

13th ANNUAL REPORT
2019-2020



GATI-KINTETSU EXPRESS PRIVATE LIMITED

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BOARD OF DIRECTORS

1. Mr. Adarsh Hegde - Chairman and Managing Director (appointed w.e.f October 05, 2020)
2. Mr. Mahendra Agarwal - Chairman and Managing Director (Resigned w.e.f. September 28, 2020)
3. Mr. Bala Aghoramurthy - Deputy Managing Director
4. Ms. Sheela Bhide - Director
5. Mr. R Ramachandran - Director
6. Mr. MP Bansal - Director (appointed w.e.f October 05, 2020)
7. Mr. Sushil Kumar Jivarajka - Director (appointed w.e.f September 19, 2019 and resigned w.e.f December 05, 2019)
8. Mr. Kazuhisa Kawamura - Nominee Director
9. Mr. Kok Seng Tan - Nominee Director

KEY MANAGERIAL PERSONNEL

1. Mr. Rohan Mittal - Chief Financial Officer (appointed w.e.f November 02, 2020)
2. Ms. TS Maharani - Company Secretary (appointed w.e.f. September 19, 2019)

AUDITORS

Singhi & Co, Chartered Accountants
161, Sarat Bose Road, Kolkata-700026

REGISTERED OFFICE

First Floor, Plot No. 20, Survey No. 12, Kothaguda,
Kondapur Hyderabad-500084, Telangana
CIN: U62200TG2007PTC056311
Email ID: investor.services@gati.com

BANKERS

- 1) Bank of Bahrain and Kuwait B.S.C
- 2) The Federal Bank Limited
- 3) DCB Bank Limited
- 4) IndusInd Bank Limited
- 5) Syndicate Bank
- 6) The South Indian Bank Limited

NOTICE

Notice is hereby given that the 13th Annual General Meeting (AGM) of the members of Gati-Kintetsu Express Private Limited (CIN: U62200TG2007PTC056311) (the Company) will be held on Wednesday, December 02, 2020, at 03:00 P.M. through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for which purpose the Registered office of the Company situated at Plot No. 20, Survey No. 12, Kothaguda, Kondapur, Hyderabad, Telangana – 500084 shall be deemed as the venue for the Meeting and the proceedings of the Annual General Meeting shall be deemed to be made thereat, to transact the following businesses:

Ordinary Business:

- To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2020 and the Reports of the Board of Directors and Independent Auditors thereon and in this regard, pass the following resolution with or without modification(s), as an Ordinary Resolution:**

“RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

- To appoint a Director in place of Mr. Balasubramanian Aghoramurthy (DIN: 06960138), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution with or without modification(s), as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Balasubramanian Aghoramurthy (DIN: 06960138), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

Special Business:

- To consider appointment of Mr. Adarsh Hegde (DIN: 00035040) as Director on the Board of Directors of the Company and, if thought fit, approve and pass the following resolution with or without modification(s), as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions if any, of the Companies Act, 2013 (“the Act”) and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Adarsh Hegde (DIN: 00035040) who was appointed as an Additional Director of the Company in terms of Section 161 of the Act by the Board of Directors with effect from October 05, 2020 and holds office upto the date of this Annual General Meeting, who is eligible for appointment and is recommended by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee for the office of Director and in respect of whom the Company has received a notice in writing from a member under

Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary be and are hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

- To consider appointment of Mr. Adarsh Hegde (DIN: 00035040) as the Managing Director for a period of Five (5) years and, if thought fit, approve and pass the following resolution with or without modification(s), as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, and the relevant rules made thereunder read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Adarsh Hegde (DIN: 00035040) as “Managing Director” of the Company for a period of Five (5) years with effect from October 05, 2020 to October 04, 2025, liable to retire by rotation, at a consolidated remuneration of Rs. 1,50,00,000/- (Rupees One Crore and Fifty Lakhs Only) along with performance pay, payable as per the policy of the Company. The terms & conditions of his appointment are set out in the appointment letter given by the Company to Mr. Adarsh Hegde.

- In any financial year, if the remuneration as a managerial person is drawn from two companies, the same shall be subject to the provisions of sections I to IV, he shall draw remuneration from one or both companies, provided that the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any one of the companies of which he is a managerial person.
- Mr. Adarsh Hegde to perform all the duties and functions as set out in the Appointment Letter. He shall further perform the duties of Managing Director as may be required and informed by the Board of Directors from time to time.
- The aggregate of the remuneration as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible by law.
- When in any financial year during his tenure, the company has loss or inadequacy of profits, it shall pay Mr. Adarsh Hegde, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and

in accordance with Schedule V of the Companies Act, 2013 and other applicable provisions, as minimum remuneration.

- (E) So long as Mr. Adarsh Hegde functions as the Managing Director, he shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board) be and are hereby authorized to vary, alter or modify the designation of Mr. Adarsh Hegde and the terms and conditions of his appointment including remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to him to the extent the Board of Directors deem fit and in the best interests of the Company and as may be permissible by law and as agreed between the company and Mr. Adarsh Hegde from time to time.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary of the company be and are hereby authorized severally to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

5. **To consider appointment of Mr. Mohinder Pal Bansal (DIN: 01626343) as an Independent Director on the Board of Directors of the Company and, if thought fit, approve and pass the following resolution with or without modification(s), as an Ordinary Resolution:**

"RESOLVED THAT Mr. Mohinder Pal Bansal (DIN: 01626343), who was appointed as an Additional Director on the Board of Directors of the Company in terms of Section 161(1) of the Companies Act, 2013 ('the Act') and whose term of office expires at the ensuing Annual General Meeting and who meets the criteria of Independence as provided under Section 149(6) of the Act and who is eligible for appointment and is recommended by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee for the office of Director as an Independent Director, be and is hereby appointed, in accordance with Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the corresponding Rules framed thereunder, as an Independent Director to hold office for a term of 5 (Five) years with effect from October 05, 2020 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary be and are hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. **To consider re-appointment of Mr. Balasubramanian Aghoramurthy (DIN: 06960138) as the Deputy Managing**

Director for a period of five (5) years and, if thought fit, approve and pass the following resolution with or without modification(s), as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, and the relevant rules made thereunder read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Balasubramanian Aghoramurthy (DIN: 06960138) as "Deputy Managing Director" of the Company for a period of Five (5) years with effect from April 1, 2020 to March 31, 2025, liable to retire by rotation, on the terms & conditions and remuneration as set out below:

(A) **Salary:** ₹ 60,00,000/-

(B) **Special allowance:** ₹ 52,91,400/-

(C) **Perquisites:** Nil

Category A:

1. Housing: House Rent Allowance of ₹ 36,00,000/-
2. Performance Pay of ₹ 1,10,00,000/-, payable as per Company's policy.
3. Leave and encashment of leave, as per the policy of the Company.

Category B:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites or remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity shall be payable as per the rules of the Company.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

1. Company Car and car related maintenance expenses for Company's business.
2. Mobile phone charges for Company's business.
3. Personal accidental, Group Term Life and Group Medical insurance premium, as per the rules of the company.

(D) **Commission:** Nil

(E) Mr. Balasubramanian Aghoramurthy to perform all the duties and functions as set out in the Appointment letter. He shall further perform the duties of Deputy Managing Director as may be required and informed by the Board of Directors from time to time.

- (F) The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible by law.
- (G) When in any financial year during his tenure, the company has loss or inadequacy of profits, it shall pay Mr. Balasubramanian Aghoramurthy, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with Schedule V of the Companies Act, 2013 and other applicable provisions, as minimum remuneration.
- (H) So long as Mr. Balasubramanian Aghoramurthy functions as the Deputy Managing Director, he shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board) be and are hereby authorized to vary, alter or modify the designation of Mr. Balasubramanian Aghoramurthy and the terms and conditions of his appointment including remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to him to the extent the Board of Directors deem fit and in the best interests of the Company and as may be permissible by law and as agreed between the company and Mr. Balasubramanian Aghoramurthy from time to time.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary of the company be and are hereby authorized severally to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

7. **To consider waiver for recovery of excess managerial remuneration paid to Mr. Mahendra Agarwal, Ex-Chairman and Managing Director for the Financial Year 2019-20 and, if thought fit, approve and pass the following resolution with or without modification(s), as a Special Resolution:**

By order of the Board of Directors
For **Gati-Kintetsu Express Pvt. Ltd.**

TS Maharani
Company Secretary
Membership No.: 8069

Place: Hyderabad
Date: 02.11.2020

"RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 as amended from time to time read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the members of the Company hereby approve the waiver for recovery of excess remuneration paid, over and above the limits prescribed under the provisions of the Companies Act, 2013 amounting to ₹ 2,19,98,113/- (Rupees Two Crores Nineteen Lakhs Ninety Eight Thousand One Hundred and Thirteen only) paid to Mr. Mahendra Agarwal (DIN: 00179779), Ex-Chairman and Managing Director, during the financial year ended March 31, 2020.

RESOLVED FURTHER THAT Board of Directors and/or the Company Secretary of the company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution in this regard."

8. **To consider waiver for recovery of excess managerial remuneration paid to Mr. Balasubramanian Aghoramurthy, Deputy Managing Director for the Financial Year 2019-20 and, if thought fit, approve and pass the following resolution with or without modification(s), as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 as amended from time to time read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the members of the Company hereby approve the waiver for recovery of excess remuneration paid, over and above the limits prescribed under the provisions of the Companies Act, 2013 amounting to ₹ 1,83,16,089/- (Rupees One Crore Eighty Three Lakhs Sixteen Thousand and Eighty Nine only) paid to Mr. Balasubramanian Aghoramurthy (DIN: 06960138), Deputy Managing Director, during the financial year ended March 31, 2020.

RESOLVED FURTHER THAT Board of Directors and/or the Company Secretary of the company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution in this regard."

Registered & Corporate Office:

First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318

CIN: U62200TG2007PTC056311

Website: www.gatikwe.com

Email: investor.services@gati.com

NOTES:

- 1) In view of the continuing lockdown restrictions on the movement of people at several places in the country, due to outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020, has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020.
- 2) As the AGM is being conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
- 3) Corporate members intending to send their authorised representatives to attend the AGM pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy (in PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. authorising its representatives to attend the AGM, by e-mail to maharani.ts@gati.com.
- 4) A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 5) In compliance with the aforementioned MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website: www.gatikwe.com.
- 6) Members seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company through an email on maharani.ts@gati.com.
- 7) Details of Directors retiring by rotation seeking appointment/re-appointment at this Meeting are provided in the "Annexure" to the Notice.
- 8) Company will be providing facility for voting at 13th AGM through VC/OAVM facility.
- 9) Members will be able to attend the AGM through VC/OAVM provided by the Company.
- 10) Facility of joining the AGM through VC/OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first-come first-served basis.
- 11) Members who need assistance before or during the AGM, can contact Mrs. TS Maharani on maharani.ts@gati.com/+91-8008559799.
- 12) Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 13) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Company Secretary, by show of hand for all those members who are present at the AGM.
- 14) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the meeting by sending e-mail to maharani.ts@gati.com.
- 15) Members holding shares in physical mode:
 - a) are required to submit their Permanent Account Number (PAN) and bank account details to the Investor Service Department of the Company, if not registered with the Company.
 - b) are requested to register / update their e-mail address with the Investor Service Department of the Company for receiving all communications from the Company electronically.
- 16) Members holding shares in electronic mode:
 - a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
 - b) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
- 17) Non-Resident Indian members are requested to inform respective DPs, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- 18) Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Investor Service Department of the Company/RTA, in case the shares are held by them in physical form.
- 19) The requirement to place the matter relating to appointment of Auditors for ratification by members at every AGM is done away in accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018 by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the AGM held on August 1, 2017.

By order of the Board of Directors
For **Gati-Kintetsu Express Pvt. Ltd.**

TS Maharani
Company Secretary
Membership No.: 8069

Place: Hyderabad
Date: 02.11.2020

Registered & Corporate Office:

First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318

CIN: U62200TG2007PTC056311

Website: www.gatikwe.com

Email: investor.services@gati.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

Item No. 3: Appointment of Mr. Adarsh Hegde (DIN: 00035040) as Director on the Board of Directors of the Company.

The Board of Directors of the Company has appointed Mr. Adarsh Hegde (DIN: 00035040) as an Additional Director of the Company with effect from October 05, 2020, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company. In terms of the provisions of Section 161(1) of the Act, Mr. Adarsh Hegde would hold office up to the date of the ensuing Annual General Meeting.

The Company is in receipt of the notice in writing from a member proposing the candidature of Mr. Adarsh Hegde for the office of Director of the Company.

The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Notice received under Section 160 of the Act is available for inspection by the members at the Registered office of the Company during the business hours on any working day upto the date of the Annual General Meeting.

The Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on October 05, 2020 has approved the appointment of Mr. Adarsh Hegde as Executive Non-Independent Director and recommends the same for the approval by the Shareholders of the Company.

Except Mr. Adarsh Hegde, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 3 of this Notice.

Other information about Mr. Adarsh Hegde, pursuant to Secretarial Standard-2 on General Meetings issued by ICSI are attached as Annexure to the Notice.

Item No. 4: Appointment of Mr. Adarsh Hegde (DIN: 00035040) as the Managing Director for a period of Five (5) years

Subject to the approval of the shareholder's, the Board at its Meeting held on October 05, 2020, upon the recommendation of the Nomination and Remuneration Committee, appointed Mr. Adarsh Hegde as the Executive Managing Director of the Company for a period of 5 years w.e.f. October 05, 2020 to October 04, 2025 and recommends the same for the approval by the Shareholders of the Company. The terms and conditions of the appointment are mentioned hereinabove under the resolution.

In case of no profit / inadequate profit during his tenure, the company shall pay remuneration by way of salary, perquisites, commission or any other allowances as specified in the resolution and in accordance with the applicable provisions of Schedule V of the Act and subject to such approvals as may be required. Further, such remuneration shall be valid for a period not exceeding Five (5) years.

Except Mr. Adarsh Hegde, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 4 of this Notice.

Other information about Mr. Adarsh Hegde, pursuant to Secretarial Standard-2 on General Meetings issued by ICSI are attached as Annexure to the Notice.

The Information as required by second proviso (iv) of Paragraph B of Section-II of Part-II of Schedule-V of the Companies Act, 2013, is given in the annexure to the notice.

Item No. 5: Appointment of Mr. Mohinder Pal Bansal (DIN: 01626343) as an Independent Director on the Board of Directors of the Company.

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, appointed Mr. Mohinder Pal Bansal (DIN: 01626343) as an Additional Director with effect from October 05, 2020 pursuant to Section 161(1) of the Companies Act, 2013 and as an Independent Director pursuant to Section 149 of the Companies Act, 2013. In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr. Mohinder Pal Bansal will hold office only upto the date of ensuing Annual General Meeting.

The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified u/s 164(2) to act as Director. The Company has also received declaration from him that he meets the criteria of independence as prescribed u/s 149(6) of the Companies Act, 2013. Notice received under Section 160 of the Act is available for inspection by the members at the Registered office of the Company during the business hours on any working day upto the date of the Annual General Meeting. In the opinion of the Board, Mr. Mohinder Pal Bansal fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Mr. Mohinder Pal Bansal, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a First Term of 5 (Five) years commencing from October 05, 2020.

The Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on October 05, 2020 has approved the appointment of Mr. Mohinder Pal Bansal as an Independent Director and recommends the same for the approval by the Shareholders of the Company.

Except Mr. Mohinder Pal Bansal, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 5 of this Notice.

Other information about Mr. Mohinder Pal Bansal, pursuant to Secretarial Standard-2 on General Meetings issued by ICSI are attached as Annexure to the Notice.

Item No. 6: Re-appointment of Mr. Balasubramanian Aghoramurthy (DIN: 06960138) as the Deputy Managing Director for a period of Five (5) years.

Members at their meeting held on August 01, 2017 had appointed Mr. Balasubramanian Aghoramurthy as the Deputy Managing Director of the company for a period of 3 years w.e.f. April 01, 2017 to March 31, 2020. Hence needs to be re-appointed.

The members are hereby informed that the Board of Directors in their meeting held on June 23, 2020, subject to the approval of the members, had re-appointed Mr. Balasubramanian Aghoramurthy as the Deputy Managing Director of the Company for a period of 3 years w.e.f. April 01, 2020 to March 31, 2023. Further, subject to the approval of the members, the Board of Directors in their meeting held on November 02, 2020 had revised the tenure of his appointment from 3 years to 5 years i.e., from w.e.f. April 01, 2020 to March 31, 2025, on such terms and conditions including remuneration as mentioned hereinabove under the resolution.

In case of no profit / inadequate profit during his tenure, the company shall pay remuneration by way of salary, perquisites, commission or any other allowances as specified in the resolution and in accordance with the applicable provisions of Schedule V of the Act and subject to such approvals as may be required. Further, such remuneration shall be valid for a period not exceeding Five (5) years.

Except Mr. Balasubramanian Aghoramurthy, no other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 6 of this Notice.

Other information about Mr. Balasubramanian Aghoramurthy, pursuant to Secretarial Standard-2 on General Meetings issued by ICSI are attached as Annexure to the Notice.

The Information as required by second proviso (iv) of Paragraph B of Section-II of Part-II of Schedule-V of the Companies Act, 2013, is given in the annexure to the notice.

Item No. 7: Approval for waiver of recovery of excess managerial remuneration paid to Mr. Mahendra Agarwal, Ex-Chairman and Managing Director for the Financial Year 2019-20.

Members are requested to note that the provisions relating to managerial remuneration contained in Section 196, 197, 198, 200, 201 and Schedule V to the Companies Act, 2013 (the "Act") have been amended pursuant to the Companies (Amendment) Act, 2017 (the "Amendment Act") which has come into force with effect from September 12, 2018 (the "Effective Date"). Pursuant to the amended Section 197 of the Act, companies have been permitted to pay remuneration to managerial personnel in excess of the limits prescribed under Section 197 read with Schedule V to the Act with the consent of the members of the company given by way of a special resolution and without requiring the approval of the Central Government (as required under Section 197 read with Schedule V to the Act before the Effective Date).

Members may recall that the Members at the Annual General Meeting ("AGM") of the Company held on 01st August, 2017, re-appointed Mr. Mahendra Kumar Agarwal as the Chairman & Managing Director Designated as Executive Director for a period of Five (5) years with effect from July 01, 2017 up to June 30, 2022 at a remuneration as approved there under.

Members are hereby informed that the excess remuneration paid to Mr. Mahendra for the FY 2016-17 was Rs.62,97,920/- which was to be recovered by 20.05.2020, the same was recovered in full on 23.06.2020. Further, excess remuneration paid to Mr. Mahendra for the FY 2017-18 was Rs.77,85,528/- which was to be recovered by 20.05.2020, was recovered on 05.10.2020 in various tranches including adjustment from his current remuneration. The Board of Directors of the Company place on record the delay in the recovery of the excess remuneration from the Ex-Managing Director. Excess remuneration paid to Mr. Mahendra for the FY 2018-19 was Rs.1,06,24,668/- which is to be recovered on or before 31.03.2021. However, the Company has still not received any money in this regard.

