

Management Discussion and Analysis Report

Indian Economy Review

The COVID-19 pandemic has caused an economic slowdown the world over. Following a 3.5% contraction caused by COVID-19 pandemic in 2020, global economic activity has gained significant momentum; however, it still remains well below pre-pandemic projections. India's GDP de-grew by 7.3% in 2020-21 compared to growth rate of 4% in 2019-20. Internally, the fallout of the pandemic has been severe, hitting various industries and affecting consumption across the board. The migrant labour crises which unfolded in the aftermath of the lockdown adversely affected various industries that were dependent on manual labour. While globally, the slowing down of the world economy, physical limitations placed by the COVID-19 virus on trans-border trade has contributed to the slow growth rate. The overall trade merchandise trade deficit for April-March 2020-21, declined from USD 161.3 bn to 98.6 bn.

However, against this situation due to the calibrated fiscal policies rolled out by the government, the growth prospects of the Indian economy are on the incline with a V-shaped recovery forecasted. While India's closed the year with forex reserves of USD 536 billion, the current reserves are at all-time high levels above \$ 600 bn, fourth largest country in the world. India entered the top-50 innovating countries for the first time in 2020 since the inception of the Global Innovation Index in 2007, ranking first in Central and South Asia, and third amongst lower middle-income group economies.

Outlook

The roll out of the vaccination drive in 1HCY21 has mitigated the threat of COVID-19 allowing the economy to pick up. The easing up of the lockdowns across the country and resilient adapting to the new normal, enabled economic activity to pick up across various sectors. The second wave in the first quarter of FY2021-2022 has slightly impacted the earlier forecasts of double digit growth rates expected by multiple economic and rating agencies. On account of impact from second wave of COVID IMF revised India's growth forecast from double digits 12.6% in April, 2021 to 9.5% in July, 2021. However, the projected growth remains one of the highest amongst the developing nations. Accelerated vaccination drive, normal monsoon and supportive regulatory policies are expected to give an impetus to the economy in the second half of FY 2021-22.

Indian Logistics Industry Overview

Logistics forms an integral activity for economic growth as it involves the management of flow of goods from the place of origination to the place of consumption and is a key factor driving business and economic growth. Businesses, big and small, are reliant on logistics to support various processes in the supply chain. The sector comprises shipping, port operation, warehousing, rail, road, air freight, express cargo and other value-added services.

From being a mere mover of items, with digitalization and the rise of e-commerce, logistics can now be viewed as a mover of businesses. As per NITI Aayog national level freight report, India logistics sector currently at ~USD 150 billion is expected to grow by 7% CAGR over next few years. The industry generates 4.6 billion tonnes of freight and over 3 trillion tonne kms, annually. The growth is expected on the back of various infrastructure and policy developments initiated at the national as well as state level. The cumulative effects of infrastructure creation, GST and e-way bill implementation are expected to bring in higher efficiencies and reduce turnaround times in the sector.

The Indian logistics industry is highly fragmented and unorganized. Owing to the presence of numerous unorganized players in the industry, it remains fragmented, with organized players accounting for approximately 10% of the total market share. With the consumer base encompassing a wide range of industries, including retail, automobile, telecom, pharmaceuticals and heavy industries, the logistics industry has been significant from an economic point of view and continues to be so as businesses open up and resume operations post the COVID-19 lockdown.

India has set its target to improve the logistics cost and bring it down from current 14% of the GDP to 10% of GDP by 2022. As India's logistics infrastructure and systems improve, logistics cost is expected to reduce, and the money spent would be reinvested into growth or consumption. On-time delivery logistics companies, relentless in their pursuit of efficiency and time-optimal operations, will lead the charge in improving how goods in India move from one point to the other at the same time would result in lower inventory costs.

The increased focus on ease of doing business in India holds strong promise for the logistics sector.

With a push for India's manufacturing prowess, in FY 2020, USD 20 billion was invested in India's manufacturing and infrastructure. And countries looking for alternatives to China for manufacturing could find a strong, viable option in India. Japan's announcement of adding India to the list of ASEAN countries to be eligible for subsidies for Japanese manufacturers moving out of China makes a strong case for this. A robust logistics sector would be necessary to support the growing manufacturing segment.

