

Financial Statements and Independent Auditor's Report

**Gati Kausar India Limited**

31 March 2017

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# Walker Chandiook & Co LLP

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## **Independent Auditor's Report**

**To the Members of Gati Kausar India Limited**

### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Gati Kausar India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (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 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.



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## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

## Opinion

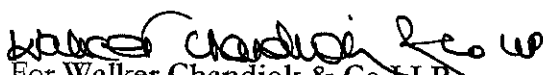
8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

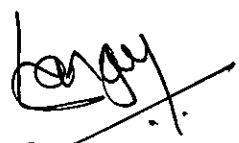
## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;

# Walker Chandio & Co LLP

- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 2 May 2017 as per Annexure B expressed an unmodified opinion;
- g. 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. or the Company does not have any pending litigation which would impact its financial position
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. the Company, as detailed in note 26 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

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

  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660

Place: Hyderabad  
Date: 2 May 2017

## Annexure A to the Independent Auditor's Report of even date to the members of Gati Kausar India Limited, on the financial statements for the year ended 31 March 2017

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of certain block of assets capitalized during the year.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

Annexure B to the Independent Auditor's Report of even date to the members Gati Kausar India Limited, on the financial statements for the year ended 31 March 2017

## **Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Gati Kausar India Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

*W*

# Walker Chandiok & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members Gati Kausar India Limited, on the financial statements for the year ended 31 March 2017

## Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

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

## Opinion

8. In our opinion, the Company has, in all material respects, adequate IFCoFR and such IFCoFR were operating effectively as at 31 March 2017, based on IFCoFR criteria established by the company considering the essential components of internal control stated in the Guidance noted issued by the ICAI.

  
For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

  
per Sanjay Kumar Jain  
Partner

Membership No.: 207660

Place: Hyderabad

Date: 2 May 2017



**Gati Kausar India Limited**

**Balance Sheet as at 31 March 2017**

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March	
		2017	2016
<b>I Equity and liabilities</b>			
<b>1 Shareholders' funds</b>			
a. Share capital	3	74,578,950	74,578,950
b. Reserves and surplus	4	4,730,347	158,359,902
<b>Total Shareholders' funds</b>		<b>79,309,297</b>	<b>232,938,852</b>
<b>2 Non-current liabilities</b>			
a. Long-term borrowings	5	626,283,853	627,659,513
b. Other long-term liabilities	5(a)	77,390,435	27,954,105
c. Long-term provisions	6	2,300,000	1,732,206
<b>Total non-current liabilities</b>		<b>705,974,288</b>	<b>657,345,824</b>
<b>3 Current liabilities</b>			
a. Short-term borrowings	7	7,407,538	19,918,497
b. Trade payables			
- total outstanding dues of micro and small enterprises		6,800,390	9,175,801
- total outstanding dues of creditors other than micro and small enterprises			
c. Other current liabilities	8	40,946,582	79,324,238
<b>Total current liabilities</b>		<b>55,154,510</b>	<b>108,418,536</b>
<b>Total</b>		<b>840,438,095</b>	<b>998,703,212</b>
<b>II Assets</b>			
<b>1 Non-current assets</b>			
a. Tangible assets	9	540,643,536	229,468,760
b. Capital work-in-Progress		34,714,447	165,593,147
c. Non-current investments	10	10,000	10,000
d. Long-term loans and advances	11	29,863,695	47,275,876
<b>Total non-current assets</b>		<b>605,231,678</b>	<b>442,347,783</b>
<b>2 Current Assets</b>			
a. Current investment	12	-	342,946,381
b. Inventories	13	3,395,612	1,786,705
c. Trade receivables	14	119,964,426	76,221,894
d. Cash and bank balances	15	88,061,400	119,607,732
e. Short-term loans and advances	11	13,705,654	5,918,365
f. Other current assets	16	10,079,325	9,874,352
<b>Total current assets</b>		<b>235,206,417</b>	<b>556,355,429</b>
<b>Total</b>		<b>840,438,095</b>	<b>998,703,212</b>

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

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

*Walker Chandoik & Co. LLP*  
For Walker Chandoik & Co. LLP

Chartered Accountants

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner

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

*Manish Agarwal* *Mahendra Agarwal*  
Manish Agarwal Mahendra Agarwal  
Whole-time Director Managing Director  
DIN: 06573302 DIN: 00179779