Further, during the Financial Year 2019-20, Mr. Mahendra Agarwal was paid a total remuneration amounting to ₹ 3,40,60,225/- (Rupees Three Crores Forty Lakhs Sixty Thousand Two Hundred and Twenty Five Only).

The aforementioned remuneration paid to Mr. Mahendra Agarwal exceeds the maximum limits prescribed under the relevant provisions of Companies Act, 2013 by ₹ 2,19,98,113/- (Rupees Two Crores Nineteen Lakhs Ninety Eight Thousand One Hundred and Thirteen only). The waiver for recovery of such excess managerial remuneration paid to Mr. Mahendra Agarwal requires the approval of the Members of the Company by way of special resolution in accordance with the provisions of the Act.

None of the Directors or key managerial personnel of the Company or their relatives except Mr. Mahendra Agarwal is / are, in any way concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends the Special Resolution as set out in Item No. 7 of the Notice for approval of the members.

Item No. 8: Approval for waiver of recovery of excess managerial remuneration paid to Mr. Balasubramanian Aghoramurthy, Deputy Managing Director for the Financial Year 2019-20.

Members are requested to note that the provisions relating to managerial remuneration contained in Section 196, 197, 198, 200, 201 and Schedule V to the Companies Act, 2013 (the "Act") have been amended pursuant to the Companies (Amendment) Act, 2017 (the "Amendment Act") which has come into force with effect from September 12, 2018 (the "Effective Date"). Pursuant to the amended Section 197 of the Act, companies have been permitted to pay remuneration to managerial personnel in excess of the limits prescribed under Section 197 read with Schedule V to the Act with the consent of the members of the company given by way of a special resolution and without requiring the approval of the Central Government (as required under Section 197 read with Schedule V to the Act before the Effective Date).

Members may recall that the Members at the Annual General Meeting ("AGM") of the Company held on 01st August, 2017, appointed Mr. Balasubramanian Aghoramurthy as the Deputy Managing Director for a period of Three (3) years with effect from April 01, 2017 up to March 31, 2020 at a remuneration as approved there under.

Further, during the Financial Year 2019-20, Mr. Balasubramanian Aghoramurthy, Deputy Managing Director was paid a total remuneration amounting to ₹ 3,03,78,201/- (Rupees Three Crores Three Lakhs Seventy Eight Thousand Two Hundred and One Only).

The aforementioned remuneration paid to Mr. Balasubramanian Aghoramurthy, Deputy Managing Director exceeds the maximum limits prescribed under the relevant provisions of Companies Act, 2013 by

₹ 1,83,16,089/- (Rupees One Crore Eighty Three Lakhs Sixteen Thousand and Eighty Nine only). The waiver for recovery of such excess managerial remuneration paid to Mr. Balasubramanian Aghoramurthy requires the approval of the Members of the Company by way of special resolution in accordance with the provisions of the Act.

None of the Directors or key managerial personnel of the Company or their relatives except Mr. Balasubramanian Aghoramurthy is / are, in any way concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends the Special Resolution as set out in Item No. 8 of the Notice for approval of the members.

By order of the Board of Directors
For **Gati-Kintetsu Express Pvt. Ltd.**

TS Maharani
Company Secretary
Membership No.: 8069

Place: Hyderabad
Date: 02.11.2020

Registered & Corporate Office:

First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318

CIN: U62200TG2007PTC056311

Website: www.gatikwe.com

Email: investor.services@gati.com

ANNEXURE TO THE NOTICE

PURSUANT TO SECRETARIAL STANDARD 2 ISSUED BY ICSI, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED IS FURNISHED BELOW:

Mr. Adarsh Hegde (DIN: 00035040)	
Age	57
Qualifications	Bachelor's degree in Mechanical Engineering from Nitte Education Trust, Mangalore.
Experience (including expertise in specific functional area) / Brief Resume	<p>He started his career as an Assistant Maintenance Engineer with Eastern Ceramics Private Limited, Mumbai in 1987 and has served the organization in various capacities.</p> <p>He has experience in the field of logistics close to three decades. He is designated as Joint Managing Director of Allcargo Logistics Limited. His business acumen and vision in logistics business, advanced and modern management proficiency quality drives him as an ideal business leader. He has played a key role in designing and implementing various systems and procedures, which resulted in exponential growth opportunities for the Company.</p>
Terms & Conditions of Appointment	As mentioned in the notice hereinabove.
Remuneration Last Drawn (FY 2019-20)	Not Applicable
Remuneration proposed to be paid	As mentioned in the notice hereinabove.
Date of first appointment on the Board	October 05, 2020
Shareholding in the Company as on March 31, 2020	-
Relationship with other Directors/Key Managerial Personnel	Not related to any Directors/Key Managerial Personnel
Number of meetings of the Board attended during the financial year (2019-20)	Not Applicable
Directorships of other Boards as on March 31, 2020	<ul style="list-style-type: none"> ▪ Allcargo Logistics Limited; ▪ Comptech Solutions Private Limited; ▪ Contech Logistics Solutions Private Limited; ▪ Combi Line Indian Agencies Private Limited; ▪ South Asia Terminals Private Limited; ▪ Transindia Logistic Park Private Limited; ▪ Avvashya CCI Logistics Private Limited; ▪ Allcargo Multimodal Private Limited; ▪ ECU International (Asia) Private Limited; ▪ Alltrans Logistics Private Limited; ▪ Indport Maritime Agencies Private Limited; and ▪ Transindia Freight Services Private Limited
Membership/Chairpersonship of Committees of other Boards as on March 31, 2020	<p>Allcargo Logistics Limited:- Stakeholders Relationship Committee</p>

Mr. Mohinder Pal Bansal (DIN: 01626343)

Age	63
Qualifications	Chartered Accountant
Experience (including expertise in specific functional area) / Brief Resume	<p>Has over three decades of experience in M&A, strategic advisory, capital markets, portfolio company integration in addition to post-acquisition performance management in India, Asia and Europe.</p> <p>Mr Bansal has significant operational experience in managing corporate entities as well as advising private equity firms in India on improving the performance of their portfolio companies in multiple sectors including logistics, auto components, manufacturing, realty, banking, education and IT.</p>
Terms & Conditions of Appointment	As mentioned in the notice hereinabove.
Remuneration Last Drawn (FY 2019-20)	Not Applicable
Remuneration proposed to be paid	-
Date of first appointment on the Board	October 05, 2020
Shareholding in the Company as on March 31, 2020	-
Relationship with other Directors/Key Managerial Personnel	Not related to any director/key managerial personnel
Number of meetings of the Board attended during the financial year (2019-20)	Not Applicable
Directorships of other Boards as on March 31, 2020	<ul style="list-style-type: none"> ▪ Navneet Education Limited; ▪ Allcargo Logistics Limited; ▪ Transindia Logistic Park Private Limited; ▪ Hindustan Cargo Limited; ▪ Avvashya CCI Logistics Private Limited; ▪ Prince Pipes and Fittings Limited; ▪ K 12 Techno Services Private Limited; ▪ Blacksoil Capital Private Limited; ▪ Blacksoil Asset Management Private Limited; and ▪ Allnet Financial Services Private Limited.
Membership/Chairpersonship of Committees of other Boards as on March 31, 2020	<p>Navneet Education Limited:-</p> <ul style="list-style-type: none"> ▪ Audit Committee; ▪ Stakeholders Relationship Committee. <p>Allcargo Logistics Limited:-</p> <ul style="list-style-type: none"> ▪ Audit Committee <p>Prince Pipes and Fittings Limited:-</p> <ul style="list-style-type: none"> ▪ Audit Committee

Mr. Balasubramanian Aghoramurthy (DIN: 06960138)

Age	46
Qualifications	Bachelor's degree in Technology (Chemical Engineering) from Indian Institute of Technology, Chennai and a Master's degree in Science (Chemical Engineering) from the University of New Mexico, Albuquerque, USA.
Experience (including expertise in specific functional area) / Brief Resume	Mr. Bala has over 20 years of experience in supply chain management, product development and operational efficiency. Prior to joining Gati, he was the General Manager, Supply Chain, Refreshment with Unilever, South Asia. He started with Unilever as a Management Trainee in 1998 and has held various leadership positions in the organisation that ranges from technology, product development, manufacturing operations, quality assurance and customer relationships for a wide array of products/divisions of Unilever. In his last role he was a key partner at Unilever Foods & Refreshment Business where he was instrumental in planning long-term growth strategies and focus on both the top-line and bottom-line results.
Terms & Conditions of Re-appointment	As mentioned in the notice hereinabove.
Remuneration Last Drawn (FY 2019-20)	30.38 Mn
Remuneration proposed to be paid	As mentioned in the notice hereinabove.
Date of first appointment on the Board	01.09.2014
Shareholding in the Company as on March 31, 2020	-
Relationship with other Directors/Key Managerial Personnel	Not related to any director/key managerial personnel
Number of meetings of the Board attended during the financial year (2019-20)	5
Directorships of other Boards as on March 31, 2020	NIL
Membership/Chairpersonship of Committees of other Boards as on March 31, 2020	Gati-Kintetsu Express Private Limited <ul style="list-style-type: none"> ▪ Corporate Social Responsibility Committee.

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO THE PROVISIONS OF PART II SECTION II (B) (iv) OF SCHEDULE V OF THE COMPANIES ACT, 2013 IN RESPECT TO ITEM NO'S. 4 & 6 OF THE NOTICE

I. GENERAL INFORMATION:

- (1) **Nature of industry:** Express Distribution & Supply Chain Solutions.
- (2) **Date or expected date of commencement of commercial production:** Not Applicable as the Company is already in Operations.
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- (4) **Financial performance based on given indicators:**

Particulars	(₹ in mn)		
	2019-20	2018-19	2017-18
Total Income	11640	12335	11695
Profit before Finance Cost, Depreciation & Tax	528	754	743
Profit Before Tax	(85)	381	401
Profit After Tax	(78)	270	310

(5) Foreign Investments or collaborations, if any:

The company has entered into a Joint Venture (JV) with Japanese global logistic service major Kintetsu World Express (KWE) along with its parent company, Gati Ltd. Under the JV agreement, Gati Ltd. holds 70 per cent stake and 30 per cent by KWE in the company. As part of the transaction, substantial part of Express Distribution and Supply Chain (EDSC) business of Gati Ltd., parent company was transferred through a Business Transfer Agreement.

(5) Remuneration proposed:

The remuneration paid/proposed to be paid during the tenure of his directorship is detailed hereinabove under the resolution.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

II. INFORMATION ABOUT THE APPOINTEES:

1. Mr. Adarsh Hegde

(1) Background details:

Mr. Adarsh Hegde started his career as an Assistant Maintenance Engineer with Eastern Ceramics Private Limited, Mumbai in 1987 and has served the organization in various capacities.

He has experience in the field of logistics close to three decades. He is designated as Joint Managing Director of Allcargo Logistics Limited. His business acumen and vision in logistics business, advanced and modern management proficiency quality drives him as an ideal business leader. He has played a key role in designing and implementing various systems and procedures, which resulted in exponential growth opportunities for the Company.

(2) Past Remuneration: Not Applicable

(3) Recognition or Awards: Nil

(4) Job profile and his suitability:

Mr. Adarsh Hegde holds a Bachelor's degree in Mechanical Engineering from Nitte Education Trust, Mangalore. Keeping in view his vast experience and expertise the Board considers him suitable for the position of Managing Director.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any:

Mr. Adarsh Hegde does not have any pecuniary relation directly or indirectly with the company. He is not related to any other managerial personnel.

2. Mr. Balasubramanian Aghoramurthy

(1) Background details:

Mr. Balasubramanian Aghoramurthy was the Deputy Managing Director of the company. In this role he is responsible for establishing the company's goals and strategies and providing directional guidance to the workforce. He is also responsible for overseeing budgets; ensuring resources are properly allocated and providing high level supervision to departmental goals and achievements.

Mr. Balasubramanian Aghoramurthy comes with more than 20 years of experience in supply chain management, product development and operational efficiency. Prior to joining Gati Kintetsu Express Private Limited, he was the General Manager, Supply Chain, Refreshment with

Unilever, South Asia. Mr. Balasubramanian Aghoramurthy started with Unilever as a Management Trainee in 1998 and has held various leadership positions in the organisation that ranges from technology, product development, manufacturing operations, quality assurance and customer relationships for a wide array of products/divisions of Unilever. In his last role he was a key partner at Unilever Foods & Refreshment Business where he was instrumental in planning long-term growth strategies and focus on both the top-line and bottom-line results.

(2) Past Remuneration:

Financial Years	Remuneration (₹ in mn)
2019-20	30.38
2018-19	22.80
2017-18	17.85

(3) Recognition or Awards: NIL

(4) Job profile and his suitability:

Mr. Balasubramanian Aghoramurthy holds a Bachelor's degree in Technology (Chemical Engineering) from Indian Institute of Technology, Chennai and a Master's degree in Science (Chemical Engineering) from the University of New Mexico, Albuquerque, USA. Keeping in view his vast experience and expertise the Board considers him suitable for the position of Deputy Managing Director.

(5) Remuneration proposed:

The remuneration paid/proposed to be paid during the tenure of his directorship is detailed hereinabove under the resolution.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any:

Except for the remuneration drawn, Mr. Balasubramanian Aghoramurthy does not have any pecuniary relation directly or indirectly with the company. Mr. Balasubramanian Aghoramurthy is not related to any other managerial personnel.

By order of the Board of Directors
For **Gati-Kintetsu Express Pvt. Ltd.**

TS Maharani
Company Secretary
Membership No.: 8069

Place: Hyderabad
Date: 02.11.2020

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits:

The Company's profitability for the financial year 2019-20 was impacted due to exceptional-items which had a hit on the company's performance mainly because of disruption in Supply chain and the national lock-down to curb the spread of the corona virus pandemic which stalled businesses in India and adoption of the Ind AS 116 new Accounting Standard effective April 1, 2019 which led to a higher impact on profit. The Company reported a loss of ₹ 85.33 Mn.

Covid-19 pandemic has spread across the Globe and in India and has created massive negative disruptions in the business operations of one and all. The Company's business operations too have been severely affected and has rendered this fiscal a difficult one on the business performance front. The Company has been consistently making profits except this year and is taking necessary steps to become profitable.

(2) Steps taken or proposed to be taken for improvement:

Paperless Delivery – Our Company has taken initiative to digitalise the last mile delivery and enhance the customer experience by implementing paperless delivery in express cargo industry. This will help us to significantly improve the last mile delivery quality and in turn improve our customer experience.

Company Vehicles – We have procured company vehicles, this has further improved our network connectivity, efficiency of delivery and Cost of network.

Training and Development – We have significantly focused on training and development of the team through various training program being conducted in business and operational functions

Air Product Lunch – Your Company has entered into a strategic alliance with leading airlines for designated space on their flights. This helps in shipments reaching destinations much faster and safer.

(3) Expected increase in productivity and profits in measurable terms:

Due to Covid 19 the business volumes is expected to have an impact in the first quarter of the FY 2020-21 and hopes the volumes to go up subsequently. The Company is taking necessary steps on Fixed overheads like Personnel and Administrative cost through various initiatives which is expected to result in saving and improve cash flows

Registered & Corporate Office:

First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318

CIN: U62200TG2007PTC056311

Website: www.gatikwe.com

Email: investor.services@gati.com

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'GKEPL'), along with the audited financial statements, for the financial year ended March 31, 2020.

1) Financial Highlights

Particulars	(₹ in mn)	
	2019-20	2018-19
Total Income	11,640	12,335
Profit before Finance Cost, Depreciation & Taxation	528	754
Less : Finance cost	289	193
Less : Depreciation	324	180
Profit/ Loss before Tax	(85)	381
Less : Total Tax Expenses	(7)	111
Profit/ (Loss) after Tax	(78)	270
Other Comprehensive Income for the year (net of tax)	(8)	(7)
Total Comprehensive Income for the year	(86)	263

Your Company has published Ind AS Financials for the year ended 31st March, 2020 along with comparable as on 31st March 2019.

2) Dividend

Your Directors do not recommend dividend for the year under review.

3) Reserves

Your directors have decided to retain the entire amount of Rs. 1,710 mn in the retained earnings.

4) Equity Share Capital

The authorized share capital of the Company stands at Rs. 75,00,000/- (Rupees Seventy Five Lakhs only) divided into 7,50,000 (Seven Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each. Your Company's issued, subscribed and paid-up share capital stands at Rs. 50,00,000/- (Rupees Fifty Lakhs only) divided into 5,00,000 (Five Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each.

5) Review of Operations

During the year under review, your Company recorded revenue of Rs. 11,640 mn, EBITDA of Rs. 528 mn and PAT of Rs. (78) mn against a revenue of Rs. 12,335 mn, EBITDA of Rs. 754 mn and PAT of Rs. 270 mn in the previous year.

6) Express Distribution and Supply Chain (EDSC)

Your Company for the 1st three Quarters of FY 2019-20 had registered a good growth across its service segments and

customer verticals. In Q4 the market was sluggish with the global impact of Covid-19 in economy which had changed people demand and supply matrix, particularly in FMCG, automobile, retail, white goods, computers & electronics and textiles segment, which are some of the key verticals that your company operates in. The economic slowdown and consequentially the reduced business of customers had a direct impact on your company's performance in the last quarter of FY 2020.

Your company has been significantly driving strategic actions to re-position its growth by focusing on Key Enterprise accounts (KEA), Industry Segments, diversification and driving end-to-end solutions for the customers with a total of 66 warehouses across customised and designed for the industry leaders. Customer Management has been improved hence there is an addition of 120 KEA Accounts. Industry segment prospered in FY2019-20 are Retail, e-Commerce, Textile, FMCG, Health Care. Industry segments performed sluggish were Auto, Electronic & white-good, Heavy engineering and InfoTech & Telecom.

There is a significant drive on the part of your company for cost reduction & operational efficiency improvement in association with Alvarez & Marsal India Private Limited. With the objective of inculcating the thought of 'Quality is Everyone's Shared Responsibility'. Gati at the forefront of transformation, with the forward striding attitude and adapting new – normal in business environment to the level of growth and progress. We work forward towards six areas of focus - project Avvashya encompassing Sales Acceleration, Operation Excellence, Technology & processes , Quality, Talent & Organisation, Cash & Overheads.

7) Credit Rating

Due to consistent performance of the company, Current credit ratings of the Company are as follows:

Instrument	Rating	Rating Agency
Long Term Facilities	A Plus	CARE Ratings Limited
Short Term Facilities	A1 plus	CARE Ratings Limited

8) Future Prospects

Your Company has embarked towards its vision 2025 of becoming an end to end logistics powerhouse. Your company has identified Key initiatives covering internal capabilities, winning customer confidence, handling ever changing market dynamics, continuous improvement and innovation. FY20 saw significant progress in these programs with many successful rollouts, as well as major economic turbulence and health crisis across the world. There are industry segment and business verticals striking back with market gain and recovering from the economic gap for a quarter. We look forward to all these progressive changes to further enhance the customer satisfaction and our competitive edge in the market.

It is being estimated that due to Covid-19 impact Indian economy to contract by 4.5% in FY 21.