At present, 71% of India's freight is transported through road transport. Air express still remains niche due to the high cost involved. Express industry remains a niche premium segment within road transportation. The business has created moat around itself through establishment of complex hub & spoke movement of goods, seamless door-to-door movement across domestic and international regions, providing shipment tracking facilities and more importantly catering the need for time sensitive logistics

services. Within express, Surface remains dominant mode of transportation followed by air express.

The express industry is one of the fastest-growing segments in logistics with a revenue CAGR of 15% for the past five years and expected to grow much faster than that over the next five years. While surface express is expected to lead this growth, air is expected to continue maintain its long-term average growth rates (CAGR 7-8%). Air express got a boost in terms of volume and realization during the COVID-19 pandemic as demand increased for moving emergency supplies by air; however, supply was constrained by grounding of airlines. Both these segments together make up the express logistics segment, which has grown considerably since inception and has diversified in solutions as well. Interestingly it accounts for ~2% share in the global market, but is the fastest growing of all segments. E-commerce, emergence of global supply chains, increasing demand from Small and Medium-sized Enterprises (SMEs) and the Business-to-Business (B2B) segment will drive this growth.

Growth Drivers of the Industry

- **Digital Transformation:** Adoption of cutting edge digital technology like Artificial Intelligence, Machine Learning, IoT, data analytics, sensors among others, is revolutionizing the logistics industry. Digitalization simplifies processes, creates visibility, and enhances speed. Most importantly it increases the interface with customers and clients, building more trust. Chatbots especially are being adopted by logistics organisations to keep their clients informed of their shipments.
- **National Logistics Policy:** The National Logistics policy announced in the Union Budget FY 2020-21, which was to launch a single-window e-logistics market and focus on employment generation, skill development and efforts to make medium and small enterprises competitive, will soon be launched – most likely in FY 2021-22. In addition, policy interventions such as GST and the E-way bill encourage structural shifts to be enabled in the sector. The implementation of the GST has also led logistics companies to move from tax-optimized warehousing locations to cost-optimized warehousing facilities. It aims to promote seamless movement of goods across the country. It will focus on several areas such as process re-engineering, digitisation, focus on multi-modal transport, EXIM trade etc. and will look at improving logistics in core sectors. It will address many issues in a seamless manner. Effective implementation of the policy would help provide an impetus to trade, enhance export competitiveness, and improve India’s ranking in the Logistics Performance Index.
- **Infrastructure Development:** With a view to enhance ease of doing business, the government has been augmenting transport infrastructure in the country. There is increased spending on infrastructure development, to build ports, roads, multi-modal logistics parks and dedicated freight corridors. Despite pandemic, ministry of road transport and highways (MoRTH) has constructed record of 13,505 kms of national highways in FY 2020-21. Additionally for FY2021-22, it has already awarded 13,000 km length of roads, involving an investment of INR 3.3 lakh crore under Bharatmala project.

- **Upswing in e-commerce:** With growing internet penetration, internet users in India are expected to increase 622 million in 2020, to 900 million by 2025. Within internet users, online shoppers are expected to reach 220 million by 2025. The COVID-19 pandemic has brought about a shift in the consumer behaviour and consumption patterns in India. Accelerated by increased use of digital technology and shift in payments to a ‘Buy now, pay later’ model, e-commerce is set to grow from USD 60 billion in 2020 to about USD 188 billion by 2024, with mobile shopping estimated to grow by 21% annually over the next four years.
- **Increased demand for 3PL:** E-commerce had already revolutionised shopping from home by partnering with 3rd party logistics companies to deliver across India. The COVID-19 pandemic has significantly driven demand for online shopping of essentials through various e-commerce portals. Various industries like FMCG, pharma and the food industry have partnered with third party logistics companies to fulfil on time deliveries. And it seems this trend is here to stay, which means the demand for 3rd party logistic services will only keep rising.

Challenges Faced by the Logistics Industry in India

- The logistics sector requires greater coordination between transport networks, warehousing and distribution facilities and enhanced use of digital tools and technology to reduce overhead costs.
- Varying laws at the local, state and national levels creates challenges in implementing seamless logistics operations. Uniform rules and regulations need to be implemented across the country.
- Dearth of skilled labour in the logistics industry reduces efficiency and significantly lowers output.
- Companies often bear heavy losses due to damage to good from improper storage. Enhanced infrastructure therefore is crucial to cut losses and reduce overhead costs.

