

August 04, 2017

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| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Tel: 022 - 2272 1233 / 34 Fax: 022 - 2272 2131 / 1072/ 2037 / 2061 / 41 Email: corp.relations@bseindia.com corp.compliance@bseindia.com | National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Tel: 022 - 2659 8235 / 36 / 452 Fax: 022 - 2659 8237/ 38 Email: cmlist@nse.co.in |
| Scrip Code: 532345 | Scrip Code : GATI |

Dear Sir/Madam,

Sub: - Submission of Annual Report – 22nd Annual General Meeting of Gati Limited


This is to inform you that the 22nd Annual General Meeting of the Company was held on Tuesday, August 1, 2017, at 5:00 pm at Hotel Radisson Hyderabad Hitec city, Gachibowli, Miyapur Road, Hyderabad, Telangana-500032.


Further with respect to the above mentioned and in pursuance to Regulation 34 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, please find enclosed herewith the Annual Report for the FY 2016-17 of the company as approved and adopted by the shareholders of the Company.

This is for your kind information and records. Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,
For Gati Limited


Amit Pathak
Company Secretary



Corporate & Regd. Office: Gati Limited

Plot No.20, Survey No.12, Kothaguda, Kondapur, Hyderabad - 500 084, Telangana, India. Tel.: (040) 71204284, Fax: (040) 23112318

investor.services@gati.com | CIN: L63011TG1995PLC020121 | Toll Free No.: 1860 123 4284 | www.gati.com



PROGRESSING TOWARDS DELIVERING
1,000,000 PACKAGES EVERY DAY



A N N U A L R E P O R T 2 0 1 6 - 2 0 1 7

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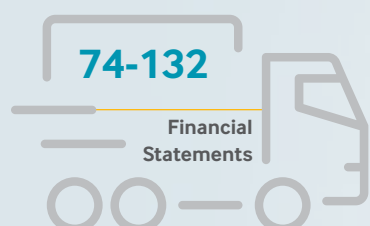
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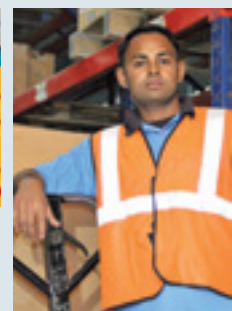
You can also find this report online on:
www.gati.com

DISCLAIMER

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Delivering packages is no mean task. Especially in a country as big and intricate as India, where hassle free logistics & distribution is always challenging. Hence, we take our task seriously and have been consistently successful in reaching 99% districts & 19,000+ pin codes across the country. And with similar zeal, efficiency, and innovation, we're now treading into areas of future growth opportunities, with the intent of becoming THE preferred logistics partner and the promise of delivering 1,000,000 packages daily!

BECAUSE IT'S NOT JUST ABOUT THE LOGISTICS OF DELIVERING PACKAGES. IT'S ABOUT ENSURING BUSINESSES ACROSS THE COUNTRY RUN SEAMLESSLY!



WE ARE GATI

WE ARE COUNTRY'S PIONEER IN EXPRESS DISTRIBUTION AND SUPPLY CHAIN SOLUTIONS, COMMITTED TO PROSPER OUR CUSTOMER'S BUSINESS BY CUSTOMISING THE DELIVERY OFFERING.

Headquartered in Hyderabad, India, Gati was formed in 1989 as an express distribution service company. Starting its operations between Hyderabad and Madras (now Chennai), Gati now operates 1600+ scheduled routes. The company has transformed into providing multiple services and solutions in logistics and distribution sector, emerging as a market leader in several of its offerings.

Gati today delivers across 99% districts in India, with a strong presence in Asia Pacific region and SAARC countries as well. With an integrated technological system network across air, rail and road platform, a nation-wide warehouse presence, complete ecommerce logistics, integrated cold chain solutions and trading solutions we are able to provide end to end supply chain solutions to millions of customers.

VALUES

Our Attitude

Elegant Customisation

We absorb global and home trends with curiosity and customise our offerings with an elegant method to meet the customer's wide range of expectations and care for his objects like precious pearls.

Our Behaviour

Sensitive Streamlining

With passion, integrity and responsibility we take ownership to converge towards organised teamwork with cost efficient, sensitive customer focus.

Our Action

Domino Discipline

In all transactions we follow a domino game-like disciplined chain of consecutive actions at any given time & place to achieve the goal of customer value protection and quality delivery.

Our Delivery

Promise

Caring for our customers' precious objects with domino discipline, we promise to stay ahead in service quality, wide network, high calibre responsible people, technology & automation.

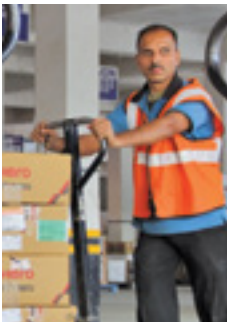
VISION

Be a globally preferred provider of India-centric Supply Chain Services and Solutions and a leader in the Asia Pacific region.

Delight customers with quality service by setting new trends through innovation and technology.

Be the most preferred organisation for all stakeholders.

Be a responsible corporate citizen with unwavering commitment to environmental protection and conservation.





3,000+

Gati Business Associates

608+

Offices across India

4

Offices across Asian countries

4,000+

Business partners

5,000

Fleet Size

180+

Reefer trucks

2,400

Last mile e-com delivery fleet

3+

Mn sqft warehouse space across India

6,098

Young work force

19,000

Pin codes covered in India

1,600+

Scheduled routes

24X7

Customer Support

MESSAGE FROM THE FOUNDER AND CEO



We are encouraged by the improvement in the macro-economic trends and structural changes, especially the GST roll-out, which will help strengthen Gati's competitiveness.

Dear Shareholders.

Against the backdrop of moderate business environment and after-effects of demonetisation, FY2016-17 was a challenging year for your company. Despite the challenges, I am glad to report that we made significant advances to establish the direction for longer-term success. Beyond the immediate horizon, we are encouraged by the improvement in the macro-economic trends and structural changes, especially the GST roll-out, which will help strengthen competitiveness and grow market share. With its diversified product portfolio, discipline to provide quality service, and the

people talent, the company is confident of growing in ways that create long-term shareholder value.

Performance Highlights

The full year growth was moderate and chiefly affected by e-Commerce growth stagnation and lingering effects of demonetisation in select industry verticals. The post festive slowdown in ecommerce industry and the slow tapering down of demonetisation effect on both B2B and B2C segments had a material impact on your company's performance.

Emerging Opportunities

As widely reported, GST is perceived as the most wide-ranging tax reorganisation and targets to make India into “One Nation, One Tax, One Market”. The structure proposed under the GST offers an ideal opportunity for organisations to re-engineer their existing supply chain networks to reduce inefficiencies. With its comprehensive integrated service portfolio, Gati is distinctively positioned to support the consequent supply chain realignment. Chiefly, the company’s pan-India reach has been already designed on a hub and spoke model for efficiency and speed.

A GST structure will also support reduction of bottlenecks like border check-posts, and aid in faster flow of shipments by improving average speeds and subsequently increasing your company’s fleet utilisation. Information technology will be a critical differentiator in the logistics industry post-GST, not only in terms of compliance to the GSTN Network but also providing the better shipment visibility to customers.

Over the course of several months, your company has taken affirmative steps on compliance, operations, technology and manpower training to be ready for GST. Central to your company’s GST value proposition is the idea of “helping customers unlock the GST advantage”. The objective is to help customers have control of their domestic supply chain, make informed decisions based on demand and supply patterns, and have confidence in the pan-India network adjustments they make.