Growth opportunities in light of COVID-19 are Multimodal Logistics Solutions to Transform Freight Transport Segments which is your company's offering. Warehousing Solutions for Time-Sensitive Cargo such as Perishables and Pharmaceuticals with Integrated logistics Need, Technological advancement will work in the favour of organized players and Your Company has geared to benefit.

As an end to end logistics solutions provider, we have enhanced our integrated solutions offering to cover express distribution, warehousing solutions and M-VATS (Point to Point Bulk & Multi Point Milk Run). We are finding more and more acceptance and value amongst our customers towards our end to end logistics solution and this will be a key differentiator for us in the coming future.

9) Global Macroeconomics

The world economy is projected to shrink by 3.2 percent in 2020 against the backdrop of Global Pandemic – COVID 19. This is expected to impact GDP growth both in the developed countries and the developing countries which are expected to shrink by 5 percent and 0.7 percent respectively. This shrinkage in the Global Economy has led to a projected cumulative output loss of close \$8.5 trillion in 2020 and 2021 which can wipe out the gains made in the last 4 years. This Global Pandemic has also resulted in the unleashing of an unprecedented health crisis that has forced governments across the countries to impose lockdowns and closing of national borders that has further impacted the economic activity.

Governments across the world are rolling out fiscal stimulus measures—equivalent to roughly 10 per cent of the world GDP—to fight the pandemic and minimize the impact of economic

downturn. The losses accumulated are expected to be eased off by a 3.4% growth in developed countries and a 5.3% growth in the developing countries by 2021.

10) India Outlook

India's economic growth remains bleak due to the onset of the Global Pandemic. As per the World Bank reports, Indian economy is expected to shrink by 3.2% in 2020, a further deterioration from the already slowed growth of 4.1 per cent in 2019. India, which grew at 7% in Fiscal Year 2017, 6.1% in fiscal year 2018 and 4.1 in Fiscal year 2019 is forecasted to recover slightly and clock a 5.5 per cent growth rate in 2021. The demand in the country is further expected to remain low due to unanticipated lockdowns at the state level and in the containment zones. This has raised uncertainty among manufacturers and suppliers who had planned to resume their operations as the government opened up the economy in different phases.

11) India Logistics Sector

The Global Pandemic and the following lockdown has made a severe impact on the Indian logistics sector that is facing several challenges related to labor shortages, cargo capacity, manufacturing slowdown, order delays and stuck shipments, and demand and supply shocks. The manufacturing halt is one of the major reasons for a reduced demand for logistics services that is expected to have a downward pressure on prices across warehousing, freight, and logistics. Usage of air travel for movement of goods has further reduced which has impacted the first- and last-mile transportation along with inter-modal movement of goods. The impact is visible not just in the domestic lanes but also in the international trade lanes which are witnessing drop freight volumes leading to cancellations and delays. The Internet of Things, blockchain, 3D printing, and autonomous transportation have gained renewed interest as the technologies that will help companies survive and thrive during a pandemic or another crisis. With the economy picking up pace in FY 2021, the logistics industry is expected to grow with due push from the retail, e-commerce, manufacturing sectors.

12) Quality

Your company recognizes the value of quality services and emphasizes on continuous quality improvement. Your company has continued to achieve excellence through its various initiatives based on KAIZEN, PDCA Cycle, 7 QC and 5S principles. As a result of these, there is a substantial reduction in defects (1439 PPM to 685 PPM) & claims (51cr to 35cr) on Y-o-Y. Your company's core express distribution business is maintaining the ISO 9001:2015 certification which embarks your company's commitment to Quality.

13) Branding

The Company has enhanced its branding to an "End to End Solution provider to our customer". Gati Updates was a new initiative where we reached out to all our customers sharing with them about the Company's newer changes, Improvement, Product & Services. We have also transformed the customer

facing team into Key Enterprise Management, Small and medium accounts and Retail accounts. This has created a better positioning of the Company into the 3 customer segmentation which are the most critical for India logistic market. We have also increased the Business partners and channel partner network further enhancing our network and reach for our customer.

14) Directors and Key Managerial Personnel (KMP)

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Balasubramanian Aghoramurthy (DIN: 06960138), Director who retires by rotation and being eligible, has offered himself for re-appointment.

During the year under review, Mr. Sushil Jiwarajka (DIN: 00016680) was appointed an Additional Director (Non-Executive & Independent) w.e.f September 19, 2019. He resigned from the Board of the Company w.e.f December 05, 2019. Mrs. TS Maharani, Company Secretary of the holding Company i.e. Gati Limited was also appointed as the Company Secretary of the Company w.e.f September 19, 2019.

Subsequent to the closure of the reporting financial year, Mr. Mahendra Kumar Agarwal (DIN: 00179779) resigned from the position of the Chairman and Managing Director of the Company with effect from September 28, 2020. Furthermore, the Board, in its Meeting held on October 05, 2020, has approved the appointment of Mr. Mohinder Pal Bansal (DIN: 01626343) Additional-Non Executive & Independent Director and Mr. Adarsh Hegde (DIN: 00035040) as Additional- Executive & Non Independent Director with effect from October 05, 2020. Further, Mr. Adarsh Hegde (DIN: 00035040) was appointed as the Executive Managing Director and Chairman of the Board subject to the approval of the Shareholders of the Company in the ensuing Annual General Meeting. Also the Board of Directors in their meeting held on November 02, 2020 have appointed Mr. Rohan Mittal as the Chief Financial Officer (CFO) of the Company, who is also the CFO of the Holding Company (Gati Limited).

Apart from above, there have been no changes in Directors and KMP.

15) Particulars of Employees and related Disclosures

The remuneration paid to your Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force). The Nomination & Remuneration Policy of your company is available on the website of the company i.e. www.gatikwe.com.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), a statement showing the names and other particulars of the top ten employees in terms of remuneration drawn and the other employees drawing remuneration in excess of the limits set out in the said rules, is provided in a separate annexure forming part of this report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company and the same will be furnished on request.

16) Declaration on Independent Directors

Pursuant to sub section (6) of Section 149 of the Companies Act, 2013 all the Independent Directors of your Company have given declaration that they have met the criteria of independence as required under the Companies Act, 2013.

In accordance with the provisions of Section 150 of the Act read with the applicable Rules framed thereunder, the Independent Directors of the Company have registered themselves in the Independent Directors data bank maintained by the Indian Institute of Corporate Affairs ("IICA"). The Independent Directors, unless exempted, are required to pass an online proficiency self-assessment test conducted by IICA within one year from the date of their registration on IICA databank.

17) Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act, and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like understanding towards governance, meaningful and constructive contribution and inputs in meetings, etc.

Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

18) Separate meetings of the Independent Directors

During the year under review, it was proposed to have a meeting of the Independent Directors in the last week of the Financial Year, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

However, due to imposition of Lockdown in the entire nation because of COVID-19 outbreak, the Company could not convene the said meeting. Further, the Ministry of Corporate Affairs vide its general circular no. 11/2020 dated March 24, 2020 had given relaxation to the Companies with respect to convening of separate meeting of Independent Directors during the financial year 2019-20.

19) Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, forms part of the Financial Statements.

20) Corporate Social Responsibility (CSR)

In terms of section 135 and Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder, the Board of Directors of your Company have constituted a CSR Committee.

The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company and the initiatives undertaken on CSR activities during the year are set out in **Annexure A** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the Company's website.

21) Related Party Transactions

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no material related party transactions that were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

Further all Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval for normal company transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal company

transactions which cannot be foreseen and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

Your Directors have on the recommendation of the Audit Committee, adopted a policy to regulate transactions between your Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013 and the Rules made thereunder.

22) Committees of the Board

The Board Committees focus on specific areas and make informed decisions within the authority delegated. Each such Committee is guided by its Charter, which defines the composition, scope and powers. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has three Board-level Committees, namely:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Corporate Social Responsibility Committee

23) Meetings of the Board & Committees

During the financial year 2019-20, the Board met Five (5) times: on 21st May, 2019, 01st August, 2019, 19th September, 2019, 05th November, 2019, 03rd February, 2020. The below table gives the attendance of the Directors in the board meetings.

S. no	Name of the Director	No. of Board meetings entitled to attend	No. of Board meetings attended
1	Mr. Mahendra Kumar Agarwal	5	5
2	Ms. Sheela Bhide	5	5
3	Mr. Ramachandran Rajaraman	5	5
4	Mr. Seng Kok Tan	5	4
5	Mr. Kazuhisa Kawamura	5	3
6	Mr. Balasubramanian Aghoramurthy	5	5
7	Mr. Sushil Kumar Jiwarajka	1	1

Further, the following were the Committee Meetings held during the financial year under review:

- a) Audit Committee – The committee met six (6) times: on 20th May, 2019, Adjourned meeting on 21st May, 2019, 01st August, 2019, 19th September, 2019, 05th November, 2019, 03rd February, 2020 and 20th March, 2020.
- b) Nomination & Remuneration Committee – The Committee met thrice on 21st May, 2019, 01st August, 2019 and 19th September, 2019.

- c) Corporate Social Responsibility Committee – The Committee met only once on 21st May, 2019.

24) Audit Committee

Pursuant to the provisions of the Companies Act, 2013 and rules made thereunder, your Company has constituted Audit Committee comprising of the following Directors:

S. No	Name	Position
1.	Mr. R Ramachandran	Chairman
2.	Mr. Sushil Kumar Jiwarajka*	Member
3.	Mr. Kok Seng Tan	Member

***Mr. Sushil Kumar Jiwarajka was appointed on the Board of the Company w.e.f September 19, 2019 and resigned w.e.f December 05, 2019.**

25) Vigil Mechanism

The Whistle-blower Policy has been approved and adopted by the Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013.

The Policy also provides protection to the employees and business associates who report unethical practices and irregularities. Further, the Whistle-blower Policy is available on the website of your company at www.gatikwe.com.

Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy.

26) Policy on prevention of Sexual Harassment at workplace

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Committees (IC).

The Company has taken several initiative across the organization to build awareness amongst employees about the Policy and the provisions of Prevention of Sexual Harassment of Women at Workplace Act.

During the financial year 2019-20, one complaint with allegations of sexual harassment was received by the Company. The same was disposed-off as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and as of March 31, 2020, no complaint was pending.

27) Directors' Responsibility Statement

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value, the provision

of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. 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.

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement relating to the Company, it is hereby confirmed:

1. That in the preparation of the Annual Accounts for the financial year ended March 31, 2020, the applicable accounting standards and schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed along with the proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit and loss of the Company for the financial year ended March 31, 2020;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts have been prepared on 'going concern' basis, for the financial year ended March 31, 2020;
5. That the Company, had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively;
6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

28) Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, is annexed as **Annexure – B**. A copy of the Annual Return will be made available on the website of the company i.e. www.gatikwe.com.

29) Development and Implementation of Risk Management Policy

Your company has a well-defined process in place to ensure appropriate identification and treatment of risks. Risk identification exercise is inter-woven with the annual planning cycle which ensures both regularity and comprehensiveness. The identification of risk is done at strategic, business, operational and process levels. While the mitigation plan and actions for risks belonging to strategic, business and key critical operational risks are driven by senior leadership, for rest of the risks, operating managers drives the conception and subsequent auctioning of mitigation plans.

All risks are well integrated with functional and business plans and are reviewed on a regular basis by the senior leadership.

30) Internal Financial Controls

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and your Company is constantly endeavoring to improve the standards of internal control in various areas and taking steps to strengthen the internal control system to make it commensurate and effective with the nature of its business.

Further, the statutory auditors of your company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended March 31, 2020, which forms part to the Statutory Auditors Report.

31) Governance, Compliance and Business Integrity

The Legal function of your Company continues to be a valued business partner that provides solutions to protect your Company and enable it to win in the volatile, uncertain, complex and ambiguous environment. Through its focus on creating 'value with values', the function provides strategic business partnership in the areas including claims, legislative changes, combatting unfair competition, business integrity and governance.

As the markets continue to be disrupted with newer technologies and ever-evolving consumer preferences, the need to have a framework around data security and privacy is paramount. Your Company continues to ensure it has an appropriate framework and safeguards for data privacy of its stakeholders with enhanced legal and security standards.

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow.

32) Auditors

a) Statutory Auditors

M/s. Singhi & Co., Chartered Accountants, (Firm Registration No. 304045E), were appointed as Statutory Auditors of the Company at the 10th AGM till the conclusion of the 15th AGM.

M/s. Singhi & Co., Chartered Accountants, have confirmed their eligibility and qualification under Section 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder (Ind AS) and other accounting principles generally accepted in India.

The Auditors' Report for the financial year ended March 31, 2020 on the financial statement of the Company is a part of this Annual Report. The Auditors have given a qualified opinion on the financial statements of the Company, as described below:

- a) *Note 44 to the financial statements, which states that in earlier years, the Company has given operational advance to a party of Rs.21.86 million (net of provision of Rs. 21.85 million), which is long overdue and the full recoverability of which is doubtful. As set out in the aforesaid note, the management is making necessary efforts to ensure collection of dues from the said party. No impairment allowance for uncertainty in collectability has been recognized against above advances. Based on the information received from the management of the Company regarding the assumptions used in assessing the recoverability of this amount, we were unable to determine the impact on the financial statements, of a potential adjustment for impairment that might have been necessary in order to present the balance at its estimated recoverable value.*
- b) *Note 43(b) to the financial statement, a recoverable amount of Rs. 14.09 million from an executive chairman towards excess payment of managerial remuneration for the financial year 2016-17 and 2017-18 is outstanding in the books of accounts as on 31st March 2020. Upon expiry of the permissible tenure for refund of said excess remuneration, there is a delayed recovery from the director for Rs. 6.30 million and non-recovery of Rs. 7.79 million upto the date of signing of this report, the same shall be treated to be a loan to a director in contravention of section 185 of the Companies Act, 2013.*

Board's Comment:

The Company has initiated recovery of overdue advances given ₹ 73.23 Mn to a party in an earlier year and out of which ₹ 43.71 Mn is outstanding as of 31st March, 2020. Out of the amount receivable, the management has provided ₹ 21.86 Mn in books of accounts. The management has sent a further legal notice to recover the total outstanding amount.

Regarding Rs. 14.09 million recoverable from Executive Chairman, towards excess payment of managerial remuneration of Rs. 6.30 million for 2016-2017 and Rs. 7.79 million for 2017-2018, Rs. 6.30 million has since been received. The balance Rs. 7.79 million pertaining to one year has been referred as a loan to director in contravention of section 185 of the Companies Act, 2013 by auditor and qualified in their audit report of financial year ended March 31, 2020. The excess remuneration is arising out of a contractual obligation as part of the conditions of service extended to pay remuneration as agreed and is not a loan under Section 185. Further, the entire excess remuneration pertaining to the FY 2017-18 has been recovered in full on October 05, 2020.

Emphasis of Matter:

The Independent Auditor has also drawn attention in their report for Emphasis of Matter, read with Note No. 43 (a) of the financial statements regarding managerial remuneration to two Executive Directors, which is self-explanatory and do not call for any further comments.

Internal Financial Control:

Annexure B to the Independent Auditor's report on Internal Financial Control over financial reporting, Auditor qualifications are on the basis of the following:

- a) Contract revenue mapping in Information technology system
- b) Integration between various functional software relating to Sales and expenses with the accounting in software

Board comments:

- a) Regarding contract revenue mapping, the Company has initiated the implementation of Digital contract system.
- b) Regarding Integrating of certain functional software with the accounting software, necessary steps have been taken with continuing reconciliation.

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. DVM & Associates LLP, to undertake the Secretarial Audit of your Company. The Report of the Secretarial Audit is annexed as **Annexure – C**. The Secretarial Auditors have given a qualified opinion which is described as below:

The composition of Audit Committee and Nomination and Remuneration Committee of the Company does not satisfy with the provisions of Section 177 and 178 of Companies Act, 2013 post resignation of one of the Independent Director w.e.f. 05th December, 2019.

Board's Comment:

The Board in its meeting held on October 05, 2020 have appointed Directors and re-constituted the Audit Committee and Nomination & Remuneration Committee in order to meet the requirements of Section 177 and 178 of the Companies Act, 2013.

33) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The above information as required under the Companies Act, 2013, is annexed as **Annexure – D**.

34) Human Resources

HR strategy has an important and integral role to play in the success of Vision 2022. This has been the key guiding principle for attracting talent, building requisite capabilities and skills, motivating, developing, assessing at regular intervals across levels and retaining talent to help Gati master the dynamic market challenges and make the most of opportunities available for leveraging as well strengthening the brand and stakeholder value.

Your Company strongly believes that human capital is highly integral and enables the success of the Organization through nurturing talent and enabling growth internally both in terms of providing higher responsibilities and lateral role changes thus providing job enrichment to Gati'ites.

The entire framework of employee facing processes and systems has been designed, in line with the Company's strategic plans, to offer a positive and delightful employee experience with the HR team focusing on the most critical aspects of human connect spanning the entire employee life cycle such as quality Talent Acquisition, Performance Management, Employee engagement, Talent & Succession Management, Learning & Development, Assessments and Development and Employee communication.

Investing in our employees continues to remain paramount and a key to ensure success of employees and the Organization on a continual basis encouraging our people to grow in multiple dimensions and enabling them to achieve success professionally and personally. Lasting satisfaction is about combining the intellectual, emotional, personal and social well-being of our employees.

Our L&D framework is designed to fuel future ready resources through structured 'Capability Development' initiatives based on a highly scientific approach, aiming at creating domain expertise and Leadership capabilities across levels and functions. We have initiated various learning interventions to meet talent requirement across various levels and functions such as GTRN (Graduate Trainee)

Program, BDET (Business Development Executive Trainee) Program, Back2Basics (byte-sized customized chunks of continuous learning capsules) and PDW (Professional Development Workshop series) Program for Associates and Executives; AMTR (Assistant Manager Trainee) Program for assessing and developing the right Front-line Managers with the Framework being named as Discovering the Manager in You; Beyond Managing to Leading, a structured Leadership Development Framework for our Mid-Management level, Coaching on Leadership for Senior Leaders and several such domain-specific and behavioral interventions. We have a diverse talent base of 5000 high-calibre Gati'ites of which Gen Y comprises 65% of workforce. Our online and classroom based training interventions covered 4500 Gati'ites ensuring minimum 3 man days of training for everyone.

We continuously strive to be open, transparent and objective in our people processes. Through the annual employee engagement survey, a number of key focus areas were identified and many Gati'ites were invited and consulted to create action plans to address areas of concerns. We encourage debate and open dialogue on various processes directly impacting Gati'ites which helps us to develop and improvise our people strategy for future. This has resulted in significant improvement in Employee Engagement score vis-à-vis last year and GATI is now a coveted Great Place to Work.

Our people practices have received recognition at different forums enabling healthy and professional working environment at all levels, ensuring free flow of ideas and information through a unified organisation structure and defined processes. Our affirmative actions include actively hiring women candidates, support hiring of differently abled and other unique CSR initiatives that touch more than 10000 lives.