Logistics Industry in India Outlook

Although various industries went under due to the COVID-19 pandemic, the impact on the logistics sector has been less severe. The primacy of the logistics sector to any economic activity could be the reason. The boost in e-commerce during the pandemic, with even daily essentials being ordered online, has buoyed up the logistics sector creating greater demand for logistics and warehousing services.

However, the logistics sector has also borne the brunt of the pandemic with reduced manpower, greater inter-state travel restrictions and other inefficiencies in the logistics ecosystem.

With concerted efforts by the government to boost infrastructure and manufacturing in the country and attracting FDI for the same, the logistics curve would be on an incline. The government intends to invest USD 1.3 trillion over the next 5 years in infrastructure which is almost equal to Australia’s GDP.



The imminent rolling out of the National Logistics policy in the next financial year, will reduce the high logistics cost in India which has been a setback for the industry. It will therefore have an impact on the competitiveness of domestic goods in the international market.

About Gati

Founded in 1989, Gati is one of India’s premier Express Distribution companies. With a strong presence across Asia, including a nationwide coverage spanning the whole of India, Gati’s unparalleled network helps reach into the country’s hinterlands and create a unique advantage for businesses.

Allcargo Logistics is now the promoter and the single largest shareholder of Gati with 47% ownership, followed by KWE with about 3.5% shares in the company. Gati-Kintetsu Express Private Limited (Gati-KWE) is a Joint Venture between Gati – India’s pioneer and leader in Express Distribution and Supply Chain Solutions, and Kintetsu World Express (KWE) where KWE holds 30% stake in Gati-KWE and Gati holds the remaining 70%.

Gati’s integrated and IT-backed multi-modal network allows it to offer end-to-end supply chain solutions specific to varied business requirements. The strategic collaboration with Allcargo enables Gati to leverage the strengths of Allcargo’s global network operating in 180 countries and enhance its products and services portfolio.

Key business verticals of Gati include Express Distribution, E-commerce, Air Freight, Supply Chain Management, and Special Services (exclusive B2C services like Laabh, Bike Express, Student Express, and others). Its services and solutions have been designed to be flexible and scalable so as to meet the needs of different businesses across various sizes, locations and industry sectors.

What sets Gati apart are end-to-end solutions built over 30 years of experience and the expertise of a dedicated team of professionals spread across the country. With its focus on ensuring customer centricity and adopting digital technology, Gati endeavours to always offer safe, timely deliveries that exceed expectations.

The organization has always adhered to the highest ESG (Environmental, Social and Corporate Governance) standards and continues to direct efforts to enhance its people, technology, business processes and operations on a regular basis.

Gati’s Business Overview

Both, surface and air express show great potential

Due to reasons of practicality, surface express may be preferred to air express in many instances. Cost is possibly the most significant reason for this – delivery by road would cost a fraction of what air freight would cost. The greater loadbearing capacity of trucks comes in at a close second. Furthermore, with the government’s thrust on investing in developing extensive roadways, time taken for surface express could be far lesser as compared to the present. Moreover, India’s wide network of roads connecting different

geographies, is a better match for the penetrative reach that is necessary for the rising e-commerce businesses.

However, when it comes to critical cargo and time-sensitive transportation especially for pharmaceuticals and essential goods as well as electronic and auto supply chain elements, the need for reliable air freight solutions is likely to be higher. It would work well for organized logistics market leaders like Gati to focus on developing customized air express services catering to specific needs of diverse industry sectors. The revamp in Gati’s air freight business vertical with the launch of Gati Air, strengthened by connections to all of India’s commercial airports and partnerships with India’s leading domestic airlines augurs well for the company as well as its customers who can now rely on Gati for a combination of air and surface express to deliver time-urgent cargo to all parts of the country.