Our Business, Operations and Technology Strategies

Over the last few years, the company has undertaken significant initiatives to fortify its stronghold to deliver consistently to customers, by developing end-to-end solutions, enhancing technology capabilities and augmenting operations quality processes. These strategies are based on the fundamental premise that customers will continue to seek larger role of logistics service providers like Gati, who can integrate their unique supply chain requirements. Recent portfolio enhancement with the launch of Gati Fulfilment Services and commissioning of cold chain warehouses are reflective of this very perspective.

On the core express distribution business, the company is committed to maintaining its pan-India network and service leadership, in the post-GST environment. Specific medium to long-term changes in domestic supply chains like consolidation of customer warehouses will necessitate improvement in service levels to areas outside the major metropolitan centers. Likewise, our team has proactively worked on optimising the delivery network, basis a predictive logic of load movement post GST. Additionally, Gati is expanding its portfolio of multi-modal distribution and warehousing solutions, offering customers more customisation in serving their emerging needs.

With the launch of its ambitious Shop-Floor Automation (SFA) initiative in early FY2017, your company reached a vital milestone. This package-level visibility through 100% Bar Code scanning is unprecedented in the domestic express distribution sector, especially in the context of Gati’s scale and reach. With all the complexities, the undertaking took time to stabilise and I am happy to report that the automation is fully-implemented with a positive impact on customer experience and productivity. Going forward, Gati will continue to advance such technology interventions to provide operational scalability, cost optimisation and service improvement needed to support future growth opportunities and enhance profitability.

In November 2016, the company invested in BrownTape, a technology platform that helps online sellers on multiple e-Commerce marketplaces to manage their orders from a single window. The alliance will work on the vision of simplifying e-Commerce for all levels (small, medium, and large) of online sellers, who will be able to manage their e-Commerce ecosystem seamlessly.

To gain further penetration into consumer retail, your company is also developing solutions that integrate the online and offline shopping channels available to consumers. The strategy leverages the company’s competitive edge on account of its experience in handling both Business-to-Consumer and Business-to-Business channel logistics, and will result in longer and more profitable business relationship with customers.

Training

Gati’s longstanding investment in building people’s skills and capabilities is essential to maintain leadership position in a competitive market. In FY2016-17, the company introduced learning interventions to meet talent requirement across the diverse pan-India talent base. A Specialised skill development center was inaugurated during the course of the year to focus on driver safety and training across India. Additionally, cross-functional teams across all locations have been put through rigorous GST training for ensuring flawless roll-out and execution.

Building Sustainable Communities

Gati considers that operating in a responsible way is vital to fostering a strong business for its people, customers, and the society in general. In line with this, several activities towards Corporate Social Responsibility were carried out in FY2016-17. Community efforts took on special meaning in Bihar and Assam in July-August period, where communities were put in extreme conditions following wide-spread flooding. Gati’ites were actively involved in the flood relief activities, leveraging on the company’s logistics capabilities and reach. Another notable activity was the commissioning of solar-powered deep water pumps in the Nagarjuna- Srisailem tiger reserve in collaboration with WWF India. In almost half a year of its installation, this unique system based on clean and renewable energy has been serving the water-scarce areas of reserve forests.

The Future

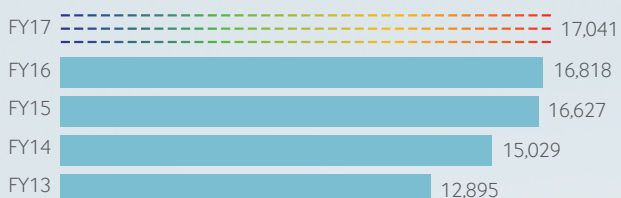
As the industry evolves in the post-GST environment, your company will command the advantages of competing in a larger market with opportunities for service innovation. In fact, Gati’s Vision 2020 is centered around providing end-to-end logistics solutions, tailor-made to customer specific needs. Our focus remains on improving customer experience, leveraging our network advantage and creating avenues toward long-term shareholder value. I thank you for the unrelenting confidence in your company and its management.

Regards

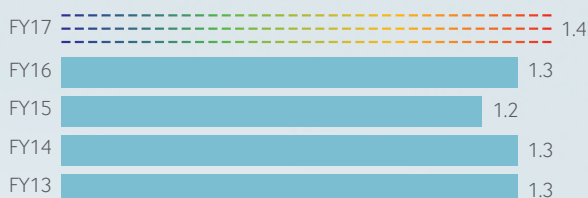
Mahendra Agarwal
Founder & CEO

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

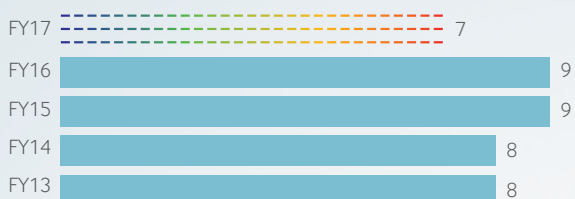
Total income (₹ in Million)



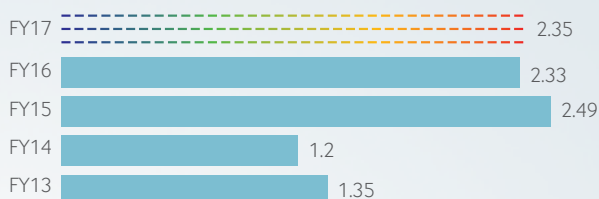
Current Ratio



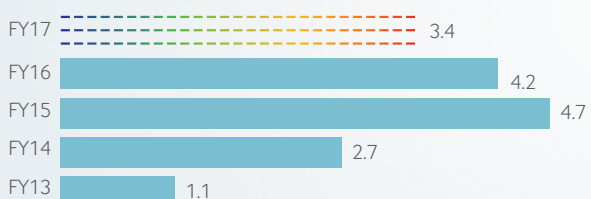
EBITDA (%)



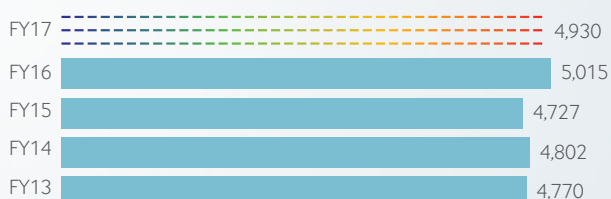
Turnover on Capital Employed (₹ in Million)



EPS (₹)



DEBT (₹ in Million)



AWARDS AND EVENTS



①



④



②



⑤



③



⑥

①

- 10th ELSC Leadership awards- Best Service Provider of the Year '16
- 10th ELSC Leadership awards- Best 3 PL company of the Year '16
- 10th ELSC Leadership awards for Gati Kausar
- Cold Chain Warehouse of the Year '16
- Cold Chain Transporter of the Year '16

②

Gati partnered in leading industry forums to discuss the new emerging trends and best practices.

⑤

Recognised as 100 Best Companies for Women

②

Global Logistics Excellence Award – Best Cold Storage Infra (Gati Kausar)

④

Gati Kausar wins CII Food and Safety Award of the Year '16

⑥

- Won "Indias Best CIO's - Top 50 Honoree" by DELL EMC & CAI
- Won "CIO of the Year Award 2017 for Category Transport & Logistics" by BSE - CIO Klub
- Won "CIO Powerlist 2017 award for Category Transport & Logistics Icon" by CORE (Centre of Recognition and Excellence).
- Won "Intelligent Enterprise Award 2017, Category - Enterprise Mobility" presented by Express Computer

BUSINESS SEGMENTS

EXPRESS DISTRIBUTION



Overview

Gati-Kintetsu Express Private Limited (Gati-KWE) is a joint venture company between Gati (India's pioneer in Express Distribution and Supply Chain Solutions) and Kintetsu World Express (KWE) – Japan's leading logistics provider that manage the express distribution services.