*Arun Kumar Thirani*  
Arun Kumar Thirani  
Chief Financial Officer and Company Secretary

Place: Hyderabad  
Date: 2 May 2017

Place: Hyderabad  
Date: 2 May 2017

**Gati Kausar India Limited****Statement of Profit and Loss for the year ended 31 March 2017**

(All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March	
		2017	2016
Revenue from operations		420,247,372	457,537,302
Other income	17	20,367,648	36,779,356
<b>I Total Revenue</b>		<b>440,615,020</b>	<b>494,316,658</b>
<b>Expenses</b>			
Operating expenses	18	370,127,854	376,981,309
Employee benefits expense	19	47,255,386	38,349,603
Finance costs	20	41,387,756	37,159,925
Depreciation	9	62,068,955	49,834,542
Other expenses	21	23,968,294	31,949,299
<b>II Total Expenses</b>		<b>544,808,245</b>	<b>534,274,678</b>
<b>III Loss before tax</b>		<b>(104,193,225)</b>	<b>(39,958,020)</b>
Tax expense		-	-
<b>IV Loss for the year</b>		<b>(104,193,225)</b>	<b>(39,958,020)</b>
<b>V Earnings per equity share [EPES]</b>			
Basic and diluted	30	(16)	(6.15)
Nominal value per equity share		10	10

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

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

*Walker Chandoik & Co. LLP*  
 For Walker Chandoik & Co. LLP  
 Chartered Accountants

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

*Sanjay Kumar Jain*  
 per Sanjay Kumar Jain  
 Partner

*Manish Agarwal*

Manish Agarwal  
 Whole-time Director  
 DIN: 06573302

*Mahendra Agarwal*

Mahendra Agarwal  
 Managing Director  
 DIN: 00179779

*Arun Kumar Thirani*  
 Arun Kumar Thirani  
 Chief Financial Officer and Company Secretary

Place: Hyderabad  
 Date: 2 May 2017

Place: Hyderabad  
 Date: 2 May 2017

**Gati Kausar India Limited****Cash Flow Statement for the year ended 31 March 2017**

(All amounts in ₹ unless otherwise stated)

	For the year ended 31 March	
	2017	2016
<b>Cash flow from operating activities</b>		
Loss before tax	(104,193,225)	(39,958,020)
<b>Adjustments:</b>		
Depreciation	62,068,955	49,834,542
Interest expense	36,597,207	31,799,433
Gain on sale of fixed assets	(913,906)	(12,395,000)
Provision towards doubtful receivables and advances	7,124,168	10,799,305
Provision/(reversal) for employee benefits	567,794	(56,034)
Dividend income	(3,689,019)	(3,347,675)
Interest income	(13,449,961)	(20,977,763)
<b>Operating (loss)/profit before working capital changes</b>	<b>(15,887,987)</b>	<b>15,698,788</b>
Increase in trade receivables	(50,266,700)	(18,428,371)
(Increase)/decrease in inventories	(1,608,907)	2,916,902
(Increase)/decrease in other current assets	(1,181,500)	(1,734,348)
(Increase)/decrease in long-term loans and advances	(2,600,233)	(4,531,500)
Increase in short-term loans and advances	(8,387,289)	(740,143)
Increase/(decrease) in other current liabilities	(1,214,221)	6,895,184
Decrease in trade payables	(2,375,411)	(349,113)
<b>Cash used in operations</b>	<b>(83,522,248)</b>	<b>(272,601)</b>
Income taxes, paid	(6,203,779)	(7,961,105)
<b>Net cash used in operating activities (I)</b>	<b>(89,726,027)</b>	<b>(8,233,706)</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible assets including capital work-in-progress	(224,566,614)	(178,031,137)
Interest received	16,102,002	26,638,212
Proceeds from sale of fixed assets	2,420,000	13,400,270
Investment in liquid mutual funds	-	(470,103,295)
Redemption of liquid mutual funds	342,946,381	152,465,879
Dividend income received	3,689,018	3,347,675
Redemption of fixed deposits	29,989,479	177,755,239
<b>Net cash generated from/(used in) investing activities (II)</b>	<b>170,580,266</b>	<b>(274,527,157)</b>