Indian Logistics Sector Developments to catalyse Gati’s business

- **Government thrust on infrastructure:** With a focus on building the country’s transport infrastructure through projects such as the creation of highways, freight corridors, logistics parks near ports, and utilising railways for logistics purposes, the logistics sector stands to gain. The government’s plan to reduce logistics overheads in the country is being executed through a series of infrastructure projects and the optimisation of existing resources. These will significantly enable companies like Gati whose forte is express distribution to ride on this infrastructure wave and keep improving its offerings while moving forward in its quest for seamless, end-to-end logistics.
- **Amendments to transport regulations:** In June 2020, in the 6th Amendment to the Central Motor Vehicles Act, the Ministry of Transport gave permission to increase the height and length of a number of vehicle segments in order to increase the load capacity of commercial goods carriers (up to 4.52 metres high for ISO Series 1 cargo container and up to 4 metres for other trucks). Due to this move, the dimensions of motor vehicles can be aligned to international standards and this is likely to improve the logistics efficiency of the country. Further, individuals who wish to get licenses for driving e-karts and e-rickshaws can now undergo training for a period of minimum 10 days and obtain a certificate from state government authorised institutions. This has the potential to reduce the environmental impact and make logistics more sustainable.
- **Technology Powering Logistics:** With the increasing adoption of technologies such as Artificial Intelligence (A.I), Blockchain Solutions, Machine Learning, India is slowly but steadily seeing the coming of Logistics 4.0. The adoption of technology in both arms of the Indian logistics sector: transportation and warehousing is driving efficiencies and delivering speed, visibility and is enhancing ease of operations as well as ease of doing business. The customer-driven demand for ease and comfort as also swift, convenient deliveries is accelerating the digital transformation of the logistics sector. The lower turnaround time (TAT) and zero margin for errors will also help to lower costs – an outcome the government is keen on arriving at to enhance profitability of the sector.

- **E-commerce driving demand for 3PL and 4PL services:** The logistics sector is one of the enablers of e-commerce and resultant retail boom that took place in the country. With the pandemic mandating physical safety, numerous businesses are trying to fill the gap created in the physical space. These online businesses are increasingly looking to outsource their logistics requirements to experienced, safe and reliable players, enabling them to focus on growing their business and their capacity. Gati, with its three decades of experience and multi-level presence in the supply chain is in a perfect position to leverage this and fuel India's growth story.
- **Clarion call for 'Aatma-Nirbhar Bharat' or 'Self-reliant India':** A key response to ensuring recovery of India's economy in the aftermath of the COVID-19 pandemic has been to encourage entrepreneurial ambitions and a 'vocal for local' approach to support small businesses in various sectors. This move aiming to increase manufacturing and distribution of goods and services within the country also creates unique opportunities for logistics players who form a critical element of this domestic supply chain.

Gati's Core Competencies

- **Wide domestic and international network:** One of Gati's central strengths is its extensive reach across all parts of the country – 99% of the Gol approved pincodes. Achieving this unparalleled reach has required effort and commitment to build, nurture and continue adding to its network of associates and channel partners – thereby giving Gati the geographic expanse that few other service providers can match. Further, as an Allcargo company, Gati is now in a position to help its customers access a global network operating in 180 countries.
- **Diversified Solutions:** Gati's multi-level supply chain offerings: express distribution, air freight, e-commerce, supply chain management and special services, make it a one-stop solution for all kinds of logistics requirements for a variety of industry sectors.
- **World-class Infrastructure and Facilities:** Gati's warehouse capacity of ~4.1 million sq. ft., its best-in-class warehouse management system along with strategically located e-fulfilment centres offer much-needed customised storage solutions to businesses. These pan-India warehousing facilities in conjunction with technology-enabled multi-modal network transportation, allow for customised supply chain solutions across locations and industries. With upcoming Surface Transhipments Centres (STCs) and Air Transit Centres (ATCs) at strategic locations, Gati is in a position to further optimize on cost and turnaround times.
- **Advanced Technology:** Technology is used to deliver ease to customers. In addition to greater visibility of cargo and data sharing, technology is also leveraged to lower cost. To achieve this, technology is used for data sharing between operations, customers and vendors, to facilitate warehouse management, route optimization, freight consolidation, back office functions and other services. Instant assistance over WhatsApp through Gati Genie, an upcoming customer portal, along with a website, mobile application and an organization-wide Enterprise

Resource Planning software – GEMS comprise key elements of Gati's technology developments.