Our unrivaled transportation infrastructure provides our customers with unmatched competitive advantage. Our ubiquitous network creates fundamental scale and advantages. Operating across surface, rail and air modes, our express distribution provides our customers with convenience and choice of various delivery modes.

Highlights, 2016-17

- Partnered with a national carrier giving us a larger reach across the country to further strengthen our air business
- Introduced cashless payment methodologies on a pan-India basis curtailing the drop in COD due to demonetisation

Core competitiveness

- Among the market leaders in the segment in India
- Streamlined supply chain solutions and efficiencies for our clients
- On time delivery rate at an average of 80% in the last year.
- Uninterrupted services backed by pan-India network

GATI E-COMMERCE LOGISTICS & FULFILMENT SERVICES



Overview

E-commerce has been a significant game-changer in the business landscape of our country. The value-proposition offered by e-commerce companies is immense and we at Gati have played a pivotal role in ensuring deliveries to the last mile. We are one of the very few companies who have helped retail revolution become a reality in India, delivering products ordered online reliably to the consumers.

Our e-commerce segment has been one of the fastest growing business verticals, and we continue to invest for a profitable growth in the near future as well. Our expanding network capacity and warehouse hubs

are designed to handle several packages. Since 2014, we have accelerated our service delivery, currently handling 70,000 packages per day.

The Gati fulfillment service is a new service where we are going direct to vendor so that we offer opportunity to the vendors to use our service and use the same inventory across market places. It aims to provide an end to end ecommerce solutions for online sellers and enterprises right from catalog creation, central inventory management to complete physically integrated supply chain solutions.

Within the ambit of Fulfilment centre, we provide services including but not limited to site identification, designing appropriate warehouse layout, installing ideal racking solutions and finally managing both information and product flow.

Full-fledged fulfillment centers at strategic locations across India are now operational. With GST now implemented we have intensified our customer engagement efforts to provide customised integrated logistics solutions. We see this as a significant opportunity in the coming period.

14%

YoY Package Volumes growth

Highlights, 2016-17

- Expanded our footprint to 19000 pincodes
- Strengthened the management systems that are equipped to handle supply chain management for multiple e-Commerce companies

4X

Growth in the Ecommerce vertical

Core competitiveness

- Pan-India presence to deliver to a wide customer base
- 'One Ship Model' set up for end-to-end delivery
- Door step delivery backed by blend of bikers, drivers and franchises growing regularly
- Capability to handle large volume with greater operational efficiencies and flexibility

**GATI SUPPLY
CHAIN
MANAGEMENT
SOLUTIONS**



Overview

Our supply chain solution services multiple businesses with an integrated model. The structured model helps deliver complex end-to-end integrated logistics solutions. Yield management is critical component to our clients business sustainability. We continue to derive synergies in our operations to help create more value for our clients. On detailed analysis of critical cost components, working capital and information flow a customised solution is presented to the clients to achieve maximum competitive advantage. Our service portfolio under this vertical includes:

3PL & Warehousing Solutions

A combination of multi modal logistics and supply chain services forms a synergy to create a customised solution for our clients. Our in-house capabilities of automotive spares management for Vehicle on Road (VOR) solutions and retail supply and demand management to enhance customer-buying experience. Our service portfolio encompasses from shelf to sell function of supply chain management

for our clients. Our 3.3 mn+ sq. ft. of tech enabled warehousing with cost effective dedicated and shared space with best in class warehouse management system and specialised value added services.

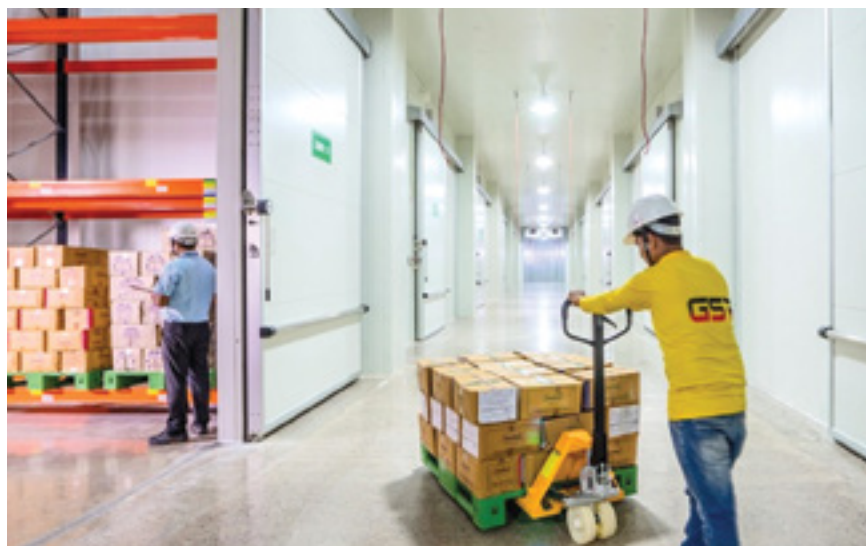
Freight Forwarding & Trading Solutions

We offer upstream supply chain services like procurement management and order management to seamlessly engage with logistics. Under this, our Import/Export Trading Wing with in-house custom clearances enable integration for international & domestic suppliers to the primary, secondary & tertiary sales channels. We act as an international / domestic buyer or domestic seller. This supports multi-brand retailers, new / regional companies aspiring to penetrate Indian market and organisations that have an outsourcing need. Our international division caters to ocean and air freight with a strong presence in SAARC and APAC region. We are members of IATA and provide worldwide connectivity through lognet global & WCA partnerships.

90%

Fill rates in Trading Solutions over the past one year.

GATI KAUSAR



180+

Refrigerated vehicles

24 Hr

Delivery from warehouse to customer pan India.

-25° to 25° C

Temperature control at warehouses

Overview

Gati Kausar's innovative cold-chain transportation solutions, backed by cutting edge equipment, technology and expertise, helps perishable products to be delivered in a fresh, healthy and potent status to retailers and end consumers with zero missed deliveries commitment.

We have adopted high technology integration in our cold-chain process design to ensure temperature integrity from factory or farm to last mile, with uninterrupted temperature visibility and alerts across the cold chain.

Our cold chain network is market integrated providing 24 hr delivery pan India from the warehouse to customers.

We offer specialised service to the below industry segments

- Processed foods - Dairy, Meat & Others
- Quick Service Restaurants
- Hotels, Restaurants & Cafe
- Pharmaceuticals
- Retail & Modern Trade
- Agricultural food products

Highlights, 2016-17

- Value-added services added like: Processing and blast freezing, ripening, FTL and LTL refrigerated transportation
- Successfully commences our state of the art cold chain warehouses with multiple new customers added across sectors.
- Emerges as a critical integrated end to end cold chain solutions provider

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility is an integral part of Gati's business model and we are committed to fulfilling our responsibilities as a member of the society. We as a group continue to contribute towards the field of education, skill development, environment and disaster management during natural calamities. Our key initiatives have been providing assistance in constructing schools, helping natural disaster victims in sustaining their occupation and supporting the cause of green environment. Gati also contributes in various ways for maintaining the environmental sustainability.

GATI's CSR Vision

We envision a community of responsible and educated citizens who are environmentally conscious, practice social responsibility in their daily lives and inspire others to do the same. We commit to operating in an

economically, socially and environmentally responsible manner whilst balancing the interests of diverse stakeholders.

Education: Adoption of Govt Schools which encompass infrastructure development, providing tools for enhanced learning, aiding in providing a hygienic learning environment along with a focus on activities that foster overall physical and mental wellbeing.

Community: Gati organises multiple welfare events to reach out to those less privileged in the community. The organisation strongly believes in creating awareness about healthcare and enabling sustainability within the community we live in.