35) General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the financial year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise;

2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;
4. During the period under review, none of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);
5. The Company has complied with Secretarial Standards, i.e. SS-1 and SS-2, relating to Meetings of the Board of Directors and General Meetings, issued by the Institute of Company Secretaries of India.
6. There were no material changes commitments affecting the financial position of the Company between the end of financial year (March 31, 2020) and the date of the report (November 02, 2020);
7. During the year under review, your Company did not accept any public deposits.
8. The company does not have any subsidiaries, joint venture or associate companies.
9. Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013.

Acknowledgement

Your Directors thank various departments of Central and State Government, Organizations and Agencies for the continued help and co-operation extended by them to your company. Your Directors also gratefully acknowledge all stakeholders of the Company viz. members, customers, dealers, vendors, Financial Institutions, banks and other business partners for the excellent support received from them during the year. Your Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board

Adarsh Hegde

Chairman and Managing Director
DIN: 00035040

Place: Hyderabad
Date: November 02, 2020

Annexure – A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FY 2019-20

1. A brief outline of the Company's CSR policy, Gati-KWE strives to be a socially responsible corporate by fulfilling its responsibilities including overview of projects or programs as a member of the society and community, thereby creating a positive impact to the proposed to be undertaken and a reference stakeholders with a concern towards the environment. The programs include Education, to the web-link to the CSR policy and Community, Environment Sustainability and Rural Development Projects & Donations. projects or programs.

The CSR policy of the company is available on the website of the company i.e., <http://www.gatikwe.com/wp-content/uploads/2018/07/Gati-KWE-CSR-Policy.pdf>

2. The Composition of the CSR Committee

1. Mr. Kazuhisa Kawamura, Chairman
2. Ms. Sheela Bhide, Member
3. Mr. Balasubramanian Aghoramurthy, Member

3. Average net profit of the Company for last three financial years for the purpose of computation of CSR

Rs. 427.37 Mn

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)

Rs. 8.55 Mn

5. Details of CSR spent during the financial year 2019-20:

a. Total amount to be spent for the financial year 2019-20. Rs. 21.45 Mn (Including carried forward unspent amount of Rs. 12.90 Mn of the FY 2018-19)

b. Amount unspent, if any Rs. 14.40 Mn (Including unspent amount of Rs. 1.50 Mn of the FY 2019-20)

c. Manner in which the amount spent during the financial year is detailed below. (Amount in Rs.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or Programs wise	Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or Programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	School adoption, computer lab, Sports maintenance of schools and sports Kits and school programmes	Education	Gati Manikiyam Chettair middle school, Nagapattinam, Tamil Nadu. Gati Government High School, Banjara Hills, Hyderabad & Zilla Parishad High School, Miyapur, Hyderabad	Rs 32,16,111	Rs 17,18,280	Rs 17,18,280	Direct
2	Girl Child education by SEVA Bharathi	Girl Child Education	Hyderabad	Rs 3,00,000	Rs 3,00,000	Rs 3,00,000	Seva Bharathi Foundation
3	Rally for Rivers, ISHA Out Reach	Cauvery calling – Rally for Rivers	Cauvery River Basin	Rs 50,00,000	Rs 50,00,000	Rs 50,00,000	ISHA Out reach
4	Driver Training center Maintenance	Driver Training centre Maintenance	Hyderabad	Rs 31,348	Rs 31,348	Rs 31,348	Direct
TOTAL				Rs. 85,47,459	Rs. 70,49,628	Rs. 70,49,628	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial year or any part thereof, the company shall provide the reason for not spending the amount in its Board Report:-

Gati-Kintetsu considers Corporate social responsibility as an integral part of its business activities and endeavour to utilize allocable CSR budget for the benefit of the society. The Company has primarily identified five main segments: Education, Community, Environment Sustainability, Rural Development Projects & Health Care for CSR expenditure and has developed its own model to bring an optimal social impact.

The Company had plans to spend the money in this financial year, and Projects submitted by different CSR partners to Gati-Kintetsu were considered and the company could implement

major activities during the year and planned to execute in phased manner by the financial year end based on the improvement of the cash flow position of the Company. Additionally the COVID-19 crisis and sudden lock down all over the country, impacted the business operations of the Company and thereby the identified projects could not be taken up in totality.

As a socially responsible company, your Company is committed to increase its CSR impact over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Place: Hyderabad
Date: November 02, 2020

Adarsh Hegde
Chairman and Managing Director
DIN: 00035040

Kazuhisa Kawamura
Chairman, CSR Committee
DIN: 03487832

Annexure – B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U62200TG2007PTC056311
ii)	Registration Date	November 14, 2007
iii)	Name of the Company	Gati-Kintetsu Express Private Limited
iv)	Category / Sub-Category of the Company	Company limited by shares, Indian Non-Government Company.
v)	Address of the Registered Office and Contact details	First Floor, Plot No. 20, Sy. 12, Kothaguda, Kondapur, Hyderabad - 500 084. Tel. No. 040 – 71204284, Fax No. 040-2311 2318 Email id: investor.services@gati.com Website: www.gatikwe.com
vi)	Whether listed Company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA*

*The Board of Directors vide their resolution dated 10th September, 2020, approved the appointment of Link Intime India Private Limited as the Registrar and Share Transfer Agent of the Company.

II. PRINCIPLE BUSINESS ACTIVITY OF THE COMPANY

S. no	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1)	Cargo handling incidental to land & air transport	52241, 52243	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1)	Gati Ltd., Plot No.20, Sy. No.12, Kothaguda, Kondapur, Hyderabad-500084.	L63011TG1995PLC020121	Holding	70	2(46)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of Total Equity)**i) Category-wise shareholding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	3,50,000	3,50,000	70.00	-	3,50,000	3,50,000	70.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trusts)	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	-	3,50,000	3,50,000	70.00	-	3,50,000	3,50,000	70.00	-
(2) Foreign									
a) NRI - Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A)(1) + (A)(2)	-	3,50,000	3,50,000	70.00	-	3,50,000	3,50,000	70.00	-
B Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)	-	-	-	-	-	-	-	-	-
(2) Non-Institutional									
a) Bodies Corporate									
i) Indian	-	20,000	20,000	4.00	-	20,000	20,000	4.00	-
ii) Overseas	-	1,30,000	1,30,000	26.00	-	1,30,000	1,30,000	26.00	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	1,50,000	1,50,000	30.00	-	1,50,000	1,50,000	30.00	-
Total Public shareholding (B) = (B)(1) + (B)(2)	-	1,50,000	1,50,000	30.00	-	1,50,000	1,50,000	30.00	-
C Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	5,00,000	5,00,000	100.00	-	5,00,000	5,00,000	100.00	-

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of Total Equity) (Contd..)

ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged / encumbered to the total shares	
Gati Limited	3,50,000	70.00	-	3,50,000	70.00	-	-
Total	3,50,000	70.00	-	3,50,000	70.00	-	-

iii) Change in Promoter's Shareholding (please specify if there is no change)

There is no change in the Promoter Shareholding during the financial year 2019-20.

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S no	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	Nature	No. of shares	% of total shares of the Company
1	KWE-Kintetsu World Express (S) Pte Ltd.	1,30,000	26.00	-	-	-	1,30,000	26.00
2	Kintetsu World Express (India) Pvt Ltd.	20,000	4.00	-	-	-	20,000	4.00

v) Shareholding of Directors and Key Managerial Personnel

S. no	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Cumulative shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	Nature		
None of the Directors and Key Managerial Personnel hold any shares in the Company								

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹ in mn)

Particulars	Secured Loans excluding deposits	Unsecured Loans*	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial Year				
i) Principal Amount	1567.31	-	-	1567.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.43	-	-	4.43
Total (i+ii+iii)	1571.74	-	-	1571.74
Change in Indebtedness during the financial year*				
Addition	667.70	612.39	-	1280.09
Reduction	(166.79)	(52.21)	-	(219.00)
Net Change	500.91	560.18	-	1061.09
Indebtedness at the end of the financial Year				
i) Principal Amount	2068.22	560.18	-	2628.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.51	-	-	5.51
Total (i+ii+iii)	2073.73	560.18	-	2633.91

*The above includes lease liability of Rs. 560.18 Mns.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration of Managing Director, Whole-time Directors and/or Manager:**

(₹ in mn)

S. no	Particulars of Remuneration	Mr. Mahendra Agarwal, Chairman and Managing Director*	Mr. Bala Aghoramurthy, Dy. Managing Director	Total
1	Gross Salary			
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	27.90	22.93	50.83
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	2.77	6.14	8.91
c)	Profit in lieu of salary 17(3) of the Income Tax Act, 1961.	-	-	-
2	Stock Option (no. of options)	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
-	as a % of profit	-	-	-
-	others, specify	-	-	-
5	Others (Car and other related expenses, Insurance, Club, etc. and retiral benefits)	3.39	1.31	4.70
	Total (A)	34.06	30.38	64.44*
	Ceiling as per the Act		24.12	

*During the FY 2019-20, the company paid Rs. 3,40,60,225/- to Mr. Mahendra Agarwal, Executive Chairman and Rs. 3,03,78,201/- to Mr. Bala Aghoramurthy, Deputy Managing Director which is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013. The approval for waiver of recovery for excess remuneration amounting to Rs. 2,19,98,113/- from Mr. Mahendra Agarwal and Rs. 1,83,16,089/- from Mr. Bala Aghoramurthy is being sought from the members at the ensuing Annual General Meeting of the Company.

Mr. Mahendra Agarwal has resigned from the Company on September 28, 2020.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (Contd..)

B. Remuneration to other Directors

(₹ in mn)

S no	Particulars of Remuneration	Name of the Directors					Total
		Sheela Bhide	R. Ramachandran	Seng Kok Tan	Sushil Kumar Jiwarajka*	Kazuhisa Kawamura	
1	Independent Directors						
	(a) Fee for attending board / committee meetings	0.37	0.44	-	0.07	-	0.88
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	0.37	0.44	-	0.07	-	0.88
2	Other Non-Executive Directors						
	a) Fee for attending board / committee meetings	-	-	-	-	-	-
	b) Commission	-	-	-	-	-	-
	c) Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total B = (1+2)	0.37	0.44	-	0.07	-	0.88
	Total Managerial Remuneration						
	Ceiling as per the Act						

*Mr. Sushil Kumar Jiwarajka was appointed as a Director w.e.f 19.09.2019 and resigned w.e.f 05.12.2019

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in mn)

S. No	Particulars of Remuneration	TS Maharani, Company Secretary *
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961	--
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--
2	Stock Option (nos.)	---
3	Sweat Equity	---
4	Commission	---
	- as % of profits	
	- others, specify	
5	Others, please specify – (Gratuity, Provident & Superannuation funds)	--
	Total	--

*Mrs. TS Maharani, Company Secretary of the Holding Company i.e. Gati Limited was appointed w.e.f 19.09.2019

D. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, Punishment or Compounding of offences during the year ended March 31, 2020.

Annexure – C

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

FORM NO MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To
The Members,
M/s. Gati-Kintetsu Express Private Limited
Hyderabad.

We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Gati-Kintetsu Express Private Limited** (hereinafter called as "the Company") and a subsidiary of a Public Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on **31st March, 2020**, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March, 2020** ("Audit Period") according to the provisions of:
 - 1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made thereunder;
 - 1.2. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - 1.3. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.
2. We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards thereunder, except for the following
 - a. *The composition of Audit Committee and Nomination and Remuneration Committee of the Company does not satisfy with the provisions of Section 177 and 178 of Companies Act, 2013 post resignation of one of the Independent Director w.e.f. 05th December, 2019.*

3. The Company is engaged in the business of logistics i.e., Express Distribution and Supply Chain Solutions. Accordingly, the following **Industry Specific Acts** are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI. Company has given a representation that they have team to check and ensure the compliances.
 - i) Carriage of Goods by Air Act, 1972
 - ii) Carriage of Goods by Sea Act, 1925
 - iii) Railway Act, 1989
 - iv) Motor Transport Workers Act, 1961
 - v) Fatal Accidents Act, 1855
 - vi) Control of National Highways (Land and Traffic) Act, 2002
 - vii) Carriage by Road Act, 2007
 - viii) Motor Vehicles Act, 1988
 - ix) Multimodal Transportation of Goods Act, 1993
4. We further report that:
 - 4.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors during the period under review were carried out in accordance with the provisions.
 - 4.2 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically to schedule the Board Meetings as per the companies' act 2013 and steps are taken to comply as per Articles of Association.
 - 4.3 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
 - 4.4 As per the information provided to us the Company has recovered the excess managerial remuneration paid to Mr. Mahendra Kumar Agarwal, Chairman and Managing Director for Financial Years 2016-17 and 2017-18 as on the date of signing the report.
 - 4.5 The Company is yet to receive the excess managerial remuneration paid to Executive Chairman of the Company for the Financial Year 2018-19, due date for recovery of the same is March 31, 2021. The Company has informed that they are in the process of recovering the excess amount from the Executive Chairman.
 - 4.6 The Managerial Remuneration paid to Executive Directors for the Financial Year 2019-20 has exceeded the limits

prescribed under Section 197 read with Schedule V of the Co. Act 2013. The Company has informed us that it is in the process of obtaining the necessary approvals for the waiver of excess remuneration as provide under the act.

- 4.7 The Company has informed us that they are in the process of obtaining the International security Identification Number (ISIN) from the depository and facilitate dematerialisation of all its existing securities as per the provisions of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules 2014.
- 4.8 The Company has informed that all the Related Party Transactions and operational advances existing and entered by the Company during the Financial Year under review was at arm's length and necessary approvals as required was obtained and accordingly not disclosing the details of related parties in the Directors Report, as these are exempted under Section 188 of the Companies Act 2013. We further relied on the report from M/s DVAK & Co., Chartered Accountant to substantiate the same.
- 4.9 The Company is carrying its CSR activities. However, for the Financial Year Company could not spend full amount for the CSR activities and the Company had informed that the reasons for not spending full amount in the Directors Report for the current Financial Year.

- 4.10 The Board of Directors of the Company have approved the new Shareholders Agreement between the Company, Gati Limited, Allcargo Logistics Limited, KWE Kintetsu World Express (S) PTE Ltd., KWE Kintetsu Express (India) Private Limited.
 - 4.11 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously.
 - 4.12 The Company being an un-listed company, the Regulations under Securities and Exchange Board of India Act, 1992 shall not apply.
 - 4.13 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and advised the company to ensure the compliance of Secretarial Standards with true spirit.
5. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as stated above and also reported in the financial audit report, if any.

For **DVM & Associates LLP**
Company Secretaries
L2017KR002100

DVM Gopal
Partner
C.P. No. 6798
Mem No: 6280

UDIN: F006280B000854941

Place: Hyderabad
Date: 05/10/2020

Note: This letter is to be read with our letter of even date, which is annexed, and form an integral part of this report.

ANNEXURE

To
The Members,
M/s. Gati-Kintetsu Express Private Limited
Hyderabad.

Our Report of even date is to be read along with this letter

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DVM & Associates LLP**
Company Secretaries
L2017KR002100

DVM Gopal
Partner
C.P. No. 6798
Mem No: 6280

Place: Hyderabad
Date: 05/10/2020

UDIN: F006280B000854941

Annexure – D

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo [Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A) Conservation of Energy:

Your Company continues to be conscious of the environmental impact of our business and continues to improve on its fuel efficiency through various initiatives in this area.

Further, the following measures are implemented continuously by the Company:

1. Vehicles were purchased in compliance with all latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. BS IV models.
2. Introduced Electric and CNG based vehicles for Last mile delivery
3. The strict periodical maintenance of Company's vehicles is done as per manufacturer's prescribed norms to ensure optimum fuel consumption & better vehicle maintenance.
4. Vehicles greater than five years old are been phased out and replaced with new standard BS model vehicles.
5. Drivers' training programs are being organized and conducted periodically to improve their driving skills, safe driving, better vehicle maintenance and improved fuel efficiency of vehicle.
6. Providing DIP i.e., Drivers Information Package which would educate them about Do's and Don'ts, RIC (Route Information card) and also Driver briefing session conducted regularly before departing the vehicle & monitoring through Vehicle Tracking System
7. A centralized Operations Command Center (OCC) has been built to provide support to vehicles and drivers 24/7, 365 days.

B) Technology Absorption:

During the financial year, your company successfully implemented Two Major Modules namely Customer Contract and Delivery App. using current state of art technologies. Both these modules are transformational for Gati with respect to the processes and also enables new business opportunities. These two modules were pilot projects and the larger plan is to revamp entire Gati IT landscape. In this regard, three major software companies were short-listed and were invited to study the entire Business & IT requirements to create a future ready Gati and submit a proposal. All the three companies have completed their study successfully and have presented their proposals. A suitable decision would be taken during the coming financial year.

C) Foreign Exchange earnings and outgo:

The company did not have any Foreign exchange earnings during the year 2019-20. Further, the Foreign exchange outgo in terms of actual outflows during the year 2019-20 was Rs. 28.08/- Mns.

INDEPENDENT AUDITOR'S REPORT

To the Members of **Gati Kintetsu Express Private Limited**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Gati Kintetsu Express Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the indeterminate effect of the matter described in 'Basis for Qualified Opinion's section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw your attention to:

- a) Note 44 to the financial statements, which states that in earlier years, the Company has given operational advance to a party of Rs. 21.86 million (net of provision of Rs. 21.85 million), which is long overdue and the full recoverability of which is doubtful. As set out in the aforesaid note, the management is making necessary efforts to ensure collection of dues from the said party. No impairment allowance for uncertainty in collectability has been recognized against above advances. Based on the information received from the management of the Company regarding the assumptions used in assessing the recoverability of this amount, we were unable to determine the impact on the financial statements, of a potential adjustment for impairment that might have been necessary in order to present the balance at its estimated recoverable value.
- b) Note 43(b) to the financial statement, a recoverable amount of Rs. 14.09 million from an executive chairman towards excess payment of managerial remuneration for the financial year 2016-17 and 2017-18 is outstanding in the books of accounts as on 31st March 2020. Upon expiry of the permissible tenure for refund of said excess remuneration, there is a delayed

recovery from the director for Rs. 6.30 million and non-recovery of Rs. 7.79 million upto the date of signing of this report, the same shall be treated to be a loan to a director in contravention of section 185 of the Companies Act, 2013.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) 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 there under, 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 on the financial statements.

Emphasis of Matter

We draw your attention to Note 43 (a) to the financial statements, which states that managerial remuneration paid to two executive directors of the Company for the year ended March 31, 2020 has exceeded the limit prescribed under section 197 read with Schedule V of the Companies Act, 2013 by Rs. 40.31 million. Pending necessary approvals for the excess remuneration from members of the company, no adjustment to the financial statements has been made.

Our opinion is not qualified in respect of the above matter.

Key Audit Matters

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 year. 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.