- **Collaborative Partnership:** Gati's partnership with Kintetsu World Express (KWE) is accelerating Gati's transformation, enabling it to grow and expand in scope. The quality improvement techniques of KAIZEN, 5S and LEAN principles that KWE implements play a key role in augmenting Gati's service quality. Gati has been implementing structural changes on the basis of advanced analytical tools, to optimize its routes and distribution network.
- **The Allcargo Advantage:** As an Allcargo company, Gati is bolstered to offer its customers expert services and solutions in NVOCC, CFS-ICD, project logistics, contract logistics and logistics parks. Additionally, through its transformation project, Project Avvashya and adoption of the Avvashya Vision, Mission and Values, Gati now has an effective roadmap to leap to the next level of business growth and success. It also stands to benefit from Allcargo's expertise in professional leadership, efficient management capabilities, adherence to highest standards of corporate governance and employee-friendly policies.

Project Avvashya: Redefining Possibilities

Since becoming part of the larger Allcargo family, Gati has embarked on a journey of transformation with Project Avvashya. As the name suggests, this intensive transformation initiative is redefining possibilities for Gati.

Implemented in partnership with transformation specialists Alvarez and Marsal, the project is aimed at making Gati digitally-savvy, future-ready, and ahead in its league. Business operations and teams are being re-structured to accelerate sales, reduce inefficiencies and optimise operations. Talent has been brought in from within and outside the industry to steer Gati in the direction of its aspirations.

The positive impact of this project has been visible in the encouraging business performance across Gati's different business verticals, which has also motivated Gati to set bigger, more ambitious targets for the coming year.

Financial Performance

At standalone level, Gati recorded a revenue of ₹27,445 lakhs, EBITDA of ₹280 lakhs, PBT (after exceptional items) of ₹(16,578) lakhs and PAT of ₹(17,632) lakhs as against a revenue of ₹42,514 lakhs, EBITDA of ₹(527) lakhs, PBT of (2,151) lakhs and PAT of ₹(5,782) lakhs in the previous year.

The Operating loss for the financial year ended March, 2021 in case of the Company is mainly attributable to a drop in E commerce Business and lockdown due to Covid-19 in the first half of the FY21.

Profit after tax is negative in current year mainly due to exceptional items i.e. Diminution in the present fair value of assets, Investment impairment Provision, Provision related to Old Advances and Drop in business as explained above.



During the year under review, at consolidated level, Gati achieved a revenue of ₹131,424 lakhs, EBITDA of ₹3,756 lakhs, PBT (after exceptional items) of ₹(25,257) lakhs and PAT of ₹(24,593) lakhs as against a revenue of ₹171,167 lakhs, EBITDA of ₹4,891 lakhs, PBT of ₹(4,843) lakhs and PAT of ₹(8,427) lakhs respectively in the previous year.

In case of company the reasons have been clarified above. In case of the material subsidiary the loss for the financial year is due to the loss in Q1 FY 21 and Q2 FY 21 arising out of lower business due to lockdown.

Financial Ratios

	FY 2020-21	FY 2019-20
Debtors Turnover (No. of Days)	10.63	10.53
Inventory Turnover (No. of Days)	91.86	115.34
Interest Coverage Ratio	0.14	-0.71
Current Ratio	1.45	0.95
Debt Equity Ratio	0.03	0.13
Operating Profit Margin (%)	-1.02%	-1%
Net Profit Margin (%)	-64%	-14%
Return on Net Worth	-28%	-7%

Explanation

- **Debtors Turnover:** The increase in Debtors Turnover indicates better management of Accounts receivable.
- **Inventory Turnover Ratio:** Inventory Turnover has come down due to nationwide lockdown amid Covid-19.
- **Interest Coverage Ratio:** The improvement in interest coverage ratio is due to repayment of debt and reduction in average cost of the debt.
- **Current Ratio:** The current ratio has improved due to optimum working capital utilization.
- **Debt Equity Ratio:** Due to repayment of debt during the year, the debt equity ratio has improved.
- **Operating Profit Margin:** The operating profit margin has improved compared to last year due to strict control over cost.
- **Net Profit Margin:** Profit after tax is negative in current year mainly due to exceptional items i.e. Diminution in the present fair value of assets, Investment impairment Provision, and Provision related to Old Advances.
- **Return on Net Worth:** The ratio is negative in current year due to losses as explained above.