Environment: Gati believes that the environment be used in a way that is sustainable. The company ensures that the use of natural resources will meet the

present day needs for the resource without jeopardising the supply of the resource for future generations.

Rural Development Projects & Donations: Rural development is a dynamic process and Gati's contributions include putting up of economic & social infrastructure, medical research to improve rural health and skill development initiatives.

Natural Disaster Management: Over the years Gati has built its capability and infrastructure to reach the remotest corners of India. The company leverages this to aid any region that has experienced a natural calamity by providing logistics support in collaboration with organisations that are conducting relief operations in the affected region.

Key Initiatives



Inauguration of Gati Multipurpose Community Center, Rudraprayag, Uttarakhand

The Community Center is a 8,050 sq. ft. two storey building which can be used for multi-purpose activities such as college and school trainings, events, functions, gatherings, corporate company trainings, government department meetings, community

functions, relief and rehabilitation to the people during any natural disasters. It was inaugurated on Sat, 24-Sep-2016 by Shri. Dr. Raghav Langer, I.A.S., District Collector, Rudraprayag and Mr. Manish Agarwal, Executive Director Gati Kausar India Ltd.



Bihar floods relief activities

The state of Bihar was devastated by flooding in July & August 2016 submerging villages and farmlands. GATI took stock of the situation in the flood-affected areas of Chapra district. Gatiites swung into

action and distributed dry ration consisting of Flattened rice, Biscuits, Jaggery, Sattu, Candles & Match boxes to 500 households in villages of Sumerpatti, Manoharpur, Manpur & Hewantpur under the Akbarpur Panchayat



Assam floods relief activities

The north-eastern states saw heavy rainfalls in July 2016. The rainfall resulted in flooding of various rivers and on 5 July the Brahmaputra River had crossed its danger mark level in the seven districts of Lakhimpur, Dhemaji, Nagaon, Jorhat, Golaghat, Morigaon and Biswanath. The Bhogdai river breached its embankment at Gayan Goan situated in

Jorhat district and its waters submerged homes and inundated crop fields in about 15 villages located in lowlying areas. Hence we had zeroed in on Gayan Goan village consisting of 100 families to conduct the relief activities. Each family received 10 kgs of rice, woollen blanket, old clothes & notebooks to the children.



Why Cut Down Trees When They Can Be Translocated? GATI's unique CSR activity towards environmental sustainability

Urbanization and development are an inevitable part of living today. Commercial activities and building of flyovers has to happen in every city, but, this comes at the cost of losing green cover. GATI as part of its CSR activities under its environmental

sustainability program conducts tree plantation drives pan india. A very unique activity of translocation of a huge tamarind tree (Scientific Name : Tamarindus indica) estimated to be around 40 years old was successfully translocated.



Clean Energy System in Nagarjuna Srisailam Tiger Reserve

Due to the scarcity of water wild animals in the region start heading for villages looking for alternate water sources leading to human-wildlife conflicts. The solar deep water pumps have addressed these problems. The Forest Department in association with WWF-India and collaboration with GATI installed the solar powered deep water pump in the Nagarjunasagar-Srisailam Tiger Reserve

(NSTR). The pump with the help of solar energy pushes up water to an overhead tank installed on a 10-ft high tower. Its one of the unique example of installation of innovative, clean and renewable energy system in water-scarce areas of reserve forests but of NGO- corporates collaboration for good practices in management of critical wildlife habitat areas.



Ponds digging and rejuvenation

Ground water is receding rapidly. If we continue this exploitation we will be without water very soon. Ponds can be the lifeline of

both villages and towns. Under this initiative 2 large areas were identified for digging of ponds to recharge the ground water.

Monthly CSR activities



April 2016

- Energy & Water conservation awareness campaign
- Annual Day celebrations at Gati MC Middle School, Nagore
- Donation to Chaitanya Mahila Mandali

May 2016

- Clothes donation to Goonj

June 2016

- Tree Plantation drive at Shadnagar
- Sponsor to GATI WWF Golf Tournament
- Inauguration of Solar Powered Water Pump at NSTR
- Ponds digging and rejuvenation
- World Environment Day awareness by Greenpeace
- World Yoga Day activities and awareness

July 2016

- Notebook Donation Drive at GGHS & ZPHS, Hyderabad
- Tree Plantation Drive at Shamirpet
- Tree Distribution Drive at Kondapur

August 2016

- Assam Floods Relief activities
- NALSAR Convocation & Awards
- Independence Day celebrations across India
- Sewing Machines Donation at Adilabad
- Tree Plantation Drives at Samalkha

September 2016

- Inauguration of Gati Multipurpose Community Center, Rudraprayag
- Bihar Floods Relief activities
- Logistics support to World Vision towards Bihar Floods
- Teachers Day celebrations in government schools
- World Heart Day – Awareness Campaign
- Donation to World Wide Fund for Nature - India
- Donation to The Hyderabad District Basketball Association
- Donation of Scientific Kits to GGHS, Hyderabad

October 2016

- Job Mela at Varanasi – Skill Development Initiative
- PCRA Painting/Essay/Quiz competitions in Government Schools

November 2016

- Childrens Day celebrations in Govt. schools across India

- Inauguration of Digital Classrooms at GGHS, Hyderabad
- Job Mela at Kanpur & Lucknow – Skill Development Initiative
- Logistics support to a NGO – Family Services
- Donation to Tagore Society for Rural Development

December 2016

- Maths Day celebrations at GGHS, Hyderabad
- Christmas celebrations at a Orphanage in Coonoor
- Logistics support to WWF
- Donation to Swarna Bharat Trust

January 2017

- Republic Day celebrations in Govt. Schools across India
- International Conference on CSR by IOD

February 2017

- Affordable Art with a Heart
- Tree Trans-location – Environment Conservation Initiative
- Sewing Machines Donation
- Driver Refresher Training across India

March 2017

- Donations to Share India
- Donations to Miracle Foundation
- Donations to Swarna Bharat Trust



BOARD OF DIRECTORS



K L Chugh, Chairman



Mahendra Agarwal, Founder & CEO



N Srinivasan, Director



P Sudhakar Reddy, Director



Sunil Alagh, Director



P N Shukla, Director



Yasuhiro Kaneda, Director



Sheela Bhide, Director

CORPORATE INFORMATION

Board of Directors

K L Chugh

Chairman

Mahendra Agarwal

Founder & CEO

N Srinivasan

Director

P S Reddy

Director

Sunil Alagh

Director

P N Shukla

Director

Yasuhiro Kaneda

Director

Sheela Bhide

Director

Statutory Auditors

M/s R S Agarwala & Co.
Chartered Accountants, Kolkata

Bankers

State Bank of India
HDFC Bank Limited
ICICI Bank Limited
DCB Bank Limited
AXIS Bank Limited
The South Indian Bank Limited
The Karur Vysya Bank Limited
Syndicate Bank

Board Committees

Audit

N Srinivasan - Chairman
P S Reddy - Member
P N Shukla - Member

Nomination & Remuneration

P S Reddy - Chairman
K L Chugh - Member
P N Shukla - Member

Stakeholders Relationship

Sunil Alagh - Chairman
Mahendra Agarwal - Member

Corporate Social Responsibility

Sheela Bhide - Chairperson
P S Reddy - Member
Sanjeev Jain - Member

Foreign Currency Convertible Bonds (FCCB)

Mr. N. Srinivasan, Chairman
Mr. Mahendra Agarwal, Member
Dr. P. S. Reddy, Member

Key Managerial Personnel

Mahendra Agarwal

Founder & CEO

Manoj Gupta

Chief Financial Officer

Amit Pathak

Company Secretary, Chief Investor
Relations & Compliance Officer

Regd. & Corp. Office

Plot No. 20, Sy. No. 12
Kothaguda, Kondapur
Hyderabad - 500 084
Tel: 040 - 7120 4284
Fax: 040 - 2311 2318
Email: investor.services@gati.com
Website: www.gati.com
CIN: L63011TG1995PLC020121