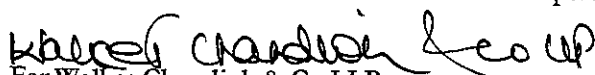
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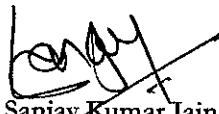

**Gati Kausar India Limited****Cash Flow Statement for the year ended 31 March 2017**

(All amounts in ₹ unless otherwise stated)

	For the year ended 31 March	
	2017	2016
<b>Cash flow from financing activities</b>		
Proceeds from long-term borrowings	14,478,125	350,000,000
Repayment of long-term borrowings	(47,644,634)	(55,548,565)
Proceeds from/(repayment) of short-term borrowings, net	(12,510,959)	19,439,710
Interest paid	(36,733,624)	(31,341,664)
<b>Net cash generated from/(used in) financing activities (III)</b>	<b>(82,411,092)</b>	<b>282,549,481</b>
<b>Net decrease in cash and cash equivalents (I + II + III)</b>	<b>(1,556,853)</b>	<b>(211,382)</b>
Cash and cash equivalents at the beginning of the year	2,065,438	2,276,820
<b>Cash and cash equivalents at the end of the year (refer note 1)</b>	<b>508,585</b>	<b>2,065,438</b>
<b>Note 1:</b>		
Cash and bank balances as per note 15	88,061,400	119,607,732
Less: Other bank balances	87,552,815	117,542,294
<b>Cash and cash equivalents considered for the purpose of cash flow</b>	<b>508,585</b>	<b>2,065,438</b>

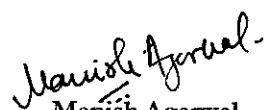

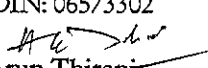
This is the Cash Flow Statement referred to in our report of even date.

  
For Walker Chandiook & Co LLP  
Chartered Accountants

  
per Sanjay Kumar Jain  
Partner

Place: Hyderabad  
Date: 2 May 2017

For and on behalf of the Board of Directors of  
**Gati Kausar India Limited**

   
**Manish Agarwal** **Mahendra Agarwal**  
Whole-time Director Managing Director  
DIN: 06573302 DIN: 00179779  
  
**Arun Thirani**  
Chief Financial Officer and Company Secretary

Place: Hyderabad  
Date: 2 May 2017

## **Gati Kausar India Limited**

### **Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

#### **1. Company overview**

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

#### **2. Summary of significant accounting policies**

##### **a) Basis of preparation of financial statements**

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India ("ICAI"). The accounting policies applied by the Company are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of business, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

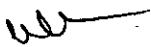
##### **b) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful receivables, future obligations under employee retirement benefit plans, the useful lives of fixed assets and classification of assets and liabilities into current and non-current.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

##### **c) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price, freight, non refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.



**Gati Kausar India Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**d) Depreciation**

Depreciation on fixed assets is provided pro-rata to the period of use, on the straight-line method, at the rates specified in Schedule II to the Act. Depreciation on sold/discarded fixed assets is provided for up to the date of sale /discarded as the case may be.

**e) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f) Investments**

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

**g) Revenue recognition**

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

***Sale of services***

Income from transportation, storage and handling activities are accrued on completion of the service.

***Interest income***

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rates applicable.

***Dividend income***

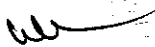
Dividend from investment in shares and in liquid mutual funds is recognized when the right to receive the payment is established.

**h) Cash and cash equivalents**

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

**i) Inventories**

Stores and spare parts are valued at cost, calculated on weighted average basis. Cost includes purchase price including duties and taxes, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.



**Gati Kausar India Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**j) Employee benefits**

*Provident fund*

The Company contributes to the provident fund maintained by the Regional Provident Fund Commissioner, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the eligible employees. There are no other obligations of the Company other than the contributions made to the funds.

*Employee state insurance*

The Company contributes to the Employees State Insurance Fund maintained by the state authorities, in accordance with Employees State Insurance Act, 1948. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense on accrual basis. There are no other obligations of the Company other than the contributions made to the funds.

*Gratuity*

Gratuity is a post-employment defined benefit plan. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the period in which such gains or losses arises.