Human Resources

Gati focuses on building a skilled resource pool, for which it offers its employees various opportunities to up-skill, re-skill and to remain updated on the latest trends and developments of the logistics and express distribution sector, through various training and learning and development initiatives.

Post the launch of the Avvashya Vision, Mission and Values 2.0 in October 2020, the GLAD – Gati Learning and Development team has taken on an organization-wide initiative to conduct

Vision, Mission and Values training for all employees, so they can understand, inculcate and abide by the company’s core values.

Cognizant of the direct co-relation between overall well-being and productivity, Gati ensures its employees have access to an approachable management, an environment conducive to productivity, employee friendly policies, and fair compensation along with opportunities for growth through a transparent and well-implemented performance management system.

In 2020, Gati launched GEARS – Gati Employee Appreciation & Rewards System. It is a digital platform that helps drive engagement and interactions among employees who can use the platform to appreciate and celebrate each other’s performances, win GEARS (points) for their own achievements and recognitions and redeem these for a number of popular brands and products online.

Owing to its numerous initiatives for employee satisfaction, this year, Gati was recognized as a Great Place to Work for the second consecutive time, and achieved its ever-highest score of 71 once again.

As it has been doing throughout the past year, Gati continues to support its employees through the current wave of the COVID-19 pandemic as well. A ‘COVID Assistance’ team has been set up to coordinate across locations and assist employees with requirements of hospital beds, oxygen, self-quarantine facilities, etc. for themselves and their family members. Additionally, medical consultation, counselling facilities and assistance and reimbursements for COVID-19 vaccination are being offered to support employees’ physical and mental well-being.

Risk and Concerns

The financial and related risks have been comprehensively covered in the Annual Accounts of the company together with the mitigation strategy of the same.

The present and anticipated future risks are reviewed by the management of the company at regular intervals. The management takes suitable preventive steps and measures to adequately safeguard the company’s resources of tangible and intangible assets.

For more detailed information regarding Financial Performance of the company you may refer Director’s Report forming part of this Annual Report.

Internal Control Systems and their Adequacy

Gati has in place an adequate system of internal controls commensurate with its size and nature of operations, along with a well-defined organisation structure, documented policy guidelines and procedures, as well as predefined delegation of authority covering all corporate functions and all operating units. These internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of protecting the company’s assets from unauthorized use or losses, the reliability of financial controls, and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies and procedures issued by the management covering all critical and important activities viz. Contract Management, Operations, Procurement, Finance, Human Resources, Safety etc. These policies and procedures are updated from time to time and compliance is monitored by Internal Audit function. The company has continued its efforts to align all its processes and controls with global and industry best practices. The internal audit function based on the audits of operating units and corporate functions, highlights various risks and provides constructive recommendations on a regular basis for the Operating Units to improve on moderate and high risk areas.

The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every Operating Unit and all major corporate support functions under the direction of the Head Internal Audit. The focus of these reviews is as follows:

- Identify weaknesses and areas of improvement
- Compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes
- Compliance with the Gati Code of Conduct

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the action taken reports submitted to them.

A gist of the significant features of the internal controls is as follows:

- The Audit Committee comprising of Independent Directors and Non-Executive Directors, regularly reviews the audit plans, significant audit findings, implementations of internal audit recommendations, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any.

- A well-established and independent Internal Audit team consisting of professionally qualified accountants and functional specialists who are empowered to examine/audit the adequacy, relevance and effectiveness of the control systems, compliance with policies, plans and statutory requirements.
- Process narratives and Risk Control Matrix for all of the major business processes and testing thereof including financial closing, IT General Controls and Entity Level controls which are reviewed for improvements.
- Continual programmes to reinforce the Code of Business Conduct and Ethics are conducted regularly across the organisation.

Anti-fraud programmes including whistle blower mechanisms are operative across the company.

The Board takes responsibility for the overall process of risk management throughout the organisation. During the financial reporting period ending March 2021, the company has conducted an assessment of the effectiveness of the internal financial control over financial reporting and it has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed and the controls are continuously reviewed for improvements.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the company's objectives, projections, estimates, expectations or projections may be 'forward looking statements' within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the company's operations include economic and political conditions in which the company operates interest rate fluctuations, changes in Government/RBI regulations, tax laws, other statutes and incidental factors.