In addition to the matter described in the 'Basis for Qualified Opinion's section above, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our qualified audit opinion on the financial statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matters
1	Impairment of Goodwill (See Note 5 to the financial statements)	
	<p>The Company holds goodwill of Rs.1250.59 million on the statements of financial position.</p> <p>The determination of the recoverable amount of goodwill is a key judgment area as small changes in assumptions made, notably in respect of the future performance of the business and the discount rates applied to future cash flows projections can result in material different outcomes.</p>	<p>Our audit with respect to impairment testing of goodwill included the following:</p> <ul style="list-style-type: none"> ▪ Engaging internal fair valuation experts to challenge management's underlying assumptions and appropriateness of the valuation model used. ▪ Comparing the Company's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates. ▪ Assessing the appropriateness of the forecasted cash flows within the budgeted period based on their understanding of the business and sector experience.
2	Recoverability of Trade Receivable (See Note 12 to the financial statements)	
	<p>The gross balance of trade receivables as at March 31, 2020 amounted to Rs.2250.59 million.</p> <p>Due to the inherent subjectivity that is involved in making judgments in relation to credit risk exposures to determine the recoverability of trade receivables, recoverability of trade receivables is considered a key audit matter.</p>	<p>Our audit with respect to determining recoverability of Trade Receivables included the following:</p> <ul style="list-style-type: none"> ▪ Evaluating the Company's processes and controls relating to the monitoring of trade receivables and review of credit risks of customers. ▪ Examination of management's assessment of the credit review procedures of trade receivables, obtaining trade receivable confirmations, and mapping receipts from the trade receivables after the year end on test basis. ▪ Evaluation of management's assumptions used to determine the expected credit loss on the trade receivables, through detailed analyses of ageing of receivables to historical patterns of receipts, assessment of material overdue individual trade receivables and risks specific to the trade receivable.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 and take appropriate action as applicable under the relevant laws and regulations.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation

of these 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that

the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143 (3) of the Act, based on our Audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, except for matter described in 'Basis for Qualified Opinion's section above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the indeterminate effects of the matter described in the 'Basis for Qualified Opinion's section above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the relevant rules thereon.
 - (e) The outcome of the matter described in 'Basis for Qualified Opinion's section above 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 as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) The reservation relating to maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Qualified Opinion's section above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" of this report.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Note 35 (I) and 44 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to investor education and protection fund by the company.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except managerial remuneration paid to two Executive directors of the Company which is in excess of the limit prescribed under Schedule V of the Companies Act, 2013 by Rs. 40.31 million for the financial year 2019-20, which is subject to the approval of shareholders in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

Date: June 23, 2020
Place: Kolkata

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No. 066274
UDIN:20066274AAAAAW3635

Annexure – A to the Independent Auditor’s Report

(Referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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) As per the information and explanations given to us, physical verification of property, plant and equipment have been carried out in terms of the phased program of its verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except land and building having a gross block and net block of Rs. 368.00 million and Rs.225.10million respectively, which were acquired from the Holding Company under a Business Transfer Agreement in the financial year 2011 - 12.
- ii. The company is a service company and has no inventory, accordingly, the provisions of clause 3(ii) of the Order,2016 are not applicable.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii), 3(iii) (a) to 3(iii) (c) of the said Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments made and providing guarantees and securities, except for an excess payment of managerial remuneration of Rs. 14.09 million to an executive chairman for the financial year 2016-17 and 2017-18 which stands recoverable as on 31st March 2020. Upon expiry of the permissible tenure for refund of said excess remuneration, there is a delayed recovery from the director for Rs. 6.30 million and non-recovery of Rs. 7.79 million upto the date of signing of this report, the same shall be treated to be a loan to a director in contravention of section 185 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered under sections 73 to 76 of the Companies Act and the rules framed there under with regard to deposits accepted from the public during the year. Accordingly, paragraph 3(v) of the order is not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the company examined by us, the company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues, as applicable, to the appropriate authorities.

There are no arrears in respect of the aforesaid dues as at March 31,2020 for a period of more than six months from the date they became payable except professional tax of Rs.0.95 million and provident fund of Rs.1.70 million which are due for more than 6 months.
- b) According to the information and explanations given to us, the dues outstanding in respect of dues of income tax, sales tax, duty of excise, service tax, duty of customs, value added tax and goods and services tax has not been deposited by the Company on account of disputes are as follows:

Name of the Statute	Nature Of Dues	Amount in Millions (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	139.61	2013-14, 2014-15, 2015-16, 2016-17	Income Tax Appellate Tribunal, Commissioner (Appeals)
Indirect Tax	Sales Tax	32.26	2013-14, 2014-15, 2015-16, 2016-17, 2017-18	Assistant Comm, Commercial Tax, Mobile Squad Unit-4 Commercial Tax Mathura

- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or Government. The Company had neither any outstanding debenture at the beginning of the year nor has it issued any debenture during the year.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except managerial remuneration paid to an Executive chairman of the Company for the year which is in excess of the limit prescribed under Schedule V of the Companies Act, 2013 by Rs. 40.31 million for the financial year 2019-20, which is subject to the approval of shareholders in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the order is not applicable to the company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the order is not applicable to the company.

For Singhi & Co.

Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)

Partner

Date: June 23, 2020

Place: Kolkata

Membership No. 066274

UDIN:20066274AAAAW3635

Annexure – B to the Independent Auditor’s Report

(Referred to in paragraph 2 (h) under the heading ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting with reference to these financial statements of Gati Kintetsu Express Private Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including

the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company’s internal financial controls over financial reporting as at March 31, 2020:

- a. The company’s internal financial control related to contract revenue mapping in the Information technology system is

not operating effectively and resulting in inadequate control over these processes. Management has represented that the remediation plan and necessary implementation steps have been taken.

- b. The company did not have an effective integration between various functional software relating to sales and expenses with the accounting software resulting in weak internal control and reconciliation differences in Control Accounts in areas of trade receivables, trade payables, security deposits and operational advances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the possible effects of the material weakness described in the 'Basis of Qualified Opinion's section above on the achievement of the objectives of the control criteria, the

Company has maintained, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company.

For Singhi & Co.

Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)

Partner

Date: June 23, 2020
Place: Kolkata

Membership No. 066274
UDIN:20066274AAAAAW3635

Balance Sheet

as at March 31, 2020

(₹ in mn)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	4A	2,105.38	2,117.13
Capital Work-in-Progress	4B	-	46.01
Right-of-Use Asset	4C	642.82	-
Goodwill	5	1,250.59	1,250.59
Other Intangible Assets	6	34.51	28.84
Intangible Assets under Development	7	20.72	-
Financial Assets			
Loans	8	46.51	148.00
Deferred Tax Assets (Net)	9	62.25	40.33
Non Current Tax Asset (Net)	10	766.92	536.24
Other Non-Current Assets	11	6.60	120.22
		4,936.30	4,287.36
CURRENT ASSETS			
Financial Assets			
Loans	8	284.10	125.22
Trade Receivables	12	2,024.03	2,242.59
Cash and Cash Equivalents	13	191.33	10.89
Bank Balances other than above	14	92.81	101.99
Other Financial Assets	15	89.55	70.07
Other Current Assets	16	155.28	244.41
		2,837.10	2,795.17
TOTAL ASSETS		7,773.40	7,082.53
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	5.00	5.00
Other Equity	18	3,450.15	3,666.05
TOTAL EQUITY		3,455.15	3,671.05
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	19	469.46	428.03
Lease Liabilities	20	580.57	-
Provisions	21	75.45	73.92
		1,125.48	501.95
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	22	1,249.58	971.98
Lease Liabilities	20	95.97	-
Trade Payables	23	-	-
(a) Total outstanding dues of Micro and Small Enterprises		10.97	-
(b) Total outstanding dues of creditors other than Micro and Small Enterprises		861.84	1087.36
Other Financial Liabilities	24	623.78	543.09
Other Current Liabilities	25	333.08	286.76
Provisions	26	17.55	20.34
		3,192.77	2,909.53
TOTAL LIABILITIES		4,318.25	3,411.48
TOTAL EQUITY AND LIABILITIES		7,773.40	7,082.53

Significant accounting policies and key accounting estimates and judgements 3

The accompanying significant accounting policies and notes form an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For Singhi & Co.

Chartered Accountants

ICAI Firm Registration No: 302049E

Anurag Singhi

Partner

Membership no: 066274

Place: Kolkata

Date: June 23, 2020

Mahendra Agarwal

Executive Chairman

DIN: 00179779

Place: Hyderabad

Date: June 23, 2020

Bala Aghoramurthy

Deputy Managing Director

DIN: 06960138

Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in mn)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
(I) INCOME			
Revenue from Operations	27	11,594.27	12,288.03
Other Income	28	46.04	47.18
TOTAL INCOME (I)		11,640.31	12,335.21
(II) EXPENSES			
Operating Expenses	29	8,125.59	8,662.28
Employee Benefits Expense	30	1,548.05	1,500.09
Finance Costs	31	289.19	193.26
Depreciation and Amortisation Expense	32	324.37	179.58
Other Expenses	33	1,438.44	1,418.62
TOTAL EXPENSES (II)		11,725.64	11,953.83
(III) PROFIT/(LOSS) BEFORE TAX (I-II)		(85.33)	381.38
(IV) TAX EXPENSES	34		
Current Tax		11.66	97.80
Deferred Tax		(19.24)	13.47
TOTAL TAX EXPENSES		(7.58)	111.27
(V) PROFIT/(LOSS) FOR THE YEAR (III-IV)		(77.75)	270.11
(VI) OTHER COMPREHENSIVE INCOME (OCI)			
Items not to be reclassified to profit or loss in subsequent periods:			
a) Re-Measurement gains/(losses) on defined benefit plans		(10.63)	(10.54)
b) Income tax effect on above item		2.68	3.65
OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)		(7.95)	(6.89)
(VII) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (V+VI)		(85.70)	263.22
EARNINGS PER EQUITY SHARE	42		
[Nominal value per share ₹ 10/- (March 31, 2019: ₹ 10/-)]			
Basic (in ₹)		(155.50)	540.23
Diluted (in ₹)		(155.50)	540.23

The accompanying significant accounting policies and notes form an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For Singhi & Co.

Chartered Accountants

ICAI Firm Registration No: 302049E

Anurag Singhi

Partner

Membership no: 066274

Place: Kolkata

Date: June 23, 2020

Mahendra Agarwal

Executive Chairman

DIN: 00179779

Place: Hyderabad

Date: June 23, 2020

Bala Aghoramurthy

Deputy Managing Director

DIN: 06960138

Cash Flow Statement

for the year ended March 31, 2020

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(A) Cash flows from Operating Activities		
Profit/(Loss) Before Taxes as per Statement of Profit and Loss	(85.33)	381.38
Adjustment for :		
Depreciation & Amortisation expense	324.37	179.58
Finance costs	289.19	193.26
Loss on disposal of Property, Plant and Equipment(Net)	3.59	0.22
Interest Income from deposits with Bank	(11.14)	(8.34)
Interest Income from unwinding of financial asset	(6.76)	(21.99)
Allowance for Doubtful receivables	84.83	5.97
Allowance for other financial assets	21.86	-
Bad debts and irrecoverable balances written off	52.51	24.51
Allowance for Doubtful receivables - written back	(7.61)	(24.51)
Liabilities no longer required - written back	(23.01)	(13.23)
Operating profits before working capital changes	642.50	716.84
(Increase) / Decrease in Trade Receivables	117.59	(258.79)
(Increase) / Decrease in Other Current Assets	38.51	24.14
(Increase) / Decrease in Other Current Financial Assets	(70.11)	(36.66)
(Increase) / Decrease in Other Non-Current Assets	58.31	(12.52)
Increase / (Decrease) in Other Liabilities	46.32	26.42
Increase / (Decrease) in Trade Payables	(191.54)	190.40
Increase / (Decrease) in Short Term Provisions	(2.79)	8.89
Increase / (Decrease) in Other Current Financial Liabilities	15.16	18.04
Increase / (Decrease) in Non Current Provisions	(9.10)	0.29
Cash generated from operations	644.85	677.07
Direct Tax paid (net of refunds)	(242.35)	(258.75)
Net Cash Flows generated/(used) from Operating Activities	402.50	418.32
(B) Cash Flow from Investing Activities		
Interest Received	11.14	8.34
Proceeds from sale of Property Plant and Equipment	14.42	41.33
Purchase of Property Plant and Equipment including Capital work in Progress and Capital Advances	(287.43)	(485.83)
Investment in Bank Fixed Deposits	9.18	(6.74)
Net Cash Flows (used in)/generated from Investing Activities	(252.69)	(442.90)
(C) Cash Flow from Financing Activities		
Proceeds of Long Term Borrowings	390.10	419.22
Repayment of Long Term Borrowings	(137.59)	(128.48)
Increase / (Decrease) in Short term Borrowings (net)	277.60	41.86
Finance cost	(204.60)	(193.26)
Payment of interest on lease liabilities	(84.59)	-
Payment of principal portion of lease liabilities	(80.09)	-
Dividend Paid including tax	(130.20)	(149.34)
Net Cash Flows (used in)/generated from Financing Activities	30.63	(10.00)
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	180.44	(34.58)
Cash and Cash equivalents at the beginning of the year	10.89	45.47
Cash and Cash equivalents at the end of the year	191.33	10.89

Cash Flow Statement

for the year ended March 31, 2020

Notes :

1. The above Statement of Cash Flow has been prepared under the " Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

2. Component of Cash & Cash Equivalents: -

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash on Hand	4.06	3.63
Balances with Banks in Current Accounts	187.27	7.26
Cash & Cash Equivalent as per Balance sheet (refer note 13)	191.33	10.89

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening Balances		
Non Current Borrowings	428.03	215.41
Movement		
Non Current Borrowings	41.43	212.62
Closing Balances		
Non Current Borrowings	469.46	428.03

The accompanying significant accounting policies and notes form an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For Singhi & Co.

Chartered Accountants

ICAI Firm Registration No: 302049E

Anurag Singhi

Partner

Membership no: 066274

Place: Kolkata

Date: June 23, 2020

Mahendra Agarwal

Executive Chairman

DIN: 00179779

Place: Hyderabad

Date: June 23, 2020

Bala Aghoramurthy

Deputy Managing Director

DIN: 06960138

Statement of Changes in Equity for the year ended March 31, 2020

A) Equity Share Capital

(₹ in mn)

Particulars	No. of Shares	Amount
Balance as at March 31, 2018	5,00,000	50,00,000
Add/(Less): Changes in Equity Share Capital for the year ended March 31, 2019	-	-
Balance as at March 31, 2019	5,00,000	50,00,000
Add/(Less): Changes in Equity Share Capital for the year ended March 31, 2020	-	-
Balance as at March 31, 2020	5,00,000	50,00,000

B) Other Equity

(₹ in mn)

Particulars	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance as at March 31, 2018	1,783.60	172.02	1,661.16	3,616.77
Profit/(Loss) for the year	-	-	270.11	270.11
Final dividend on equity shares	-	-	(123.88)	(123.88)
Tax on dividend on equity shares	-	-	(25.46)	(25.46)
Remeasurement gain/(loss) on defined benefit plans (net of deferred tax)	-	-	(6.89)	(6.89)
Transition adjustment of Ind AS 115	-	-	64.60	(64.60)
Balance as at March 31, 2019	1,783.60	172.02	1,710.43	3,666.05
Profit/(Loss) for the year	-	-	(77.75)	(77.75)
Final dividend on equity shares	-	-	(108.00)	(108.00)
Tax on dividend on equity shares	-	-	(22.20)	(22.20)
Remeasurement gain/(loss) on defined benefit plans (net of deferred tax)	-	-	(7.95)	(7.95)
Balance as at March 31, 2020	1,783.60	172.02	1494.54	3,450.15

The accompanying significant accounting policies and notes form an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board of Directors

For Singhi & Co.

Chartered Accountants
ICAI Firm Registration No: 302049E

Anurag Singhi

Partner
Membership no: 066274

Place: Kolkata

Date: June 23, 2020

Mahendra Agarwal

Executive Chairman
DIN: 00179779

Place: Hyderabad

Date: June 23, 2020

Bala Aghoramurthy

Deputy Managing Director
DIN: 06960138

Notes to financial statements

or the year ended March 31, 2020

1) Corporate and general information:

Gati Kintetsu Express Private Limited ("the Company" or "Gkepl") was incorporated in 2007 under provisions of Companies Act, 1956 having its Registered and Corporate Office at Plot no.20, Survey no.12, Kothaguda, Kondapur, Hyderabad - 500 084, Telangana, India. The company is India's pioneer and leader in express distribution and supply chain solutions. The business was transferred from Gati Limited on 1st April 2012. Gati Limited the holding company holds 70% and Kintetsu world (KWE) Japan group, holds the balance. An intrinsic network that spans length and breadth of India – Gkepl has a reach of more than 99% of districts in India.

2) Basis of Accounting

2.1 Statement of Compliance

The financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read along with Companies (Indian Accounting Standards) Rules, as amended and other provisions of the Act. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013.

2.2 Basis of Measurement

The financial statements have been prepared on a going concern basis using historical cost convention, except

- Financial Instruments - Measured at Fair value/ Amortised cost;
- Plan Assets under defined benefit plans—Measured at fair value;

2.3 Functional and Presentation Currency

All financial information presented in Indian rupees (INR) which is the Company's functional currency, has been rounded off to the nearest two decimal of millions, unless otherwise stated.

2.4 Use of Estimates and Judgements

The preparation of the Company's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses, the accompanying disclosures and disclosures of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumption in these financial statements have been

disclosed below. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates and judgments used are as below:

- (i) Defined benefit obligation
- (ii) Recognition of current tax and deferred tax
- (iii) Recognition and measurement of provisions and contingencies
- (iv) Fair value measurement of Financial instruments
- (v) Provision for Doubtful Debts and advances
- (vi) Goodwill impairment

2.5 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

2.6 Current Vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

Notes to financial statements for the year ended March 31, 2020

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

2.7 Recent accounting pronouncements - Standard issued but not yet effective

Ministry of corporate affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

3) Significant Accounting Policies:

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

3.1 Property, plant and equipment

Recognition and Measurement:

- Property, plant and equipment (PPE) held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and cumulative impairment losses (if any).
- Cost comprises of cost of acquisition or construction inclusive of duties (net of tax) incidental expenses, interest and erection/commissioning expenses incurred up to the date asset is put to use. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of cost of PPE. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Capital work in progress and Capital Advances:

Capital work-in-progress represents Property, Plant and Equipment that are not yet ready for their intended use as at the Balance sheet date. Capital advances given towards purchase/acquisition of PPE outstanding at each balance sheet date are disclosed separately as Other Noncurrent Assets.

Subsequent Expenditure:

- Subsequent costs 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 cost incurred 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 derecognized when replaced.
- Items such as spare parts, stand by equipment's and servicing equipment's that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.
- Cost in nature of repair and maintenance expenses are charged to the statement of profit or loss during the reporting period in which they are incurred.

Depreciation and Amortisation:

- Depreciation on tangible assets is provided on straight-line method at the rates determined based on the useful lives of respective assets as prescribed under Schedule II of the Companies act, 2013.
- Freehold land is not depreciated.
- Intangible assets are amortised on straight line basis over its estimated useful life.
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed-off).

De-recognition Assets:

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss is recognized in the statement of profit and loss.

3.2 Intangible Assets:

Intangible assets are stated at acquisition cost net of accumulated amortisation or cumulative impairment, if any. The Company capitalizes identifiable costs relating to development of internally generated software and these are stated net of accumulated amortisation.