Registrar & Transfer Agents

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B
Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad – 500 032
Tel: 040 4465 5000 - 152
Fax: 040 4465 5024
Email: mohsin.mohd@karvy.com
Website: www.karvy.com

NOTICE

Notice is hereby given that the 22nd Annual General Meeting (AGM) of the members of Gati Limited (CIN: L63011TG1995PLC020121) (the Company) will be held on Tuesday, August 1, 2017, at 5:00 pm at Hotel Radisson Hyderabad Hitech city, Gachibowli, Miyapur Road, Hyderabad, Telangana-500032 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Independent Auditors thereon;
2. To receive, consider and adopt the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the report of Independent Auditor's thereon.
3. To declare Dividend on equity shares for the financial year ended March 31, 2017.
4. To appoint a Director in place of Mr. Yasuhiro Kaneda (DIN: 07619127), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint statutory auditors and fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), be appointed as statutory auditors of the Company, in place of retiring auditors M/s. R S Agarwala & Co., Chartered Accountants (Firm Registration No. 304045E), to hold office from the conclusion of this 22nd AGM until the conclusion of the 27th AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

Special Business:

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 ("Act") (including any statutory modification or re-enactment thereof for the time being in force) and the Rules made thereunder, and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Board of Directors be and is hereby authorised to appoint Branch Auditor(s) for any branch office of the Company for the financial year 2017-18, whether existing or which may be opened / acquired hereafter, outside India, in consultation with the Company's Auditors, any

person(s) qualified to act as Branch Auditors within the provisions of Section 143(8) of the Act and to fix their remuneration."

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013, read with Companies (Meetings of Board and its powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (Act), including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of the members be and is hereby accorded to the appointment of Mr. Dhruv Agarwal (son of Mr. Mahendra Agarwal, Managing Director of the Company), holding office or place of profit, as Chief Strategy Officer of the Company w.e.f. 1st April, 2017, at a remuneration for an amount not exceeding ₹2.35 Mn p.a.

RESOLVED FURTHER THAT the consent of the members be and is hereby accorded to the Nomination & Remuneration Committee/Board of Directors of the Company, to finalise and decide the change in designation/revisions in the remuneration payable to Mr. Dhruv Agarwal from time to time in accordance with the Company's policy on performance measurement and such other applicable/relevant policies and to perform and execute all such acts, deeds, matters and things (including delegating such authority), as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013, read with Companies (Meetings of Board and its powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 (Act), including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of the members be and is hereby accorded to the appointment of Mr. Manish Agarwal (son of Mr. Mahendra Agarwal, Managing Director of the Company), holding office or place of profit, as Chief- Express Distribution of Gati Kintetsu Express Private Limited, Subsidiary Company w.e.f. 1st April, 2017, at a remuneration for an amount not exceeding ₹2.00 Mn p.a.

RESOLVED FURTHER THAT the consent of the members be and is hereby accorded to the Nomination & Remuneration Committee/Board of Directors of the Gati Kintetsu Express Private Limited, Subsidiary Company, to finalise and decide the change in designation/revisions in the remuneration payable to Mr. Manish Agarwal from time to time in accordance with

the Company's policy on performance measurement and such other applicable/relevant policies and to perform and execute all such acts, deeds, matters and things (including delegating such authority), as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013, as may be amended from time to time, the existing clause 123(ii) of the Articles of Association of the Company be and is hereby altered by replacing with the following article:

- (i) The Seal shall be affixed to any instrument either, by the authority of a resolution of the Board of Directors and in the presence of such person as authorised by the Board, from time to time, or in the presence of at least one Director and Company Secretary.

RESOLVED FURTHER THAT the Board of Directors or the company secretary of the company be and are hereby severally authorised to file all the necessary forms and other necessary documents as may be required by the statutory authorities including the Registrar of Companies and to do such acts, deeds and things that may be required for the purpose of alteration of Articles of Association of the Company that may be suggested by the Registrar of Companies or such other statutory authorities in the implementation of the aforesaid resolutions and to authorise such person or persons to give effect to the above resolutions and to submit all documents to the concerned authorities with regard to the same and to take all the necessary steps in this regard."

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member.
2. The instrument appointing the proxy, duly completed, must be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting (on or before July 30, 2017, 5:00 pm IST). A proxy Form is annexed to

this Report. Proxies submitted on behalf of Companies, Societies, etc., must be supported by an appropriate resolution / authority, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the company, provided that not less than three days of notice in writing is given to the company.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the relevant Board Resolution together with the respective specimen signature of those representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.
5. Members/Proxies/Authorised Representatives are requested to bring their duly filled attendance slip along with their copy of Annual Report to the meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
6. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means (e-voting). Instructions and other information relating to e-voting are given in this Notice under Note No. 23. The Company will also send communication relating to e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
7. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
8. Additional information, pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the Meeting is furnished as annexure to the Notice.
9. The Register of Members and Share Transfer Books of the Company will remain closed from July 25, 2017 to August 1, 2017 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2017 and the AGM.
10. The members who have not surrendered their old share certificates (Issued by the then M/s. Transport Corporation of India Limited, now known as M/s. TCI Industries Ltd., the transferor Company, under the Scheme of Arrangement) are requested to surrender their old share certificates to M/s. TCI Industries Limited, M/s. Mukesh Textile Mills Private Limited, N.A. Sawant Marg, Colaba, Mumbai – 400 005 to obtain their new share certificates of four companies including this Company.

11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act 2013, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013 and the certificate from Auditors of the Company certifying that the Gati Employee Stock Option Scheme (ESOS) are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, will be available for inspection by the members at the meeting.
12. a) The members who are holding shares in physical form are requested to intimate any change in their address with pin code immediately either to the Company or to M/s. Karvy Computershare Private Limited, Registrar & Share Transfer Agent (Karvy).
b) The members who are holding shares in demat form are requested to intimate any change in their address with pin code immediately to their Depository Participants.
13. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) & Bank Account details by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN & Bank Account details to the Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form are required to submit their PAN and Bank Account details to M/s. Karvy / Investor Service Department of the Company.
14. Non-Resident Indian Members are requested to inform M/s. Karvy, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India, if not furnished earlier.
15. Dividend on equity shares as recommended by the Board of Directors for the financial year ended March 31, 2017, if approved at the meeting, will be paid within the stipulated time:
 - a) To those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged with M/s. Karvy, Registrar and Share Transfer Agent of the Company on or before July 25, 2017.
 - b) In respect of shares held in electronic form, to those whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on July 25, 2017.
16. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificate to M/s. Karvy for doing the needful.
17. Pursuant to the provisions of the Companies Act, 1956/2013, the Company has transferred the unpaid or unclaimed dividends for the period of seven years i.e. upto financial years 2007-08, to the Investor Education and Protection Fund (IEPF) established by the Central Government. Shareholders who have not encashed their dividend warrant(s) so far for the financial year ended June 30, 2010 or any subsequent financial years are requested to make their claim to the office of M/s. Karvy, Registrar and Share Transfer Agents.
18. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members who have not registered their email address with the Company can now register the same by submitting a duly filled-in 'Shareholder Registration Form' available on the website of the Company www.gati.com to M/s. Karvy or Investor Service Department of the Company. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.
19. The Notice of the Meeting, Annual Report along with Attendance Slip and proxy form etc. are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of the Meeting, Annual Report along with Attendance Slip and proxy form etc. are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the aforesaid documents in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the Meeting.
20. A Route Map showing direction to reach the venue of 22nd AGM is given in the Annual Report as per the requirement of the Secretarial Standard – 2 on General Meeting.
21. Members may also note that the Notice of the 22nd AGM and the Annual report for the FY2016-17 will be available on the company's website i.e., www.gati.com.