*Compensated absences*

The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated to be availed in future. The scheme is considered as a long term benefit. The compensated absences comprises of vesting as well as non vesting benefit and the liability is determined in accordance with the rules of the Company and is based on actuarial valuations made by an independent actuary using the projected unit method at the balance sheet date.

**k) Borrowing cost**


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

Debenture issue costs and the premium on redemption of debentures are adjusted against the available Securities Premium Account in accordance with the provisions of section 52 of the Companies Act, 2013. All other borrowing costs are charged to Statement of Profit and Loss over the tenure of the borrowing.

**l) Taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.



**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**m) Earnings per equity share**

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

**n) Segment reporting**

Segments are identified in line with AS-17 'Segment Reporting', taking into consideration the internal organization and management structure as well as different risk and returns of the segment.

**o) Leases**

Leases where the lessor effectively retains all risk and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the period of lease.

**p) Foreign currency transactions***Initial recognition*

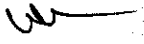
Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

*Conversion*

Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

*Exchange differences*

Exchange differences arising on the settlement of all other short-term foreign currency monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements. These could be recognized as income or expenses in the year in which they arise.





**Gati Kausar India Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹, unless otherwise stated)

**q) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**r) Provisions and contingent liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

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**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**3 Share capital**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Authorized share capital</b>				
Equity shares of ₹ 10 each	7,500,000	75,000,000	7,500,000	7,500,000
Preference Shares of ₹ 10 each	1,000,000	10,000,000	1,000,000	10,000,000
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	6,525,658	65,256,580	6,525,658	65,256,580
2% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of ₹ 10 each	932,237	9,322,370	932,237	9,322,370
	<b>7,457,895</b>	<b>74,578,950</b>	<b>7,457,895</b>	<b>74,578,950</b>

**(a) Reconciliation of shares**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Equity shares of ₹10 each</b>				
Balance at the beginning and end of the year	6,525,658	65,256,580	6,525,658	65,256,580
<b>CCCPS of ₹10 each</b>				
Balance at the beginning and end of the year	932,237	9,322,370	932,237	9,322,370

**(b) Terms and rights attached to equity shares**

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

**(c) Terms and rights attached to CCCPS**

The Company has only one class of CCCPS having a par value of ₹10 per share and having a right to receive 2% cumulative dividend on the face value. Holders of CCCPS can opt to convert its shares into equity shares at a price determined using a pre-determined formula at any time on happening of any event specified in the Share Subscription and Shareholder's Agreement.

**(d) Details of shares held by holding company**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Equity shares of ₹10 each</b>				
Gati Limited	5,212,526	52,125,260	5,212,526	52,125,260

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

**Gati Kausar India Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

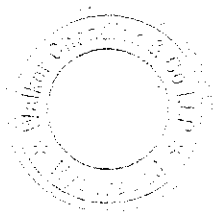
**(e) Shareholders holding more than five percent shares in the Company**

	31 March 2017		31 March 2016	
	Number	%	Number	%
<b>Equity share of ₹10 each</b>				
Gati Limited	5,212,526	79.88%	5,212,526	79.88%
Mandala Capital AG Limited	1,305,132	20.00%	1,305,132	20.00%
<b>CCCPS of ₹10 each</b>				
Mandala Capital AG Limited	932,237	100%	932,237	100%

**4 Reserves and surplus**

	31 March 2017	31 March 2016
<b>Securities premium account</b>		
Balance at the beginning of the year	367,168,931	389,284,131
Less: Provision for Premium payable on redemption of Debentures	49,436,330	22,115,200
Balance at the end of the year	<b>317,732,601</b>	<b>367,168,931</b>
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year	(208,809,029)	(168,851,009)
Add: loss for the year	(104,193,224)	(39,958,021)
Balance at the end of the year	<b>(313,002,253)</b>	<b>(208,809,029)</b>
	<b>4,730,348</b>	<b>158,359,902</b>

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**Gati Kausar India Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**5. Long-term borrowings**

		31 March 2017	31 March 2016
<b>Secured</b>			
<b>Debentures</b>			
590 (31 March 2016: 590) non-convertible debentures of Rs.1,000,000 each	(a)	590,000,000	590,000,000
Vehicle loans from Banks		51,362,107	84,528,616
	(b)	51,362,107	84,528,616
<b>Total long-term borrowings</b>	(a+b)	641,362,107	674,528,616
Less: Current maturities of long-term borrowings (note 8)		15,078,254	46,869,103
		<b>626,283,853</b>	<b>627,659,513</b>

**(a) Details of non-convertible debentures**

The Company has issued 590 (31 March 2016: 590) secured, rated, redeemable, transferable, non-convertible debentures (NCDs) of face Value of Rs. 1,000,000 each fully paid up to Mandala Agribusiness Investments II Ltd. The Company has allotted 350 NCDs on 29 February 2016; 180 NCDs on 01 January 2015 and 60 NCDs on 09 October 2014.