Intangible assets under development comprise costs relating to development of software that are not yet ready for their intended use as at the balance sheet date.

Notes to financial statements or the year ended March 31, 2020

The carrying amount of the intangible asset is derecognized on disposal or when no future economic benefit is expected from its use. Any gain or loss is recognized in the statement of Profit and loss.

3.3 Lease

The Company assesses at contract 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.

(i) Right-of-use Assets (ROU 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 re-measurement 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. 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.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.4 Impairment of assets.

(ii) 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 include fixed payments (including in substance fixed payments) less any lease incentives receivable, 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. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred

to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of properties, machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.4 Impairment of assets:

- a) The Company assesses at each reporting date whether there is any indication that an asset (tangible or intangible), may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) net selling price and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased and such reversal is recorded in the Statement of Profit and Loss.
- b) Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Notes to financial statements for the year ended March 31, 2020

- c) An entity shall test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment, irrespective of whether there is any indication of impairment. This impairment test may be performed at any time during the year, provided it is performed at the same time every year.

3.5 Foreign currency Transactions:

- a) The financial statements are presented in Indian Rupee (INR), which is the functional and presentation currency of the Company.
- b) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.
- c) At each balance sheet date, foreign currency monetary items are restated using the closing exchange rate.
- d) Any exchange difference on account of settlement of foreign currency transactions and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the Statement of Profit and Loss.
- e) Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.6 Revenue recognition:

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net off variable consideration) allocated to the performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various elements like discounts etc. offered by the company as part of the contract. The variable consideration is estimated based on the expected value of outflow.

Rendering of services:

Income from logistics services rendered are recognized when control over the services transferred to the customer i.e. when the customer has the ability to control the use of the transferred services as per the terms of contract. Revenue is recognized at the fair value of consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Others:

1. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and amount of income can be measured reliably.

2. Rent income is recognized on a straight-line basis over the period of the lease.

3.7 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

(i) Financial assets:

a) Initial recognition and measurement:

On initial recognition, a financial asset is classified and measured at:

- Amortized Cost; or
- Fair value through Other Comprehensive Income (FVOCI); or
- Fair value through Profit or loss (FVTPL)

Financial asset are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial asset. In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognized 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 recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

▪ Financial assets at amortized cost:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- (a) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortization is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

Notes to financial statements or the year ended March 31, 2020

- Financial assets at fair value through other comprehensive income (FVOCI):

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

- Financial assets at fair value through profit or loss (FVTPL):

All financial assets which are not classified/measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Subsequent measurement

For purposes of subsequent measurement:

Category	Subsequent measurement and gains and Losses
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method (EIR).

Category	Subsequent measurement and gains and Losses
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The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Any gain or loss on de-recognition is recognized in Statement of Profit and Loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to Statement of Profit and Loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of Profit and Loss.

(ii) Financial Liability:

Financial liabilities are classified and measured at amortized cost or FVTPL

a) Initial Recognition & Subsequent measurement:

- Financial liabilities through fair value through profit or loss (FVTPL):

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit and Loss.

- Financial liabilities at amortized cost:

Other financial liabilities are subsequently measured at amortized cost using the effective

Notes to financial statements for the year ended March 31, 2020

interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

b) Financial guarantee liability:

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 recognized initially as a liability at fair value net off 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 recognized less cumulative amortisation.

(iii) Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates to determine impairment loss allowance on portfolio of its trade receivables.

(iv) De-recognition:

a) Financial Assets:

The Company derecognizes a financial asset only

- when the contractual rights to the cash flows from the asset expire, or
- It transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

b) Financial liabilities:

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in Statement of Profit and Loss.

(v) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet, when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.8 Fair Value measurement:

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities. The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. The Company measures financial assets and financial liability at fair value at each balance sheet date.

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:

Notes to financial statements or the year ended March 31, 2020

- 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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.9 Employee benefits:

a) Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions of employee provident fund to Government administered provident fund and Employee State insurance scheme which is defined contribution plans. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of Profit and Loss in the periods during which the related services are rendered by employees.

b) Defined benefit plan:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in Other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in Statement of profit and Loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

c) Compensated absences:

As per policy of the Company, employees can carry forward unutilized accrued compensated absences and utilize it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement.

The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The Company's liability is

Notes to financial statements

for the year ended March 31, 2020

actuarially determined (using the Projected Unit Credit method) at the end of each year. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

d) Short-term employee benefit:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

3.10 Income taxes :

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

a) Current tax:

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

b) Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

3.11 Cash and cash equivalents:

In the cash flow statement, cash and cash equivalents include cash in hand, cheques in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

3.12 Provisions and Contingencies:

Provisions are recognized when the Company has a present obligation as a result of a past event and 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.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Such liabilities are disclosed by way of notes to the financial statements. No disclosure is made if the possibility of an outflow on this account is remote.

3.13 Borrowing cost:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealized exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealized gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

3.14 Segment Reporting:

Segments are identified based on the manner in which the Chief Operating Decision Maker ('CODM') decides about resource allocation and reviews performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

3.15 Earnings per share:

(i) Basic earnings per share

Basic earnings per share are calculated by dividing the net profit or loss before Other Comprehensive Income for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(ii) Diluted earnings per share:

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to financial statements

or the year ended March 31, 2020

4A. Property, Plant and Equipment

(₹ in mn)

Particulars	Gross Block			Accumulated Depreciation			Net Carrying Value		
	As at March 31, 2019	Additions	Reclassified on account of adoption of Ind AS 116	Deductions/ Adjustment	As at March 31, 2020	Depreciation for the year	Reclassified on account of adoption of Ind AS 116	As at March 31, 2020	As at March 31, 2019
Freehold Land	888.51	-	-	-	888.51	-	-	-	888.51
Buildings	455.75	-	-	1.41	454.34	8.72	-	65.13	389.21
Vehicles	300.69	194.93	-	56.78	438.84	35.76	-	93.30	345.53
Vehicles - under Finance Lease	138.40	-	138.40	-	-	-	15.38	-	123.02
Plant & Machinery	362.16	42.80	-	2.05	402.92	34.97	-	181.82	221.10
Computer	347.85	74.89	-	26.13	396.61	52.08	-	294.82	101.80
Computers - under Finance Lease	34.58	-	34.58	-	-	-	7.98	-	26.60
Furniture And Fittings	281.01	20.78	-	-	301.79	37.55	-	185.26	133.28
Office Equipments	201.33	10.98	-	0.12	212.18	20.73	-	169.48	52.45
Grand Total	3,010.28	344.38	172.98	86.49	3,095.19	189.81	23.36	989.81	2,117.13

(₹ in mn)

Particulars	Gross Block			Accumulated Depreciation			Net Carrying Value		
	As at March 31, 2018	Additions	Reclassified on account of adoption of Ind AS 116	Deductions/ Adjustment	As at March 31, 2019	Depreciation for the year	Reclassified on account of adoption of Ind AS 116	As at March 31, 2019	As at March 31, 2018
Freehold Land	888.51	-	-	-	888.51	-	-	-	888.51
Buildings	455.75	-	-	-	455.75	8.20	-	56.55	399.20
Vehicles	296.57	150.48	-	146.36	300.69	34.21	-	105.67	199.28
Vehicles - under Finance Lease	15.91	122.49	-	-	138.40	14.95	-	15.38	123.02
Plant & Machinery	340.44	21.72	-	-	362.16	27.20	-	147.88	214.29
Computer	310.98	42.60	-	5.73	347.85	33.91	-	267.36	80.50
Computers - under Finance Lease	22.03	12.63	-	0.08	34.58	6.99	-	0.02	26.60
Furniture And Fittings	260.99	20.05	-	0.03	281.01	21.49	-	147.71	133.28
Office Equipments	184.15	17.34	-	0.16	201.33	17.78	-	148.88	52.45
Grand Total	2,775.33	387.31	-	152.36	3,010.28	164.72	-	893.14	2,117.13

Notes:

- The amount of Contractual commitments for acquisition of property, plant and equipment is disclosed in Note. 35 (II)(a)
- Refer Note 19, 20, 22 and Note 23 for information on Property, Plant and Equipments pledged as securities by the Company.
- The Company has not capitalized any borrowing cost during the year. (March 31, 2019 - Nil)

Notes to financial statements

for the year ended March 31, 2020

4B. Capital Work-in-progress

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Commercial Vehicles	-	46.01
	-	46.01

4C. Right of use Assets (ROU)

Particulars	Gross Block				Accumulated Depreciation				Net Carrying Value	
	As at April 1, 2019	Additions	Deductions/ Adjustment	As at March 31, 2020	As at April 1, 2019	Amortization for the year	Deductions/ Adjustment	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings	612.39	-	-	612.39	-	93.61	-	93.61	518.78	
Vehicles*	138.40	-	1.67	136.73	15.38	17.30	0.37	32.31	104.42	
Computers*	34.58	-	-	34.58	7.98	6.98	-	14.96	19.62	
Total Right of use Assets (ROU)	785.37	nil	1.67	783.70	23.36	117.89	0.37	140.88	642.82	

* Opening balances reclassified on adoption of Ind AS 116.

Notes:

- The aggregate depreciation expenses on Right of use asset (ROU) is included under depreciation and amortization expenses in the Statement of Profit and Loss.
- The company's obligation under leases are secured by lessor's title to the leased assets.
- Refer Note 36 for Right of use asset movement.

5. Goodwill

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
	1,250.59	1,250.59
	1,250.59	1,250.59

6. Other Intangible Assets

Particulars	Gross Block				Accumulated Depreciation				Net Carrying Value	
	As at March 31, 2019	Additions	Deductions/ Adjustment	As at March 31, 2020	As at March 31, 2019	Depreciation for the year	Deductions/ Adjustment	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	105.24	22.33	-	127.57	76.39	16.67	-	93.06	34.51	28.84
Total	105.24	22.33	-	127.57	76.39	16.67	-	93.06	34.51	28.84

Notes to financial statements

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6. Other Intangible Assets (Contd..)

Particulars	Gross Block				Accumulated Depreciation				Net Carrying Value	
	As at March 31, 2018	Additions	Deductions/ Adjustment	As at March 31, 2019	As at March 31, 2018	Depreciation for the year	Deductions/ Adjustment	As at March 31, 2019	As at March 31 2019	As at March 31 2018
Computer Software	93.67	11.57	-	105.24	61.53	14.86	-	76.39	28.84	32.13
Total	93.67	11.57	-	105.24	61.53	14.86	-	76.39	28.84	32.13

Notes:

- The amount of Contractual commitments for acquisition of Intangible assetst is disclosed in Note. 35(II)(a)
- The Company has not capitalized any borrowing cost during the year. (March 31, 2019 - Nil)

7. Intangible Assets under Development

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
	20.72	-
	20.72	-

Notes:

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Expenses during the year capitalised in respect of Intangible Assets under Development		
a) Employee Benefit expenses	10.99	-
b) Other expenses	9.73	-
	20.72	-

Notes to financial statements

for the year ended March 31, 2020

8. Loans

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, Considered Good)		
Non Current		
Security Deposit with Holding company	-	42.23
Security Deposit with Others	46.51	105.77
Total (A)	46.51	148.00
Current		
Security Deposit with Holding company	71.93	-
Security Deposit with Others	212.17	125.22
Total (B)	284.10	125.22
Grand Total	330.61	273.22

9. Deferred Tax Assets (Net)

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets (Net)	62.25	40.33
	62.25	40.33

9.1 Movement in Deferred Tax Assets and Liabilities during the year ended March 31, 2019 and March 31, 2020

(₹ in mn)

Deferred Tax Balance in relation to	As at March 31, 2018	Recognised In Statement of Profit & Loss	Recognised In Other Comprehensive Income (OCI)	As at March 31, 2019
Deferred Tax Assets/(Liabilities)				
Property, plant and equipment	(72.45)	3.33	-	(69.12)
Allowances for Doubtful Receivables	58.67	13.15	-	71.82
Employee benefits - Gratuity and Leave Encashment	26.05	8.42	3.65	38.12
Other temporary Differences	(4.59)	4.10	-	(0.49)
MAT Credit Entitlement (Net)	16.94	(16.94)	-	-
Deferred Tax Assets/(Liabilities)	24.62	12.06	3.65	40.33

(₹ in mn)

Deferred Tax Balance in relation to	As at March 31, 2019	Recognised In Statement of Profit & Loss	Recognised In Other Comprehensive Income (OCI)	As at March 31, 2020
Deferred Tax Assets/(Liabilities)				
Property, plant and equipment	(69.12)	13.96	-	(55.16)
Allowances for Doubtful Receivables and Advances	71.82	8.35	-	80.17
Employee benefits - Gratuity and Leave Encashment	38.12	(10.11)	2.68	30.69
Other temporary Differences	(0.49)	7.04	-	6.55
Deferred Tax Assets/(Liabilities)	40.33	19.24	2.68	62.25

Notes to financial statements

or the year ended March 31, 2020

10. Non Current Tax Asset (Net)

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax Deducted at Source	1,451.27	1,208.92
Advance Tax	121.08	121.08
	1,572.35	1,330.00
Less : Provision for Income Tax	(805.43)	(793.76)
Total	766.92	536.24

11. Other Non-Current Assets

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances		
Unsecured, considered good	1.85	57.16
Unsecured, considered doubtful	5.90	5.90
	7.75	63.06
Less: Provision for doubtful advances	5.90	5.90
	1.85	57.16
Total (A)	1.85	57.16
Deposit with Banks more than 12 months (Margin money)	1.73	-
Prepaid Expenses	3.02	63.06
Total (B)	4.75	63.06
Total (A) + (B)	6.60	120.22

12. Trade Receivables

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good (Including from Holding Company ₹ 405.18 Mns, March 31, 2019 - ₹ 513.99 Mns)	2,024.03	2,242.59
Significant increase in credit risk	-	-
Credit impaired	226.56	149.33
Total	2,250.59	2,391.93
Less: Allowances for Doubtful Receivables (Refer Note 40B (i))	(226.56)	(149.33)
Total Trade Receivables	2,024.03	2,242.59

Note:

- No Trade receivables are due from directors and other officers of the company either severally or jointly with any other person.
- For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer Note 46 of related party transactions.
- The Carrying amount of trade receivables is pledged as security for borrowings. (Refer Note 22)
- Trade Receivables are non interest bearing and are generally with the credit period of 30 to 60 days.

Notes to financial statements

for the year ended March 31, 2020

13. Cash and Cash Equivalents

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	4.06	3.63
Balance With Banks:		
- In Current Accounts	187.27	7.26
	191.33	10.89

14. Bank Balances other than above

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Bank held as margin money/ security	15.28	6.22
Deposit with Banks with more than 3 months but less than 12 months*	77.53	95.77
	92.81	101.99

* Deposits with Banks has been earmarked for specified use related to business, as per the shareholder agreement between Gati Limited and Kintetsu World Express (S) Pte. Ltd.

15. Other Financial Assets

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, Considered Good unless Otherwise Stated)		
Advance to Employees	2.50	1.83
Interest Accrued on Deposit/ Investment	1.09	0.95
Earnest Money Deposits	0.99	1.66
Other Receivables*	84.97	65.63
(Including from Holding Company ₹ 37.85 Mns, March 31, 2019 - ₹ 18.47 Mns)		
* Includes management fees receivable from Holding Company, and other receivables from business partners		
Total	89.55	70.07

16. Other Current Assets

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, Considered Good unless Otherwise Stated)		
Advance against supply of Goods & Services	124.14	206.55
Less: - Allowances on advances	(21.86)	-
	102.28	206.55
Prepaid Expenses	29.56	37.86
Balances with Statutory Authorities	23.44	-
	155.28	244.41

Notes to financial statements

or the year ended March 31, 2020

17. Equity Share Capital

(₹ in mn)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorized:				
Equity Shares of ₹ 10/- each	7,50,000	7.50	7,50,000	7.50
		7.50		7.50
Issued:				
Equity Shares of ₹ 10/- each fully paid up	5,00,000	5.00	5,00,000	5.00
		5.00		5.00
Subscribed and Paid-up:				
Equity Shares of ₹ 10/- each fully paid up	5,00,000	5.00	5,00,000	5.00
	5,00,000	5.00	5,00,000	5.00

a) There has been no change / movements in number of shares outstanding at the beginning and at the end of the reporting period.

b) Terms /Rights attached to Shareholders

The Company has only one class of issued shares i.e. Equity Shares having par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

c) Gati Limited is the Holding Company of this Company as at 31st March 2020, 3,50,000 shares (PY 3,50,000 shares) are held by the holding company.

d) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

(₹ in mn)

Equity Shares of ₹ 10 each fully paid	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Shares at the beginning of the year	5,00,000	5.00	5,00,000	5.00
Shares at the end of the year	5,00,000	5.00	5,00,000	5.00

e) Details of shareholders holding more than 5% shares in the Company:

(₹ in mn)

Equity Shares of ₹ 10 each fully paid held by Name of the Shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Gati Limited	3,50,000	70%	3,50,000	70%
Kintetsu World Express (S) Pte. Ltd.	1,30,000	26%	1,30,000	26%

f) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

g) The company has neither allotted any equity shares for consideration other than cash nor has issued any bonus shares nor has bought back any shares during the period of five years preceding the date at which Balance Sheet is prepared.

h) No calls are unpaid by any directors or officers of the company during the year.

18. Other Equity

(₹ in mn)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Securities Premium	1,783.60	1,783.60
General Reserve	172.02	172.02
Retained Earnings	1494.54	1,710.43
	3,450.15	3,666.05

Notes to financial statements

for the year ended March 31, 2020

18. Other Equity (Contd..)

The description, nature and purpose of each reserve within other equity are as follows: -

Securities Premium

Securities premium is used to record the premium on issue of equity shares. The same can be utilised in accordance with the provisions of The Companies Act, 2013.

General Reserve

General reserve is the retained earnings of the company, which are kept aside out of the Company's profit to meet future (known or unknown) obligations.

Retained Earnings

Retained earnings comprise of net accumulated profit / (loss) of the company, after declaration of dividend.