22. VOTING THROUGH ELECTRONIC MEANS

- a) In compliance with provisions of Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility to the members to exercise their right to vote at the 22nd AGM by electronic means and the business shall be transacted through e-voting services provided by M/s. Karvy Computershare Private Limited (Karvy).
- b) The e-voting facility will be available during the following period:
- Commencement of e-voting: From 9.00 a.m. (IST) on Thursday, July 27, 2017
- End of e-voting: Up to 5.00 p.m. (IST) on Monday, July 31, 2017
- c) The e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by M/s. Karvy upon expiry of aforesaid period.
- d) The company has appointed M/s. dvmgopal & Associates, Company Secretaries, Hyderabad, as Scrutiniser for conducting the e-voting process and voting process at the meeting (including voting through Ballot Form) in a fair and transparent manner.
- e) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Tuesday, July 25, 2017. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, only shall be entitled to vote.
- f) The login ID and password for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting by e-mail.
- g) The facility for voting through ballot / polling paper shall be made available at the Meeting, to all the members attending the Meeting, who have not opted evoting facility. Further, the members who have opted evoting facility may also attend the Meeting but shall not be entitled to vote again. Kindly note that members can opt for only one form of voting i.e. either by Ballot Forms or through e-voting. If members are opting for e-voting then they should not vote by Ballot Forms and vice-versa.
- However, in case members casting their vote both by e-voting and Ballot Forms, then voting done through e-voting shall prevail and voting done by Physical Ballot shall be treated as invalid.
- h) Any person who become members of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Tuesday, July 25, 2017, may obtain the User ID and password for e-voting by sending email intimating DP ID and Client ID / Folio No. at evoting@karvy.com with a copy to investor.services@gati.com. However, if you are already registered with M/s. Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- i) The Chairman shall, at the meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the help of scrutiniser, by use of 'Ballot Paper' for all those members, who are present at the meeting, but have not cast their vote by availing e-voting facility.
- j) The Scrutiniser, after scrutinising the votes cast at the meeting (Poll) and through e-voting, will, within stipulated time, make a consolidated scrutiniser's report and submit the same to the Chairman. The results declared along with the consolidated scrutiniser's report shall be placed on the website of the Company i.e. www.gati.com and on the website of M/s. Karvy i.e. <http://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- k) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Tuesday, August 1, 2017.

23. Instructions and other information relating to e-voting:

The instructions for e-voting are as under:

- i) Open your web browser during the voting period and navigate to <https://evoting.karvy.com>.
- ii) Enter the login credentials (i.e. user-id & password). Your folio / DP ID - Client ID will be your User ID.

| | |
|----------|---|
| User ID | For Members holding shares in demat form: a) For NSDL: 8-character DP ID followed by 8-digit Client ID b) For CDSL: 16-digit beneficiary ID For Members holding shares in physical form: Event number, followed by Folio Number registered with the Company |
| Password | Your unique password is printed on the form / forwarded via email through the electronic notice |
| Captcha | Enter the verification code i.e. please enter the alphabets and numbers in the exact way as they are displayed for security reasons |

- iii) After entering these details appropriately, click on 'LOGIN'.
- iv) Members holding shares in demat / physical form will now reach password change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through M/s. Karvy e-voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v) You need to login again with the new credentials.
- vi) On successful login, the system will prompt to select the 'Event' i.e. 'Company Name'.
- vii) If you are holding shares in demat form and had logged on to <https://evoting.karvy.com> and cast your vote earlier for any company, then your existing login id and password are to be used.
- viii) On the voting page, you will see Resolution description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not want to cast your vote, select 'ABSTAIN'.
- ix) After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly, modify your vote.
- x) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xi) Corporate / Institutional Members (Corporate / FIs / FIs / Trusts / Mutual Funds / Banks, etc.) are required to send scan (PDF format) of the relevant Board resolution to the Scrutiniser through e-mail to dvmgopal@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board resolution should be in the naming format 'Corporate Name_ Event number'.
- xii) If you are already registered with M/s. Karvy for e-voting, then you can use your existing user ID and password for casting your vote. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- xiii) Please contact M/s. Karvy toll-free number 1-800-34-54-001 for any further clarifications.
- xiv) In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available at downloads section of the e-voting website of M/s. Karvy i.e. <https://evoting.karvy.com>.

PROFILE OF DIRECTORS (SEEKING RE-APPOINTMENT)

| | |
|--|--|
| Name of the Director | Mr. Yasuhiro Kaneda |
| Brief Resume & Expertise in specific functional areas | Mr. Yasuhiro Kaneda joined Kintetsu World Express Inc in 1985. He has more than 10 years of working experience in various leadership positions for development of KWE business at North America. He also headed the export operations of KWE Japan market. He is a commerce graduate from Meiji University and has rich experience or more than 30 years in Freight Forwarding and Logistics Industry. Presently, he is Managing Director of KWE South East and South Asia Region. |
| Details of shares held in the Company as on 31.03.2017 | Nil |
| Listed Companies in which Directorships held as on 31.03.2017 | Nil |
| Chairman / Member of the Committees of Listed Companies in which he is a Director as on 31.03.2017 | Nil |
| Relationship with other Directors | Not related to any Director |

By order of the Board of Directors
for **Gati Limited**

Amit Pathak

Company Secretary
M. No. A19971

Place: Hyderabad
Date: May 6, 2017

Registered & Corporate Office:

Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318
CIN: L63011TG1995PLC020121
Website: www.gati.com
Email: investor.services@gati.com

Explanatory Statement to the Notice of the Annual General Meeting, as per Section 102(1) of the Companies Act, 2013.**Item No. 5**

Though not mandatory, this statement is provided for reference.

M/s. R S Agarwala & Co., Chartered Accountants (Firm Registration No. 304045E) were appointed as statutory auditors of the company, since inception. In terms of their appointment made at the 19th AGM held on 05.08.2014, they are holding office of the auditors up to the conclusion of the 22nd AGM and hence, would retire at the conclusion of the forthcoming 22nd AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 (the Act), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years.

Accordingly, as per the said requirements of the Act, M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E) is proposed to be appointed as statutory auditors of the company, for a period

of 5 years, commencing from the conclusion of 22nd AGM till the conclusion of the 27th AGM, subject to ratification by members every year, as may be applicable.

M/s. Singhi & Co., Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 5 of the notice.

The Board recommends the Resolution at Item No. 5 to be passed as an ordinary resolution.

Item No. 6

The Company has branch outside India and may also open / acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorise the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 6 of the accompanying notice.

The Board recommends the Resolution at Item No. 6 to be passed as an ordinary resolution.

Item No. 7

The provisions of section 188(1)(f) of the Companies Act, 2013, that govern the related party transactions require a Company to obtain prior approval of the Audit Committee, Board of Directors and shareholders for the related party's appointment to any office or place of profit.

The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee, at their meeting held on May 06, 2017, had approved the appointment of Mr. Dhruv Agarwal as Chief Strategy Officer of the company, subject to approval of the Shareholders by way of an Ordinary Resolution.

The details of the remuneration payable to Mr. Dhruv Agarwal is given in the resolution no. 7. As per section 188(1)(f) of the Companies Act, 2013, your Directors recommend the resolution for your approval.

Further, Mr. Dhruv Agarwal is also holding the position of Chief Strategy Office (CSO) in Gati-Kintetsu Express Private Limited, Subsidiary Company.