The NCDs are secured by way of first charge on all the assets of the Company other than exempted assets (as defined in the bond subscription agreement) and second charge on the exempted assets. Further, Gati Limited has pledged 2,562,826 (31 March 2016: 2,562,826) equity shares of ₹10 each held in the Company.

The NCDs have coupon rate of 5.65% per annum (31 March 2016: 5.65%) payable on a quarterly basis. The NCDs are redeemable at a premium at the end of five years from the date of issue. The redemption premium is 8% per annum and shall (if not voluntarily paid annually) be compounded annually up to the date of redemption.

The Company has option to extend the term of a portion of NCDs by a period of two years subject to certain conditions laid out in the bond subscription agreement. Also, under certain circumstances, the Company has an option to redeem the NCDs at any time after expiry of one year from the date of issue.

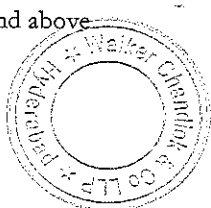
**(b) Details of secured vehicle loans**

*Security and details*

Loans availed from banks are fully secured by way of hypothecation of specific vehicles against which loan is availed. These loans carry interest in the range of 9.41% to 12% (31 March 2016: 10.50% to 12.00) per annum.

*Terms of repayment*

	31 March 2017	31 March 2016
with-in 1 year	15,078,254	46,869,103
1 to 3 years	36,283,853	25,305,716
3 years and above	-	12,353,797
<b>Total</b>	<b>51,362,107</b>	<b>84,528,616</b>



**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**6 Long-term provisions**

	31 March 2017	31 March 2016
Provision for employee benefits		
- for gratuity	1,850,000	1,390,012
- for leave encashment	450,000	342,194
	<u>2,300,000</u>	<u>1,732,206</u>

**7 Short-term borrowings**

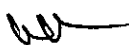
	31 March 2017	31 March 2016
From banks (secured cash credit facility)	7,407,538	19,918,497
	<u>7,407,538</u>	<u>19,918,497</u>

Secured by hypothecation of specific vehicles of the Company and charge on the current assets along with the corporate guarantee extended by Gati Limited. The loan is repayable on demand and carries an interest rate of 10.77% (31 March 2016: 12%) per annum.

**8 Other current Liabilities**

	31 March 2017	31 March 2016
Current maturities of long-term borrowings	15,078,254	46,869,103
Interest accrued but not due	321,352	457,769
Statutory dues	1,733,137	1,867,048
Due to related parties	118,269	1,798,068
Creditors for capital expenditure	15,214,997	20,451,166
Due to employees	5,747,311	4,926,081
Liabilities for expenses	2,733,262	2,955,003
	<u>40,946,582</u>	<u>79,324,238</u>

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**Gati Kausar India Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**9 Tangible assets**

