 31 March 2020	592.40	29.10	34.41	655.91

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(All amounts in ₹ lakhs, except share data and where otherwise stated)

Reconciliation of loss allowances provision

	31 March 2021	31 March 2020
Opening balance of loss allowances	73.11	46.11
Changes in loss allowances	4.50	27.00
Bad-debt written off	(36.18)	-
Closing balance of loss allowances	**41.43**	**73.11**

Other financial assets in the nature of cash and cash equivalents, deposits with banks, interest accrued on fixed deposits, security deposits and other receivables are also unsecured, however, none of the Company's other financial assets were past due or impaired as at each of the reporting periods.

B Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Financing arrangement

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March 2021	31 March 2020
Working capital limit	**249.21**	**58.28**

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2021	Up to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	9,602.23	246.60	-	9,848.83
Lease liabilities	122.09	533.40	1,645.31	2,300.80
Trade payables	192.56	-	-	192.56
Other financial liabilities	551.27	-	-	551.27
Total	**10,468.14**	**780.00**	**1,645.31**	**12,893.45**

31 March 2020	Up to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	9,089.15	409.92	-	9,499.07
Lease liabilities	116.20	513.80	1,787.00	2,417.00
Trade payables	189.72	-	-	189.72
Other financial liabilities	220.73	-	-	220.73
Total	**9,615.80**	**923.72**	**1,787.00**	**12,326.52**

27. Capital Management

The Company's objective when managing capital are to safeguard the company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio.

Gearing ratio

	31 March 2021	31 March 2020
Total borrowings (excluding lease liabilities)	9,848.82	9,499.06
Less: Cash and cash equivalents	(22.07)	(118.70)
Net debt	**9,826.75**	**9,380.36**
Total equity	(6,244.92)	(4,595.10)
Net debt to equity ratio	**(1.57)**	**(2.04)**

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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except share data and where otherwise stated)

28. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Gati Limited	Holding company
Mandala Capital AG Ltd Mandala Agribusiness Investments II Ltd	Entity having significant influence
Gati-Kintetsu Express Private Limited	Fellow subsidiary
Adarsh Sudhakar Hegde (effective 3 November 2020) Mahendra Agarwal (till 28 September 2020) Shreya Dalmia (till 15 June 2020)	Non-Executive Non-Independent Director
Aditya Deval Modi Manoj Lodha (till 5 October 2020) Gaurav Kumar (effective 3 November 2020)	Nominee Director
Dinesh Kumar Lal (effective 3 November 2020) Cynthia Dsouza (effective 3 November 2020) Prabhu Narain Shukla Ritesh Jalan (till 28 September 2020) Anil Kumar Venkat Epur (till 28 September 2020) Mohinder Pal Bansal (till 4 March 2021)	Independent Director
C J Shaju, CFO Jai Shankar, COO (from 20 May 2019 till 31 January 2021)	Key Managerial Personnel ("KMP")
Solaflex Solar Energy Private Limited (till 28 September 2020)	Entity in which relative of a director has control or has significant influence

(b) Transactions with related parties

	For the year ended	
	31 March 2021	31 March 2020
Gati Limited		
Management fee	5.28	5.10
Mandala Agribusiness Investments II Ltd		
Interest expense	345.26	333.35
Premium on redemption of debentures	722.28	656.52
Gati-Kintetsu Express Private Limited		
Revenue from services	19.22	36.26
Consultancy expenses	7.49	3.73
Solaflex Solar Energy Private Limited		
Interest on deposit	1.40	4.70
Electricity charges	10.51	17.74
KMP		
Remuneration paid	40.58	37.60
Independent and Nominee Directors		
Sitting fee	2.10	3.49

(c) Balances receivable / (payable)

	As at	
	31 March 2021	31 March 2020
Gati Limited	(20.88)	(15.06)
Mandala Agribusiness Investments II Ltd	(9,534.95)	(8,467.41)
Solaflex Solar Energy Private Limited	NA	38.10
Gati-Kintetsu Express Private Limited	(39.44)	(30.74)

Note: Gati Limited has extended corporate guarantee and pledged certain share held of its holding in the Company in connection with the loans availed by the Company. Refer note 11 and 13.

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

29. The Company has incurred loss of ₹1,649.65 lakhs during the year ended 31 March 2021 and as of that date, its accumulated losses amounting to ₹10,891.62 lakhs has resulted in complete erosion of its net worth and the current liabilities exceeded its current assets by ₹9,582.48 lakhs. These events along with availing extension for repayment of long-term debts aggregating to ₹991.26 lakhs, ₹2,921.12 lakhs and ₹5,194.43 lakhs (including redemption premium accrued till 31 March 2021) originally due for repayment in the month of October 2019, January 2020 and February 2021 respectively till 30 September 2021 indicates that there exists material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. To address this and improve upon its operating and financial performance, the key shareholders along with the management of the Company is in the process of implementing a restructuring plan by focusing on number of measures viz;- (i) operational improvements through revenue enhancement; (ii) balance sheet restructuring to ensure solvency through sustainable cash flows.

Based on the foregoing and management's assessment regarding the favorable outcome of the ongoing negotiations in relation to the unpaid commitment fee as detailed in note 30, management believes that the Company will be able to realize the assets and discharge its liabilities as recorded in the normal course of its operations. Accordingly, the accompanying financial statements of the Company for the year ended 31 March 2021 have been prepared considering going concern basis of accounting.

30. During the year ended 31 March 2018, management had revised its business strategy to adopt an "asset light" model in place of "asset heavy" model in view of the present business scenario and keeping in view the cost benefit analysis. Accordingly, the Company has not drawdown the committed loan aggregating to ₹6,100 lakhs from the investors. On the basis of a careful analysis of the terms of the amended Bond Subscription Agreement and the prevalent industry practice in this regard, management has considered a provision of ₹30.50 lakhs to be adequate to meet its obligation. Further, management is confident that no further financial obligations would dwell on the Company.

This is the summary of siginificant accounting polices and other explanatory information refereed to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Walker Chandiok & Co. LLP ★ Hyderabad ★

Gati Kausar India Limited Hyderabad

Nikhil Vaid
Partner

Place: Hyderabad
Date: 12 May 2021

For and on behalf of the Boards of Directors of
Gati Kausar India Limited

Adarsh Hegde
Chairman
DIN - 00035040

Prabhu Narain Shukla
Director
DIN: 01868580

CJ Shaju
Chief Financial Officer

Nandan Bisoi
Nandan Bisoi
Company Secretary

Place: Hyderabad
Date: 12 May 2021