Mr. Dhruv Agarwal & his relatives are interested in this item of business to the extent of their shareholding. Except this, none of the Directors or KMP or their relatives of Directors and KMP, are in any way concerned with or interested financially or otherwise in the resolution at item no. 7 of the accompanying notice

Item No. 8

The provisions of section 188(1)(f) of the Companies Act, 2013, that govern the related party transactions require a Company to obtain prior approval of the Audit Committee, Board of Directors and shareholders for the related party's appointment to any office or place of profit.

The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee, at their meeting held on May 06, 2017, had approved the appointment of Mr. Manish Agarwal as Chief – Express Distribution of Gati Kintetsu Express Private Limited, Subsidiary Company, subject to approval of the Shareholders by way of an Ordinary Resolution.

The details of the remuneration payable to Mr. Manish Agarwal is given in the resolution no. 8. As per section 188(1)(f) of the Companies Act, 2013, your Directors recommend the resolution for your approval.

Further, Mr. Manish Agarwal is also holding the position of Whole-Time Director in Gati Kausar India Limited, Subsidiary Company.

Mr. Manish Agarwal & his relatives are interested in this item of business to the extent of their shareholding. Except this, none of the Directors or KMP or their relatives of Directors and KMP, are in any way concerned with or interested financially or otherwise in the resolution at item no. 8 of the accompanying notice.

Item no. 9

As per the existing Clause 123(ii) of the Articles of Association of the Company, the Common Seal of the Company can be affixed on any instrument only with the approval of the Board or of a committee of the Board authorised by it in that behalf and in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose.

The Board of Directors at their meeting held on May 06, 2017, have approved to amend the above Clause of the Article, subject to the approval of the shareholders of the Company, to enable affixation of Common Seal in the presence of such person(s) as may be authorised by the Board or in the presence of at least one Director and Company Secretary.

Pursuant to the Companies (Amendment) Act, 2015, use of Common seal has now become optional for the Companies. Further, Company being a Service Company has to execute various agreements, documents etc., towards its business matters including for borrowing proposals and other administrative necessities. In view of the same and to facilitate administrative convenience for execution of such documents on behalf of the Company, it is proposed to alter the existing Articles of Association ("AOA") of the Company suitable as proposed in the resolution.

Pursuant to Section 14 of the Companies Act, 2013, the said alteration can be effected only with the Special Resolution as set forth in Item no. 9 of the Notice. The relevant documents are available for inspection at the Registered Office during the voting period

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item no. 9 except as members.

The Board recommends the resolution at item No. 9 to be passed as a special resolution.

By order of the Board of Directors
for **Gati Limited**

Amit Pathak

Company Secretary
M. No. A19971

Place: Hyderabad
Date: May 6, 2017

Registered & Corporate Office:

Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318
CIN: L63011TG1995PLC020121
Website: www.gati.com
Email: investor.services@gati.com

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'Gati'), along with the audited financial statements, for the financial year ended March 31, 2017. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required.

Financial Highlights

| Particulars | (₹ in mn) | | | |
|---|--------------|--------------|------------|------------|
| | Consolidated | | Standalone | |
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Total Income | 17,041 | 16,818 | 5,263 | 4,980 |
| Profit before Finance Cost, Depreciation & Amortisation, Taxation & Exceptional item | 1,250 | 1,456 | 597 | 560 |
| Less: Finance cost | 400 | 425 | 167 | 175 |
| Depreciation and Amortisation Expenses | 348 | 383 | 101 | 162 |
| Profit before tax & Exceptional items | 502 | 648 | 329 | 223 |
| Less: Exceptional items | - | - | - | - |
| Profit before tax | 502 | 648 | 329 | 223 |
| Less: Tax expenses | 129 | 156 | 31 | 25 |
| Profit before Minority Interest | 373 | 492 | -- | -- |
| Less: Minority Interest | 78 | 124 | -- | -- |
| Profit after tax | 295 | 368 | 298 | 198 |

Dividend

Your Directors have recommended dividend of 40% (₹0.80 per share) for the financial year ended March 31, 2017 (previous year 50%), which upon approval by the shareholders at the ensuing Annual General Meeting will be out of the free reserves of the Company.

Review of Operations

During the year under review, at consolidated level, your Company achieved a revenue of ₹17,041 mn, EBITDA of ₹1,250 mn, PBT of ₹502 mn and PAT of ₹373 mn as against a revenue of 16,818 mn, EBITDA of ₹1,456 mn, PBT of ₹648 mn and PAT of ₹492 mn respectively in the previous year.

At standalone level, your Company recorded a revenue of ₹5,263 mn, EBITDA of ₹597 mn, PBT of ₹329 mn and PAT of ₹298 mn as against a revenue of ₹4,980 mn, EBITDA of ₹560 mn, PBT of ₹223 mn and PAT of ₹198 mn in the previous year.

Emphasis of matter to Independent Auditor's report

Independent Auditor has drawn attention in their report for emphasis of matter read along with notes to financial statements Nos. 28, 31 and 32 which is self explanatory.

Gati Standalone e-Commerce Performance

FY2016-17 for the e-Commerce industry proved to be quite the opposite of every long term forecast that had been projected just a year earlier. What was seen as a norm over the previous few years, incoming fund flows into the industry experienced a sharp drop. Consequently, the pace of growth of established e-tailers tempered significantly, and the industry was abuzz with talk of industry consolidation. Demonetisation further added to the decline, since Cash-On-Delivery (COD) constitutes a significant share of total e-Commerce orders. The estimated industry growth for FY2016-17 was close to 15%.

In such context, Gati e-Connect the e-Commerce division of your company, delivered a package volume growth of 14% between FY2015-16 and FY2016-17, with substantial share of growth (in excess of 50%) coming in the lower-weight segment. During the year under review, Gati e-Connect has recorded a revenue of INR 2,140 million as against INR 2,078 million in the previous period. While demonetisation reforms during second-half of FY2017 negatively affected the COD packages, the move has given an unprecedented push to online transactions, with the government itself advocating a move towards a digital, cashless economy.

More recent growth forecasts for the domestic e-Commerce market point to a CAGR of around 30% over the next five years. The moderated

growth indicates signs of maturity in the industry, moving from a period of frenzied valuation towards a more sustainable market ecosystem. The e-Commerce industry, nevertheless, continues to be the most exciting and fastest growing sectors, domestically.

In November, 2016, your company invested in BrownTape, a cloud-based software solutions company, aimed at building capacity and capability in the e-Commerce arena. The acquisition forms an important part of your company's future growth strategy. Gati Fulfilment Services (GFS) is a new service offering targeted at the vast vendor base in the e-Commerce ecosystem. GFS provides a unique single-window solution to online sellers by integrating Browntape's order management platform with your company's pan-India logistics network. Your company is happy to report that the integrated platform went live in the last quarter of FY2016-17.

Subsidiaries

Gati-Kintetsu Express Pvt Ltd. (GKEPL)

GKEPL offers solutions in Express Distribution – Surface, Rail and Air; Transport Solutions for bulk transportation; Warehousing and end-to-end Supply Chain Solutions across the logistics value chain. In Financial Year 2016-17, your flagship subsidiary, GKEPL contributed 65% to the consolidated business of your Company.

During the year under review, GKEPL recorded a revenue of ₹11,117 mn, EBITDA of ₹798 mn and PAT of ₹329 mn against a revenue of ₹11,416 mn, EBITDA of ₹953 mn and PAT of ₹440 mn in the previous year.