	Land	Building	Plant & Machinery	Fleet	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
<b>Gross block</b>									
As at 31 March 2015	-	-	-	546,030,574	2,651,311	564,968	2,467,877	2,255,139	553,969,869
Additions	-	-	-	2,472,407	33,015	2,101,969	-	1,184,376	5,791,767
Disposals *	-	-	-	71,957,573	-	-	-	-	71,957,573
As at 31 March 2016	-	-	-	476,545,408	2,684,326	2,666,937	2,467,877	3,439,515	487,804,063
Additions	33,963,900	196,810,051	128,253,816	-	1,712,668	13,430,161	-	2,430,477	376,601,073
Disposals*	-	-	-	57,892,649	-	-	1,663,780	-	59,556,429
As at 31 March 2017	33,963,900	196,810,051	128,253,816	418,652,759	4,396,994	16,097,098	804,097	5,869,992	804,848,707
<b>Accumulated depreciation</b>									
Upto 31 March 2015	-	-	-	277,033,918	1,092,941	151,559	189,474	985,172	279,453,064
Depreciation charge	-	-	-	48,205,745	357,770	256,995	306,552	707,480	49,834,542
Reversal on disposals*	-	-	-	70,952,303	-	-	-	-	70,952,303
Upto 31 March 2016	-	-	-	254,287,360	1,450,711	408,554	496,026	1,692,652	258,335,303
Depreciation	-	4,830,177	4,033,358	50,337,864	595,076	1,013,689	137,923	1,120,868	62,068,955
Reversal on disposals*	-	-	-	55,813,162	-	-	385,925	-	56,199,087
Upto 31 March 2017	-	4,830,177	4,033,358	248,812,062	2,045,787	1,422,243	248,024	2,813,520	264,205,171
<b>Net block</b>									
Upto 31 March 2016	-	-	-	222,258,048	1,233,615	2,258,383	1,971,851	1,746,863	229,468,760
Upto 31 March 2017	33,963,900	191,979,874	124,220,458	169,840,697	2,351,207	14,674,855	556,073	3,056,472	540,643,536

\*Comprises of gross block to the extent of ₹32,176,975 (31 March 2016: ₹17,079,277) and accumulated depreciation to the extent of ₹31,109,081 (2016: ₹ 16,074,007), reclassified to assets held for sale.

**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**10 Non-current investments**

	31 March 2017	31 March 2016
In equity shares (Non-trade, quoted, valued at cost)		
1,000 (31 March 2016: 1,000) equity shares of ₹10/- each fully paid up in State Bank of India	10,000	10,000
Aggregate amount of quoted investments	10,000	10,000
Market value of quoted investments	292,600	194,300

**11 Loans and Advances**

	31 March 2017	31 March 2016
<b>Long-term</b>		
(Unsecured, considered good)		
Security deposits	9,071,793	6,471,560
Capital advances	5,255,608	31,471,801
Advance tax, net	15,536,294	9,332,515
	29,863,695	47,275,876
<b>Short-term</b>		
(Unsecured, considered good)		
Advances for purchases and expenses	9,427,557	5,645,184
Security deposit	4,000,000	-
Other advances	278,097	273,181
(a)	13,705,654	5,918,365
(Unsecured, considered doubtful)		
Advances for purchases and expenses	3,987,581	3,387,581
Less: Provision for doubtful advances	(3,987,581)	(3,387,581)
(b)	-	-
(a+b)	13,705,654	5,918,365

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**Gati Kausar India Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**12 Current investments**

	31 March 2017	31 March 2016
<b>Other current investments (Non-trade, unquoted, valued at cost)</b>		
Nil (31 March 2016: 1,236,820) units in ICICI Prudential Liquid Mutual Fund	-	130,770,416
Nil (31 March 2016: 100,458) units in Franklin India Treasury Management Account- Super Institutional Plan	-	100,530,254
Nil (31 March 2016: 1,104,213) units in Birla Sun Life-Cash Plus-Daily Dividend Regular Plan- Reinvestment	-	110,636,645
Nil (31 March 2016: 10,071) units in Birla Sun Life-Cash Plus-Daily Dividend Direct Plan- Reinvestment	-	1,009,066
	-	<b>342,946,381</b>

**13 Inventories**

	31 March 2017	31 March 2016
Stores and spares (at cost)	3,395,612	1,786,705
	<b>3,395,612</b>	<b>1,786,705</b>

**14 Trade receivables**

	31 March 2017	31 March 2016
Due for a period exceeding six months		
Unsecured, considered good	6,778,584	4,285,856
Unsecured, considered doubtful	15,387,569	9,876,444
Less: Provision for doubtful receivables	(15,387,569)	(9,876,444)
	6,778,584	4,285,856
Other debts (Unsecured, considered good)	113,185,842	71,936,038
	<b>119,964,426</b>	<b>76,221,894</b>

**15 Cash and bank balances**

	31 March 2017	31 March 2016
<b>Cash and cash equivalents</b>		
Balances with banks		
- on current accounts	470,109	1,952,730
Cash on hand	38,476	112,708
	508,585	2,065,438
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months	87,552,815	117,542,294
	<b>88,061,400</b>	<b>119,607,732</b>