19. Non Current Borrowings

(₹ in mn)

Equity Shares of ₹ 10 each fully paid	As at March 31, 2020		As at March 31, 2019	
	Non - Current	Current Maturities	Non - Current	Current Maturities
Secured				
i) Term Loan From Banks	234.99	121.90	103.53	60.40
ii) Term Loan From Others	14.70	9.85	-	-
iii) Vehicle Loan From Banks	180.38	77.33	146.09	55.97
iv) Vehicle Loan from Others	39.39	23.75	62.14	22.96
v) Finance lease Obligation (Refer Note 36)	-	-	116.27	27.97
Total (A)	469.46	232.83	428.03	167.30
Amount disclosed under the head "Other Current Financial Liabilities" (Refer Note 24)		-232.83		-167.30
Total (B)	-	-232.83	-	-167.30
	469.46	-	428.03	-

Particulars of Nature of security

- i) a) Rupee Term Loan from Bank is repayable in 8 quarterly instalment of ₹14.37 Mn between April 2020 to December 2021. The primary security being subservient charge on current assets and fixed assets of the company to the extent of 100% coverage on loan amount and collateral being property at Peenya, Bangalore. The above term loan is guaranteed by the Holding company. The loan carries interest one year MCLR+145bps.
- b) Rupee Term Loan from Bank is repayable in 16 quarterly instalment of ₹12.5 Mn between April 2020 to June 2024. The primary security being subservient charge on current assets and fixed assets of the company to the extent of 100% coverage on loan amount and collateral being property at Peenya, Bangalore. The above term loan is guaranteed by the Holding company. The loan carries interest one year MCLR+125bps.
- c) Rupee Term loan from Bank is hypothecated to its underlying fixed assets and is repayable in 36 monthly equal instalment of ₹ 0.25 Millions between April 2020 to March 2023 for equipment financing, and the underlying assets are hypothecated. The loan carries interest rate of one year MCLR+250bps.
- d) Rupee Term loan from Bank is hypothecated to its underlying fixed assets and is repayable in 36 monthly equal instalment of ₹ 1.25 Millions between April 2020 to March 2023 for equipment financing, and the underlying assets are hypothecated. The loan carries interest rate of one year 18%.
- ii) Rupee Term loan from other financial institution is hypothecated to its underlying fixed assets and is repayable in 28 monthly equal instalment of ₹ 0.98 Millions between April 2020 to July 2022 for equipment financing, and the underlying assets are hypothecated. The loan carries interest rate of Long term lending rate (LTLR) less 9.25% as announced by the institution from time to time.

Notes to financial statements

or the year ended March 31, 2020

19. Non Current Borrowings (Contd..)

iii) & iv) Vehicles are hypothecated against the Vehicle loans from Banks & other financial institutions.

v) The current year finance lease obligation is disclosed in Note 20, as per Ind AS 116, which is effective from April 1, 2019. Finance lease obligation is secured by hypothecation of leased vehicles.

20. Lease Liabilities

(₹ in mn)

Equity Shares of ₹ 10 each fully paid	As at March 31, 2020		As at March 31, 2019	
	Non - Current	Current Maturities	Non - Current	Current Maturities
Lease Obligation (Refer Note 36)	580.57	95.97	-	-
Total	580.57	95.96	-	-

21. Provisions

(₹ in mn)

Equity Shares of ₹ 10 each fully paid	As at March 31, 2020	As at March 31, 2019
Employee Benefits		
Gratuity (Refer Note 37)	47.74	46.63
Leave Encashment	27.71	27.29
Total	75.45	73.92

22. Current Borrowings

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
i) Working Capital facilities from Banks		
- Cash Credit	1,249.58	971.98
Total	1,249.58	971.98

a) Working Capital Borrowings in rupees is secured by book debts and other current assets of the company on pari-passu charge with all working capital lenders under multiple banking arrangement. Weighted average rate of interest is 9.3%.

23. Trade Payables

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
For Goods and Services		
Total outstanding dues of micro enterprises and small enterprises (Refer Note No..38)	10.97	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (including acceptances)		
(a) Acceptances	135.66	223.14
(b) Others	726.18	864.22
	872.81	1087.36

Notes to financial statements

for the year ended March 31, 2020

24. Other Financial Liabilities

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long-term Borrowing Term Loan (Refer Note 19)	232.83	139.33
Current Maturities of Finance Lease Obligation	-	27.97
Interest Accrued but not due on borrowings	5.51	4.43
Employee Related Liabilities	149.59	185.05
Security Deposits	235.85	186.31
	623.78	543.09

25. Other Current Liabilities

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	118.74	57.73
Others	214.34	229.03
	333.08	286.76

26. Provisions

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Employee Benefits		
Gratuity (Refer Note 37)	9.26	7.01
Leave Encashment	8.29	13.33
	17.55	20.34

27. Revenue from Operations

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of Services		
Freight and other service charges [including from Holding Company ₹ 522.89 Mns (Previous year ₹ 558.03 Mns)]	11,002.77	11,809.73
Supply Chain Management services	516.28	396.94
Total (A)	11,519.05	12,206.67
Other Operating Revenue		
Miscellaneous Income	31.92	40.47
Management fees	43.30	40.89
Total (B)	75.22	81.36
Grand Total (A) + (B)	11,594.27	12,288.03

Notes to financial statements

or the year ended March 31, 2020

27. Revenue from Operations (Contd..)

A. Revenue from contracts with customers disaggregated based on revenue stream and by reportable segment

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue based on product & services		
1. Segment Revenue (Net Sale / Income from each Segment)		
a) Express Distribution	11,519.05	12,206.67
b) Other Operating Revenues	75.22	81.36
Total	11,594.27	12,288.03
Revenue based on Geography		
India	11,594.27	12,288.03
Overseas	-	-
Total	11,594.27	12,288.03
Reconciliation of Revenue from Operation with contract price		
Revenue as per contract price	11,942.31	12,569.07
Less:		
Discounts	13.42	15.88
Credit note	198.20	252.22
Unsatisfied performance obligation	211.64	94.29
Revenue from Operation	11,519.05	12,206.67

Transaction Price - Unsatisfied Performance Obligation

The Company's unsatisfied performance obligations mainly arises on account of undelivered shipments. The aggregate value of transaction price allocated to the unsatisfied performance obligations as at March 31, 2020 is ₹ 211.64 Mn, which is expected to be recognised during next year.

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract Assets		
Trade receivables	17.24	32.07
Less: Impairment allowances	2,250.59	2,391.92
	(226.56)	(149.33)
Total	2,024.03	2,242.59

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognised as revenue as and when the performance obligation is satisfied.

28. Other Income

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from financial assets at amortised cost		
Deposits with Bank	11.14	8.34
Unwinding of financial asset	6.76	21.99
Other Non Operating Income		
Rent	2.03	2.28
Liabilities no longer required - written back	23.01	13.23
Others	3.10	1.34
Total	46.04	47.18

Notes to financial statements

for the year ended March 31, 2020

29. Operating Expenses

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Freight (Including to Holding Company ₹ 12.79 Mn, Previous year ₹ 116.32 Mn)	6,742.70	7,597.70
Vehicles' trip expenses	624.01	359.22
Handling Charges	243.15	206.44
Vehicles' taxes	5.54	8.74
Vehicles' Insurance	4.12	2.57
Tyres and Tubes	5.92	3.07
Supply Chain Management services	352.38	285.19
Claims for Loss & Damages (Net)	61.64	93.85
Other Operating Expenses	86.13	105.49
Total	8,125.59	8,662.28

30. Employee Benefits Expense

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, Wages & Bonus	1,404.78	1,393.97
Contribution to Provident and Other Funds	116.13	79.80
Staff Welfare Expenses	27.14	26.32
Total	1,548.05	1,500.09

31. Finance Costs

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expenses		
Term Loans	59.65	27.21
Working Capital Loans	140.56	148.81
Finance lease obligation	-	14.60
Lease liabilities	84.59	-
Other Borrowing cost	4.39	2.64
Total	289.19	193.26

32. Depreciation and Amortisation Expense

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on Property, Plant and Equipment (Refer Note 4A)	189.81	164.72
Depreciation on Right-of-Use Asset (Refer Note 4C)	117.89	-
Amortisation of Intangible Assets (Refer Note 6)	16.67	14.86
	324.37	179.58

Notes to financial statements

or the year ended March 31, 2020

33. Other Expenses

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Lease Rentals (Refer Note 36)	556.02	662.95
(Including to Holding Company ₹ 44.5 Mns Previous year ₹ 49.16 Mns)		
Rates and Taxes	33.35	20.20
Insurance	13.20	11.21
Telephone expenses	13.17	16.86
Printing and Stationery	28.84	29.06
Travelling expenses	53.74	62.00
Professional and Legal expenses	51.70	58.82
Advertisement Expenses	26.78	31.46
Office Maintenance and Repairs	177.71	181.09
Electricity Expenses	92.90	93.63
Automation Network Expenses	51.23	56.15
Miscellaneous Expenses	82.65	96.16
Loss on disposal of Property, Plant and Equipment (Net)	3.59	0.22
Directors' Sitting fees	0.85	0.99
Commission to Non-Whole-Time Directors	-	0.65
Remuneration to Auditors (Note 33.1)	3.56	3.20
Allowance for Doubtful receivables	84.83	5.97
Allowance for other financial assets	21.86	-
Bad debts and irrecoverable balances written off	52.51	24.51
Less: - Provision for loss allowance recognized in earlier years	(7.61)	(24.51)
Corporate Social Responsibility Expenditure (Refer Note 33.2)	7.05	9.38
Donations	3.60	3.60
Total (A)	1,351.53	1,343.60
REPAIRS & MAINTENANCE		
Vehicles	11.58	13.25
Plant and Equipments	13.65	11.55
Buildings	0.70	1.40
Computers	60.98	48.83
Total (B)	86.91	75.03
Total (A) + (B)	1,438.44	1,418.62

33.1 Payment to Auditor (excluding Goods and Service Tax)

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statutory Audit fees	1.45	1.43
Taxation matters	0.61	0.61
Other matters	1.14	0.99
Reimbursement of out of Pocket Expenses	0.36	0.17
	3.56	3.20

33.2 Corporate Social Responsibility Expenditure

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spent by the company during the year {including carried forward unspent amount of previous years} (A)	21.45	22.28
Amount Spent during the year ended on March 31, 2020 (B)		
i) Construction/Acquisition of any asset	-	-
ii) On purpose other than (i) above	7.05	9.38
	7.05	9.38
Accumulated amount unspent at the year end	14.40	12.90

Notes to financial statements

for the year ended March 31, 2020

34. TAX EXPENSES

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit Before Tax	(85.33)	381.38
Income Tax expenses recognised in Statement of Profit and Loss		
Current Tax	11.66	97.80
Deferred Tax	(19.24)	13.47
Total	(7.58)	111.27
Income Tax expenses recognised in Other Comprehensive Income		
Deferred tax expenses on remeasurements of defined benefit plans	(2.68)	(3.65)
Total	(2.68)	(3.65)
Grand Total	(10.26)	107.62
Profit After Tax	(77.75)	270.11
Other Comprehensive Income (Net of Tax)	(7.95)	(6.89)
Total Comprehensive Income	(85.70)	263.22

34.1 Reconciliation of Income Tax expense for the year with book profits

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) before Tax	(85.33)	381.38
Applicable Tax Rate	25.17%	34.94%
Tax Expense	(21.48)	133.25
Tax Effect of :		
Expenses non-deductible for tax purposes	12.15	3.10
Expenses allowable for tax purposes	(10.50)	(19.44)
Reversal of opening deferred tax due to change in tax rate	11.28	-
Other Adjustments	0.96	(5.65)
Current Tax provision (A)	(7.58)	111.27
Effective Tax Rate	8.9%	29.18%

34.2 The Company opted to exercise the option permitted under section 115BBA of the Income Tax Act, 1961 as introduced by the Taxation laws (Amendment) Ordinance, 2019 and has taken 25.168% rate of corporate tax in its accounts. Accordingly, the company has recognized provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets/liabilities on the basis of above option.

35. Contingent liabilities and commitments

(I) Contingent liabilities (to the extent not provided for)

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Claim against the Company not acknowledged as debt		
(i) Income tax Demand disputed in appeals (includes amount paid under protest and adjustments of Rs. 39.80Mn, Previous Year - 39.80 mn)	179.40	179.40
(ii) Indirect Tax demand disputed in appeals	30.26	-
(iii) Pending Litigations	42.89	19.23
Total	252.55	198.64

Notes:

- Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. Also, the Company does not expect any reimbursement in respect of the above contingent liabilities.

Notes to financial statements

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35. Contingent liabilities and commitments (Contd..)

(I) Contingent liabilities (to the extent not provided for) (Contd..)

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(b) Bank Guarantee*	21.08	31.99

* Bank Guarantee is issued to meet certain business obligations towards government agencies and certain customers.

- (c) There has been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. During the current year ended March 31, 2020, Company is in compliance with same. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, was not ascertainable and consequently no effect was given in the accounts.

(II) Commitments

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Commitment for acquisition of Property, Plant & Equipments and Intangible assets (Net of advances)		
Towards Property, Plant & Equipment	2.35	38.90
Towards Intangible Assets	6.20	14.12
	8.55	53.03

- (b) For lease commitments Refer Note 36

36. Leases

Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31st March 2019 have not been retrospectively adjusted.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 1st April, 2019 is 12%.

In the Statement of profit or loss for the current year, operating lease expenses which were recognized as other expenses in previous years are now recognized as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The impact of adoption of this standard is as follows on the reported profit for the year: -

(₹ in mn)

Particulars	Comparable Basis	Ind AS Effect	As Reported
Finance Cost	215.70	73.49	289.19
Depreciation and Amortisation expenses	230.76	93.61	324.37
Other Expenses	1,564.14	(125.70)	1,438.44
Total Expenses	2,010.60	41.40	2,052.00
Profit Before Tax	(43.93)	(41.40)	(85.33)

Notes to financial statements

for the year ended March 31, 2020

36. Leases (Contd..)

The changes in the carrying value of right of use (ROU) assets for the year ended 31st March, 2020 are disclosed in Note 4C

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019 *
ROU Balance at the beginning of the year	149.62	37.94
Opening balance reclassified on account of adoption of Ind AS 116	612.39	-
Additions	-	135.12
Depreciation during the year	(117.89)	(23.38)
Deletions	(1.30)	(0.06)
ROU Balance at the end of the year	642.82	149.62
Lease liabilities at the beginning of the year	144.24	37.78
Additions	612.39	134.28
Interest cost accrued during the year	84.59	14.60
Payment of lease liabilities	(164.68)	(42.42)
Deletion	-	-
Lease liabilities at the end of the year	676.54	144.24
Current lease liabilities	95.97	27.97
Non-current lease liabilities	580.57	116.27
Total Lease liabilities	676.54	144.24

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases or cancellable in nature was 667.39 Mns for the year ended 31st March, 2020.

The table below provides details regarding the contractual maturities of lease liabilities as of 31st March, 2020 on an undiscounted basis:

(₹ in mn)

Maturity Analysis for Leases	As at March 31, 2020	As at March 31, 2019
(a) Undiscounted contractual cashflows		
i) Not later than one year	171.97	39.20
ii) Later than one year but not later than five years	538.52	134.48
iii) Later than five years	298.76	-
Total (a)	1,009.25	173.68
(b) Interest on lease liability		
i) Not later than one year	76.00	11.23
ii) Later than one year but not later than five years	197.78	18.22
iii) Later than five years	58.93	-
Total (b)	332.71	29.45
(c) Principal portion of lease liability		
i) Not later than one year	95.97	27.97
ii) Later than one year but not later than five years	340.73	116.26
iii) Later than five years	239.84	-
Total (c) = (a-b)	676.54	144.23

* Represents disclosures for finance leases for FY 2018-19

Future lease commitments - All leases other than included above are of either low value or cancellable at the option of the lessee.

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37. Disclosure as required under Ind AS -19 on employee benefits

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Statement of Assets and Liabilities for defined benefit obligation		
Net defined benefit obligation - Gratuity Plan	(113.33)	(93.88)
Net defined benefit asset - Gratuity Plan	56.33	40.25
Total employee benefit (liabilities) / Assets	(57.00)	(53.63)

(₹ in mn)

Defined contribution	As at March 31, 2020	As at March 31, 2019
Provident/Pension fund	78.34	49.19
Superannuation fund	3.59	4.32
Employee state insurance	13.83	11.73
	95.76	65.24

Defined benefits - Gratuity

The Company provides gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India.

These defined benefit plans expose the Company to actuarial risks, such as interest risk and market (investment) risk.

The Company expects to contribute ₹ 12 Mn to Gratuity Fund in the next year.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Statement of Profit and Loss, actuarial assumptions and other information.

(₹ in mn)

Reconciliation of the net defined benefit (asset)/ liability:	As at March 31, 2020	As at March 31, 2019
(I) Reconciliation of present value of defined benefit obligation		
(a) Balance at the beginning of the year	93.89	84.49
(b) Current service cost	12.65	9.82
(c) Interest cost	7.05	6.46
(d) Benefits paid	(12.27)	(16.53)
(e) Actuarial (gains)/ losses recognised in other comprehensive income		
change in demographic assumptions	(0.03)	
change in financial assumptions	7.05	6.44
experience adjustments	4.99	3.21
Balance at the end of the year	113.33	93.89
(II) Reconciliation of present value of plan assets		
(a) Balance at the beginning of the year	40.25	38.71
(b) Actual return on plan assets	4.40	2.07
(c) Contributions by the employer	12.00	16.00
(d) Benefits paid	(12.27)	(16.53)
(e) Acquisition Adjustment	11.95	-
Balance at the end of the year	56.33	40.25

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37. Disclosure as required under Ind AS -19 on employee benefits (Contd..)

(₹ in mn)

Reconciliation of the net defined benefit (asset)/ liability:	As at March 31, 2020	As at March 31, 2019
(III) Net asset/ (liability) recognised in the Balance Sheet		
(a) Present value of defined benefit obligation	(113.33)	(93.88)
(b) Fair value of plan assets	56.33	40.25
Net defined benefit obligations in the Balance Sheet	(57.00)	(53.63)
(IV) Expense recognised in Statement of Profit or Loss		
(a) Current service cost	12.65	9.82
(b) Past service cost	-	-
(c) Interest cost	7.05	6.46
(d) Interest income	(3.02)	(2.96)
Amount charged to Profit or Loss	16.68	13.32
(V) Remeasurements recognised in Other Comprehensive Income		
(a) Actuarial gain / (loss) on defined benefit obligation	12.01	9.65
(b) Return on plan asset excluding interest income	(1.38)	0.89
Amount recognised in Other Comprehensive Income	10.63	10.54
(VI) Plan assets		
Plan assets comprise of the following:		
(a) Investments with LIC	100%	100%
(VII) Actuarial assumptions		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
(a) Discount rate	6.50%	7.50%
(b) Future salary growth	4.00%	4.00%
(c) Retirement age (years)	58	58
(d) Withdrawal rates	9%	9%

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

(IX) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

(₹ in mn)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
(a) Discount rate (1% movement)	(7.06)	7.97	(5.60)	6.26
(b) Future salary growth (1% movement)	7.91	(7.12)	6.24	(5.66)
(c) Withdrawal assumption (1% movement)	0.87	(0.99)	1.06	(1.21)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown.

(₹ in mn)

Expected cash flows over the next (valued on undiscounted cash flows)	As at March 31, 2020	As at March 31, 2019
1 year	18.41	12.27
2 to 5 year	49.30	47.64
6 to 10 year	46.51	42.21
more than 10 years	76.40	66.33

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38. Due to Micro enterprises and small enterprises

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year :		
Principal amount due to micro and small enterprises	10.97	-
Interest due on above	-	-
Total	10.97	-
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

Dues to Micro, small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. (March 31, 2019 - Nil).

39. Dividend

(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
The final dividend proposed for the year is as follows:		
Amount of dividend proposed (excluding tax on dividend on equity shares)	-	108.0
Dividend per equity share (In ₹)	-	216.0

The Board of Directors at its meeting held on 23-06-2020 have decided not to recommend any final dividend on equity shares for financial year 2019-20 with a view to conserve cash to be deployed in business due to heightened uncertainty caused by Covid - 19.