**16 Other current assets**

	31 March 2017	31 March 2016
Interest earned but not due on fixed deposits	584,596	3,236,637
Prepaid expenses	2,763,644	5,312,341
Assets held for sale	1,675,514	1,005,270
Others	5,055,571	320,104
	<b>10,079,325</b>	<b>9,874,352</b>



**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

<b>17 Other income</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Interest income	13,449,961	20,977,763
Dividend income	3,689,019	3,347,675
Gain on sale of fixed assets	913,906	12,395,000
Other non-operating income	1,354,044	-
Miscellaneous income	960,718	58,918
	<b>20,367,648</b>	<b>36,779,356</b>
<b>18 Operating expenses</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Vehicle running expenses	293,109,336	311,925,567
Tyres and tubes	14,289,799	11,678,925
Vehicle hire charges	-	6,556,024
Power and fuel	4,966,058	-
Security Charges	482,381	-
Labour charges	1,168,689	-
Rent	4,519,313	-
Stores and spares	39,062,239	35,105,054
Other expenses	12,530,039	11,715,739
	<b>370,127,854</b>	<b>376,981,309</b>
<b>19 Employee benefit expense</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Salaries and wages	43,071,626	35,589,485
Gratuity	352,531	-
Contribution to provident and other funds	1,595,379	1,538,358
Staff welfare expenses	2,235,850	1,221,760
	<b>47,255,386</b>	<b>38,349,603</b>

**(a) Defined contribution plan**

During the year ended 31 March 2017, the Company has contributed ₹1,417,009 (31 March 2016: ₹1,258,459) towards provident fund and ₹178,370 (31 March 2016: ₹279,899) towards Employees' State Insurance.

**(b) Defined benefit plan**

The Company has an unfunded defined plan, viz. gratuity for its employees. Every employee who has completed five years or more of services gets a gratuity on departure at 15 days salary (last drawn monthly basic salary) for each completed year of service subject to a limit prescribed under the Gratuity Act, 1972.

The assumptions used in accounting for gratuity plan are set out as below:

	<b>31 March 2017</b>	<b>31 March 2016</b>
Retirement age	58 years	58 years
Salary escalation rate	8%	7%
Attrition rate	7%	7%
Discount rate	8%	8%

**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**22. Related party disclosures****(a) Names of the related parties and nature of relationship**

<b>Names of related</b>	<b>Nature of relationship</b>
Gati Limited	Holding Company
Mandala Agribusiness Investments II Ltd	Entity having significant influence
Gati-Kintetsu Express Private Limited	Fellow subsidiary
Manish Agarwal	Key Managerial Personnel
P.D. Agarwal Foundation	Entites in which a director has control or has significant influence
Solaflex Solar Energy Private Limited	Entites in which a director has control or has significant influence

**(b) Transactions with related parties**

	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Gati Limited</b>		
Management fee	816,775	992,079
Freight forwarding charges	-	1,865,628
<b>Mandala Agribusiness Investments II Ltd</b>		
Issue of Non-Convertible Debentures	-	350,000,000
Interest expense	33,335,000	15,347,729
Premium on redemption of debentures	49,436,330	22,115,200
Commitment charges	4,575,000	6,273,611
<b>P.D. Agarwal Foundation</b>		
Purchase of land	32,000,000	-
<b>Solaflex Solar Energy Private Limited</b>		
Security deposits	5,000,000	-
Interest on deposit	201,945	-
<b>Gati-Kintetsu Express Private Limited</b>		
Revenue from services	1,359,140	1,475,252
<b>Manish Agarwal</b>		
Remuneration paid	3,369,385	2,728,324
Rent	1,359,204	1,339,826

**(c) Balances receivable /(payable)**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Gati Limited	-	(1,196,071)
Mandala Agribusiness Investments II Ltd	(667,508,704)	(618,556,102)
Solaflex Solar Energy Private Limited	5,201,945	-
Gati-Kintetsu Express Private Limited	330,711	146,975

**Note:** Gati Limited, has extended corporate guarantee and pledged certain share of its holding in the Company in connection with the loans availed by the Company. Refer note 5 and note 7.



**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**23. Value of imports on CIF basis**

	31 March 2017	31 March 2016
Capital goods	197,260	18,874,637
	<b>197,260</b>	<b>18,874,637</b>

**24. Expenditure in foreign currency on accrual basis**

	31 March 2017	31 March 2016
Travelling expenses	547,284	264,540
	<b>547,284</b>	<b>264,540</b>

**25. Contingent liabilities and commitments**

	31 March 2017	31 March 2016
<b>Contingent liabilities</b>		
Arrears of dividend on CCCPS	466,119	279,671
<b>Commitments</b>		
a. Capital commitments	32,486,093	78,279,356

**b. The Company's obligation towards payment of lease rentals (excluding service taxes) over the remaining non-cancellable term of lease agreements is as follows:**

	31 March 2017	31 March 2016
Not later than one year	11,046,620	8,100,000
one year to five years	49,359,546	34,830,000
More than five years	214,998,525	107,394,191
	<b>275,404,691</b>	<b>150,324,191</b>

**c. The company has entered into a long term power purchase agreement with Solaflex Solar Energy Private Limited. The company shall purchase power at ₹.5.80 per unit with an escalation clause of 1.95% per annum for the next 20 years.****26 Disclosure on Specified Bank Notes(SBNs)**

During the year, the company had specified notes or other denomination note as defined in the MCA notification G.S.R.308(E) dated 31 March,2017 on the details of specified Bank Notes(SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	other denomination notes	Total
Closing cash in hand as on 8th November 2016	11,500	37,671	49,171
(+) Permitted receipts	-	148,500	148,500
(-) Permitted Payments	-	(176,965)	(176,965)
(-) Amount deposited in Banks	(11,500)	-	(11,500)
Closing cash in hand as on 30 December 2016	-	9,206	9,206

\*For the purpose of this clause, the term 'specified Bank Note' shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance, Department of Economics Affairs number S.O.3407(E),dated the 8th November 2016



**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**27. Segment reporting**

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

28. Based on information available with the Company, as at 31 March 2017, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

**29. Expenditure incurred during construction period, pending capitalisation**

	31 March 2017	31 March 2016
<b>Capital work-in-progress</b>		
Rent	3,859,433	5,435,771
Travelling and conveyance	55,136	3,032,382
Legal and professional charges	5,210,701	1,171,500
Interest expense	1,487,359	1,043,179
Salaries and wages	2,310,712	6,271,662
Others	4,842,157	593,536
<b>Closing balance</b>	<b>17,765,498</b>	<b>17,548,030</b>

*This space has been intentionally left blank*



**Gati Kausar India Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**30. Earnings per equity share [EPES]**

	31 March 2017	31 March 2016
a) Computation of loss for the year		
Loss for the year	(104,193,225)	(39,958,020)
Less: Dividend on CCCPS (including dividend distribution tax)	186,447	186,447
Loss attributable to equity shareholders	(104,379,672)	(40,144,467)

**b) Computation of weighted average number of equity shares in computation of basic and diluted earnings per equity share**

	31 March 2017	31 March 2016
Weighted average number of shares considered for computation of basic EPES	6,525,658	6,525,658
Add: Effect of potential dilutive shares*	-	-
Weighted average number of shares considered for computation of diluted EPES	6,525,658	6,525,658

\*In view of losses incurred during the year, potential equity shares are anti-dilutive in nature.

**c) Earnings per equity share [EPES]**

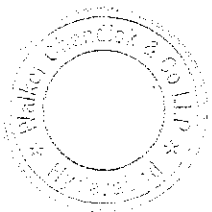
Basic EPES	(16)	(6.15)
Diluted EPES	(16)	(6.15)

**31. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.**

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

*Walker Chandni & Co LLP*  
For Walker Chandniok & Co LLP  
Chartered Accountants

per Sanjay Kumar Jain  
Partner



Place: Hyderabad  
Date: 2 May 2017

For and on behalf of the Board of Directors of  
**Gati Kausar India Limited**

*Manish Agarwal*  
**Manish Agarwal**  
Whole-time Director  
DIN: 06573302

*Arun Thirani*  
**Arun Thirani**  
Chief Financial Officer and Company Secretary

Place: Hyderabad  
Date: 2 May 2017

*Mahendra Agarwal*  
**Mahendra Agarwal**  
Director  
DIN: 00179779