40. Financial instruments - fair values and risk management

A. Category wise classification of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2020

(₹ in mn)

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets at amortised cost	Other financial liabilities at amortised cost	
Financial assets not measured at fair value					
Loans	-	-	330.61	-	330.61
Trade receivables	-	-	2,024.03	-	2,024.03
Cash and cash equivalents	-	-	191.33	-	191.33
Other bank balances	-	-	92.81	-	92.81
Other financial assets	-	-	89.55	-	89.55
	-	-	2,728.33	-	2,728.33
Financial liabilities not measured at fair value					
Borrowing	-	-	-	1,951.87	1,951.87
Lease liabilities	-	-	-	676.54	676.54
Trade payables	-	-	-	872.81	872.81
Other financial liabilities	-	-	-	385.44	385.44
	-	-	-	3886.66	3886.66

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40. Financial instruments - fair values and risk management (Contd..)

A. Category wise classification of financial instruments (Contd..)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2019
 (₹ in mn)

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets at amortised cost	Other financial liabilities at amortised cost	
Financial assets not measured at fair value					
Loans	-	-	273.22	-	273.22
Trade receivables	-	-	2,242.59	-	2,242.59
Cash and cash equivalents	-	-	10.89	-	10.89
Other bank balances	-	-	101.99	-	101.99
Other financial assets	-	-	70.07	-	70.07
	-	-	2,698.76	-	2,698.76
Financial liabilities not measured at fair value					
Borrowing	-	-	-	1,567.31	1,567.31
Trade payables	-	-	-	1,087.36	1,087.36
Other financial liabilities	-	-	-	371.36	371.36
	-	-	-	3,026.03	3,026.03

Financial instruments measured at amortised cost

The carrying amount of the financial asset and financial liabilities measured at amortised cost in the financial statements are a reasonably approximation of their fair value since the company does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk management framework

The Company's principal financial liabilities includes borrowings, lease liabilities, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that derive directly from its operations.

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans & Deposits given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

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40. Financial instruments - fair values and risk management (Contd..)

B. Financial risk management (Contd..)

(i) Credit risk (Contd..)

a) Trade receivables

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Company uses expected credit loss model to assess the impairment loss or gain in accordance with Ind AS 109. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

The movement of Trade Receivables and Expected Credit Loss are as follows :

Particulars	(₹ in mn)	
	As at March 31, 2020	As at March 31, 2019
Trade Receivables (Gross)	2,250.59	2,391.92
Less: Expected Credit Loss	226.56	149.33
Trade Receivables (Net)	2,024.03	2,242.59

(₹ in mn)	
Reconciliation of loss allowance provision (Trade receivables)	Amount
Loss Allowance on 1st April 2018	167.88
Change in Loss allowance	(18.55)
Loss Allowance as on March 31, 2019	149.33
Change in Loss allowance	77.23
Loss Allowance as on March 31, 2020	226.56

b) Loans (Security deposits given)

The Company has security deposits with lessors for leased premises at the year end. The credit worthiness of such lessors is evaluated by the management on an ongoing basis and is considered good.

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars	Carrying Amount	Contractual cashflows			
		Total	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	1,951.87	1,951.87	1,482.41	469.46	-
Lease liabilities	676.54	676.54	95.97	340.73	239.84
Trade payables	872.81	872.81	872.81	-	-
Other financial liabilities	385.44	385.44	385.44	-	-
	3,886.66	3,886.66	2,836.63	810.19	239.84

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for the year ended March 31, 2020

40. Financial instruments - fair values and risk management (Contd..)

B. Financial risk management (Contd..)

(ii) Liquidity risk (Contd..)

(₹ in mn)

Particulars	Carrying Amount	Total	Contractual cashflows		
			Less than 1 year	1 to 5 years	More than 5 years
Borrowings	1,567.31	1,567.31	1,139.28	428.03	-
Trade payables	1,087.36	1,087.36	1,087.36	-	-
Other financial liabilities	371.36	371.36	371.36	-	-
	3,026.03	3,026.03	2,598.00	428.03	-

(iii) Floating exchange rate and interest rate risk

Floating exchange rates

Floating exchange rate risk is the risk that changes in market prices - such as interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

There is no foreign currency exposure outstanding at the year end (Previous year - Nil). The Company does not have any foreign currency exposure and hence, is not exposed to any foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:
(₹ in mn)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed rate instruments		
Financial assets	-	-
Financial liabilities		
Vehicle Loan From Banks	257.71	202.06
Vehicle Loan from Others	63.14	85.10
Lease liabilities (refer note 36)	676.54	144.24
	997.39	431.40
Variable rate instruments		
Financial assets	-	-
Financial liabilities		
Term Loan From Banks	356.89	163.93
Term Loan From Others	24.55	-
Cash Credit	1,249.58	971.98
	1,631.02	1,135.91
	2,628.41	1,567.32

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or the year ended March 31, 2020

40. Financial instruments - fair values and risk management (Contd..)

B. Financial risk management (Contd..)

(iii) Floating exchange rate and interest rate risk (Contd.,)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

(₹ in mn)

Particulars	Effect on profit before tax		Effect on Equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Variable rate instruments - increase by 100 basis points	16.31	11.36	16.31	11.36
Variable rate instruments - decrease by 100 basis points	(16.31)	(11.36)	(16.31)	(11.36)

The sensitivity analysis above has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year.

41. Capital management

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders, debt includes current maturities of long term borrowings.

The Company monitors capital on the basis of the following gearing ratio.

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Borrowings (includes current maturities of long term borrowing)	1,951.87	1,567.31
Less:-		
Cash and cash equivalents	191.33	10.89
Bank Balances other than Cash and cash equivalents	92.81	101.99
Net Debt	1,667.73	1,454.43
Equity	3,455.15	3,671.05
Debt to equity ratio	0.48	0.40

42. Earnings per Share

(₹ in mn)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) for the year	(77.75)	270.11
Weighted average number of shares (Nos.)	5,00,000	5,00,000
Basic and Diluted Earnings Per Share (In ₹)	(155.50)	540.23
Nominal value of shares outstanding (In ₹)	10	10

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- 43. a)** The managerial remuneration paid to the Executive chairman and a Deputy Managing Director of the company for the year ended March 31, 2020 has exceeded the limit prescribed under section 197 read with Schedule V of the Companies Act, 2013 by ₹ 40.31 Mn, pending necessary approvals for the excess remuneration from members of the company, no adjustment to the financial statements has been made.
- b)** An amount of Rs 14.09 Mn is recoverable from Executive Chairman, towards excess payment of managerial remuneration of ₹ 6.30 Mn for 2016-2017 and ₹ 7.79 Mn for 2017-2018, ₹ 6.30 Mn has since been received. The excess remuneration is arising out of a contractual obligation as part of the conditions of service extended to pay remuneration as agreed and as per legal opinion this is not a loan under section 185. Necessary steps are being taken to recover the amount.
- 44.** The Company has initiated recovery of overdue advances given ₹ 73.23 Mn to a party in an earlier year and out of which ₹ 43.71 Mn is outstanding as of 31st March, 2020. Out of the amount receivable, the management has provided ₹ 21.86 Mn in books of accounts. The management has sent a further legal notice to recover the total outstanding amount.
- 45.** The COVID-19 pandemic is rapidly spreading throughout the world. The operations of the Company were impacted, due to shutdown of all operating units and distribution centres, following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31st March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

46. Related party disclosures

(A) Names of related parties and description of relationship for the year ended March 31, 2020

a) Holding Company

Gati Limited

b) Fellow Subsidiaries

- i) Gati Kausar India Ltd
- ii) Gati Import Export Trading Ltd
- iii) Gati Cargo Express (Shanghai) Co. Ltd

c) Entities in which Key Managerial Personnel & their relatives able to exercise significant influence

- i) Giri Road lines and Commercial Trading Private Limited
- ii) TCI Hiways Pvt.Ltd.
- iii) Gati Academy
- iv) Jaldi Traders & Commerce House Pvt Ltd.
- v) Share India
- vi) P.D.Agarwal Foundation
- vii) Solaflex Solar Energy Private Limited
- viii) ABC India Ltd

d) Entities having Significant Influence over Company

- i) All Cargo Logistics Limited

e) Entities under common influence /control with the company

- i) Kintetsu. World Express (India) Pvt. Ltd.
- ii) TCI Telenet Solutions Pvt Ltd

f) List of Key Managerial Personnel:

Whole-time directors

- i) Mr. Mahendra Agarwal
- ii) Mr. Bala Subramanian Aghoramurthy

Non Whole-time directors

- i) Mr. R Ramachandran
- ii) Ms. Sheela Bhide
- iii) Mr. Kok Seng Tan
- iv) Mr. SushilKumar Jiwrajka (Appointed on 19.09.2019 & Resigned on 05.12.2019)

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46. Related party disclosures (contd..)

(B) Summary of the transactions with related parties:

Sl. No.	Particulars	Key Managerial Personnel & Relatives		Entities in which Significant Influence Exists		Entities under common influence /control with the company		Holding Company		Fellow Subsidiaries		Total
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	
		(₹ in mn)										
(i) EXPENDITURE												
a) Rent												
	TCI Finance Ltd	-	0.18	-	-	-	-	-	-	-	-	0.18
	Giri Roadlines & Commercial Trading Pvt Ltd	-	6.39	6.26	-	-	-	-	-	-	-	6.39
	Jaldi Traders & commerce house Pvt Ltd	-	15.04	14.86	-	-	-	-	-	-	-	15.04
	P.D.Agarwal Foundation	-	1.05	0.25	-	-	-	-	-	-	-	1.05
	TCI Telenet Solutions Pvt Ltd	-	-	-	3.60	3.60	-	-	-	-	-	3.60
	Gati Limited	-	-	-	-	-	44.50	49.16	-	-	-	44.50
	ABC India Limited	0.25	-	-	-	-	-	-	-	-	-	0.25
												70.83
												74.30
b) Remuneration												
	Mahendra Agarwal*	34.06	33.33	-	-	-	-	-	-	-	-	34.06
	Bala Subramanian Aghoramurthy(#)	30.38	14.99	-	-	-	-	-	-	-	-	30.38
												14.99
	Sitting Fees											
	Sheela Bhide	0.37	0.43	-	-	-	-	-	-	-	-	0.37
	R Ramachandran	0.41	0.56	-	-	-	-	-	-	-	-	0.41
	Sushilkumar Jivrajika	0.07	-	-	-	-	-	-	-	-	-	0.07
												65.29
												49.30
c) Fuel Expenses												
		-	-	-	-	-	0.14	0.19	-	-	-	0.14
d) Freight Expenses												
	TCI Hi-Ways Pvt Ltd	-	-	45.13	-	-	-	-	-	-	-	-
	Gati Kausar India Ltd	-	-	-	-	-	-	-	3.78	15.27	-	3.78
	Gati Limited (Railway Expenditure)	-	-	-	-	-	12.79	116.32	-	-	-	12.79
												16.57
												176.72
e) Management Fees												
		-	-	-	-	-	14.28	14.37	-	-	-	14.28
f) Manpower Expenses												
	Gati Academy	-	60.18	68.09	-	-	-	-	-	-	-	60.18
g) Donation												
	Share India	-	3.60	3.60	-	-	-	-	-	-	-	3.60
												68.09
												68.09
												3.60
												3.60

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for the year ended March 31, 2020

46. Related party disclosures (contd..)

(B) Summary of the transactions with related parties:

Sl. No.	Particulars	Key Managerial Personnel & Relatives		Entities in which Significant Influence Exists		Entities under common influence /control with the company		Holding Company		Fellow Subsidiaries		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
h)	Employees Compensation Cost	-	-	-	-	-	-	1.79	3.23	-	-	1.79	3.23
i)	Electricity Expenditure	-	-	1.17	1.21	-	-	-	-	-	-	1.17	1.21
	Solaflex Solar Energy Private Limited												
	(ii) INCOME												
a)	Freight												
	Kintetsu World Express (India) Pvt Limited	-	-	-	-	70.52	54.30	-	-	-	-	70.52	54.30
	Gati Limited	-	-	-	-	-	-	522.89	558.03	-	-	522.89	558.03
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	73.72	76.08	73.72	76.08
	b) Warehouse Income											667.13	688.41
	Gati Academy	-	-	1.00	1.23	-	-	-	-	-	-	1.00	1.23
	TCI Hi-Ways Pvt Ltd	-	-	0.37	0.39	-	-	-	-	-	-	0.37	0.39
	Kintetsu World Express (India) Pvt Limited	-	-	-	-	36.20	31.59	-	-	-	-	36.20	31.59
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	0.66	0.66	0.66	0.66
	Fozal Power Private Limited	-	-	-	-	-	0.16	-	-	-	-	-	0.16
	Gati Cargo Express (Shanghai) Co. Ltd	-	-	-	-	-	-	-	-	2.82	1.14	2.82	1.14
	c) Other Operating Income											41.05	35.17
	Gati Limited (Management Fee)	-	-	-	-	-	-	43.30	40.88	-	-	43.30	40.88
	d) Interest Income											43.30	40.88
	'Jaldi Traders & commerce house Pvt Ltd	-	-	1.13	-	-	-	-	-	-	-	1.13	-
	(iii) Dividend Paid											1.13	-
	Kintetsu World Express (India) Pvt. Ltd	-	-	-	-	4.32	4.96	-	-	-	-	4.32	4.96
	Gati Limited	-	-	-	-	-	-	75.60	86.71	-	-	75.60	86.71
												79.92	91.67

(₹ in mn)

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for the year ended March 31, 2020

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46. Related party disclosures (contd..)

(C) Summary of closing balances with related parties:

Sl. No.	Particulars	Key Managerial Personnel & Relatives		Entities in which Significant Influence Exists		Entities under common influence /control with the company		Holding Company		Fellow Subsidiaries		Total			
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	
		(₹ in mn)													
(iv) a) Sundry Debtors															
	TCI Hi Ways Pvt Ltd	-	-	0.10	0.08	-	-	-	-	-	-	-	-	0.10	0.08
	Gati Academy	-	-	(0.03)	-	-	-	-	-	-	-	-	-	(0.03)	-
	Kintentsu World Express (India) Pvt Limited	-	-	-	-	26.90	14.85	-	-	-	-	-	-	26.90	14.85
	Gati Limited	-	-	-	-	-	-	405.18	513.99	-	-	-	-	405.18	513.99
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	19.57	29.43	-	-	19.57	29.43
														451.72	558.35
b) Other Receivables															
	Mr. Mahendra Agarwal	24.65												24.65	-
	Gati Limited							37.85						37.85	-
	Gati Kausar India Ltd									3.41				3.41	-
	Gati Import Export Trading Limited									0.24				0.24	-
	Gati Cargo Express (Shanghai) Co. Ltd	-	-	-	-	-	-	-	-	0.61	0.74	-	-	0.61	0.74
														66.76	0.74
c) Deposits Given															
	Solaflex Solar Energy (P) Ltd	-	-	2.00	2.00	-	-	-	-	-	-	-	-	2.00	2.00
	Jaldi Traders & Commerce House Pvt Ltd	-	-	9.32	12.12	-	-	-	-	-	-	-	-	9.32	12.12
	TCI Telenet Solutions (P) Ltd	-	-	-	-	1.80	1.80	-	-	-	-	-	-	1.80	1.80
	Gati Limited	-	-	-	-	-	-	71.93	71.93	-	-	-	-	71.93	71.93
														85.05	87.85
d) Sundry Creditors															
	TCI Hi-Ways Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share India	-	-	0.30	0.30	-	-	-	-	-	-	-	-	0.30	0.30
	TCI Finance Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Giri Road lines and Commercial Trading Pvt Ltd	-	-	0.57	-	-	-	-	-	-	-	-	-	0.57	-
	Gati Limited	-	-	-	-	-	-	27.85	1.16	-	-	-	-	27.85	1.16
	Gati Kausar India Ltd	-	-	-	-	-	-	-	-	0.24	0.92	-	-	0.24	0.92
	Solaflex Solar Energy (P) Ltd	-	-	0.20	0.11	-	-	-	-	-	-	-	-	0.20	0.11

Notes to financial statements

for the year ended March 31, 2020

46. Related party disclosures (contd..)

(C) Summary of closing balances with related parties:

Sl. No.	Particulars	Key Managerial Personnel & Relatives		Entities in which Significant Influence Exists		Entities under common influence /control with the company		Holding Company		Fellow Subsidiaries		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	Jaldi Traders & Commerce House Pvt Ltd			-									
	TCI Telenet Solutions Pvt Ltd					0.32						0.32	
	P.D.Agarwal Foundation					0.94						0.94	
	Gati academy			-	1.39	5.05	-	-	-	-	-	1.39	5.05
	R Ramachandran			0.03	-	-	-	-	-	-	-	-	0.03
	Sheela Bhide			0.03	-	-	-	-	-	-	-	-	0.03
	ABC India Limited	0.02										0.02	-
	e) Other Operational Advances											31.83	7.60
	TCI Hi-Ways Pvt Ltd			-	43.71	43.88	-	-	-	-	-	43.71	43.88
	Less: - Provision on Advances				(21.86)							(21.86)	-
	f) Corporate Guarantee taken			-	-	-	-	315.00	381.27	-	-	21.85	43.88
												315.00	381.27

Note:

This is to confirm that the above transactions are (i) comprehensive and have been reviewed by Internal Auditors of the Company; (ii) in the ordinary course of Business and at arm's length; (iii) in compliance with applicable regulatory / statutory requirements including the Company's policy on Related Party Transactions.

The Management confirms that requisite test to determine the arms length has been done and documented and where required confirmation from the external experts has been obtained for such determination.

Related Party Transactions for which approval of the Audit Committee has been taken are well within the ambit of Omnibus Approval given by the Audit committee.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given for FY 2019-20.

The remuneration of directors is determined by the Nomination & Remuneration Committee having regard to the performance of individuals and market trends.

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or the year ended March 31, 2020

- 47.** The Company's Chief Operating Decision Maker (CODM) has identified one business segment viz. Express distribution and there is no other reporting segment.
- 48.** Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the current year's presentation.
- 49.** The financial statement are approved for issue by the Audit Committee at its meeting held on June 23, 2020 and by the Board of Directors at its meeting held on June 23, 2020.

As per our report of even date

For Singhi & Co.

Chartered Accountants
ICAI Firm Registration No: 302049E

Anurag Singhi

Partner
Membership no: 066274

Place: Kolkata
Date: June 23, 2020

For and on behalf of the Board of Directors

Mahendra Agarwal

Executive Chairman
DIN: 00179779

Place: Hyderabad
Date: June 23, 2020

Bala Aghoramurthy

Deputy Managing Director
DIN: 06960138

If undelivered please return to :



Regd. & Corporate Office :
Gati-Kintetsu Express Private Limited
First Floor, Plot No. 20, Survey No. 12,
Kothaguda, Kondapur, Hyderabad - 500084.
Tel: 040 7120 4284, Fax: 040 2311 2318
e-mail: investor.services@gati.com
CIN: U62200TG2007PTC056311