FY16-17 started with quite some turbulence as your company had just pressed into action its ambitious Shopfloor Automation (SFA) project for using Barcode Scans on each and every package across the pan-India network operations. The older system of manual docket data entry and network routing was sought to be replaced with a state-of-the-art automation technology. There were stiff challenges to be overcome during the initial phase of learning and stabilisation of the new technology across many operating units. As a responsible service provider, your company was in continuous touch with the entire customer franchise, so that the technology transition was best managed without putting the customers to undue hardship. The new technology rollout was completely stabilised by mid Q2 and with this your company is now the sole B2B Express Distribution service provider which proudly and confidently asserts to a hundred per cent visibility at an individual package level for enroute track-n-trace. Our investment in SFA is now a significant competitive advantage for Gati in terms of providing differentiated & enhanced customer experience. We can now extend SFA tool further for direct digital interface with our esteemed customers. This will help automate the booking process and thereby, ensure error-free transactions in a digitised GST India.

The technology introduction resulted in a short term pain of impacting H1 business volumes in both Express (Surface) and

Premium (Air) verticals; albeit the new capability is sure to deliver a long term competitive advantage, thereby enhancing future growth prospects. The lingering after-effects of demonetisation further affected business volumes in H2, especially in the consumer facing sectors of White goods, Apparel, and FMCG. In summary, the core Express Distribution business had a tough year in FY2016-17, although it emerged stronger with new operations capability critical for fulfilling customer expectations in near future.

The Transport Solutions business registered a modest growth of near 5%. The re-tendering for a parcel train operation in the west-east corridor is still awaited and as this happens in the near future, your company is confident of re-establishing dominance in rail parcel business.

Your company intensified its focus on the Warehousing business by creating a strong pipeline of customers needing 3PL services. These efforts are critical in a post GST era, where the customers are expected to migrate from unorganised to organised service providers and similarly from individual services providers to integrated logistics solutions providers.

Going forward, your company is encouraged by a number of factors that will contribute to the long-term growth of the GKEPL portfolio. The GST roll-out will help unlock the much needed efficiencies in the way businesses operate today and your company is distinctively positioned with the pan-India network and technology to support this transition. Your company continues to evolve its relationships with its customers and is working closely with key accounts to solve the supply chain needs of a post-GST environment.

Gati Kausar India Ltd. (GKIL)

India's cold chain sector forms the backbone of the food processing and food service industry, providing cold storage and refrigerated transportation for a range of businesses including Packaged Foods, Quick Service Restaurants, Pharmaceuticals, Animal Protein, Fresh Fruit and Vegetables. Increasing consumer demand for quality processed food; stringent regulations for food safety and focus on Good Distribution Practices (GDP) in pharmaceuticals have all helped generate greater need for high-quality cold supply chain solutions. Gati Kausar already has a visible presence in refrigerated transportation and serves many a number of popular brands.

During the year under review, Gati Kausar recorded a revenue of ₹441 mn, EBITDA loss of ₹1 mn and Loss of ₹104 mn against a revenue of ₹494 mn, EBITDA of ₹47 mn and Loss of ₹40 mn in the previous period.

Going forward, your company endeavours to disrupt the Cold Chain market with such quality design and differentiated services, to build a proud Cold chain business. A network of Refrigerated Express Distribution Centers across the country will help your company provide differentiated, end-to-end Cold Chain solutions to customers, by providing time-definite cold chain delivery services.

Consolidated Financial Statements (CFS)

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, your company has prepared the consolidated financial statements of the company, which forms part of this Annual Report in compliance with applicable provisions of the Companies Act, 2013, read with the Rules issued thereunder, applicable accounting standards and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"). The consolidated financial statements have been prepared on the basis of audited financial statements of your Company, its subsidiaries, as approved by the respective Board of Directors.

Further, the statement containing the salient features of the financial statement of our subsidiaries in prescribed format is attached to the consolidated financial statement of the Company. The statement also provides the details of performance and financial position of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the company and audited accounts of each of its subsidiaries, are available on our website, www.gati.com. These documents will also be available for inspection till the date of AGM during business hours at our registered office.

Abridged Annual Accounts

Pursuant to the provisions of the first proviso to Section 136(1) of the Act and Rule 10 of Companies (Accounts) Rules, 2014, the abridged annual accounts are being sent to all shareholders whose e-mail id's are not registered with the Company. The full annual report is available on the website of your Company at www.gati.com and available for inspection at the registered office of the Company during working hours. Any member interested in obtaining the full annual report may write to the Company Secretary and the same will be furnished on request.

Air India and Gati Arbitration

In the year 2009, your Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL) (erstwhile Indian Airlines Ltd.) and now Air India (AI), due to continuous failure and defaults by NACIL. The Learned Arbitral Tribunal adjudicating on the disputes between your Company and Air India Limited in respect of the discontinued freighter operations of the Company, has passed its Award dated September 17, 2013, whereby, it has inter alia directed Air India Limited to pay an amount of ₹26.82 crores to your Company against which an amount of ₹26.59 crores is included in the Loans and Advances being the difference between the amount of bank guarantee invoked by NACIL and claims acknowledged by the Company. Further, the Learned Tribunal has directed Air India Limited to pay interest @ 18% per annum on the awarded amount.

Air India Limited took up the matter before the Honorable High Court of Delhi by filing an application for setting aside the award, in which the High Court has upheld the Arbitral Tribunal award except the claim for damages of ₹4.97 crores. Both Air India and your Company have filed cross appeals before the division bench of the Honourable High Court of Delhi. The Honourable High Court has directed Air India to deposit ₹22.00 crores. Air India has since deposited the amount with the Court pending adjudication of appeals filed by Air India and your company. Appeals are also scheduled for hearing shortly. Pending disposal of the said appeals, the said amount of ₹22.00 crores having been deposited in the court has been made over to your company pursuant to the direction of the division bench of the Honorable High Court of Delhi.

Future Prospects

Your company's unique portfolio of services makes it stand tall as a fully integrated multi-modal logistics player with a comprehensive pan-India network, thus giving it a viable edge in a post GST domestic market. Looking into the longer term, your company will continue to further expand its value-driven logistics offering in response to emerging customer supply chain requirements and other market trends.

Global Macroeconomics

Clearly, global business optimism is back in full force, and this augurs well for the next two to three years. The uptick in global merchandise trade volumes has sustained through the second half of FY2016-17 and is evident in the rising cross-border air freight and ocean container throughputs.

World Bank's global outlook specifies that despite substantial policy uncertainty, global growth is projected at a respectable 2.7 per cent in 2017 before strengthening further to 2.9 per cent in 2018-19. Although protectionist sentiments and associated trade restrictions could pose a risk to this fragile revival, there is mounting evidence of greater business activity in multiple large Emerging Market Economies and a clear easing of recessionary trends in most Advanced Economies.

India Outlook

The optimism around global growth will play a pivotal role in sustaining the domestic economy. Two recent surveys covering India's Industrial Outlook and Consumer Confidence suggest a much improved 'general economic situation' with an expansion in domestic economic activity over the next one year.

The Reserve Bank of India (RBI), in its most recent monetary policy statement, pegs the real GVA growth forecast for 2017-18 at 7.3 per cent. An identified downside risk to this growth projection is the uncertain geo-political atmosphere in India's trade partners. There are other lingering concerns with respect to credit growth, private investment, capital formation and Non-Performing Assets (NPAs) in the banking sector, which together constitute a drag on the economy. However, government spending remains healthy and is expected to mitigate the

effect of inactivity in other growth components. The monsoon forecast has also created optimism for the second consecutive year in terms of agricultural production and rural economy.

The start of the GST era is already upon us with the law coming into effect from July 1, 2017 onwards. This consumption based indirect tax reform will catalyse compliance in every business chain and expand the tax base in a transparent and efficient manner, while reducing the overall tax burden. There are likely to be initial hiccups for a few months as large corporates and SME business across industry sectors adapt to this change. However, these pain points will be short lived as the companies are expected to settle in very quickly into the new GST era.

India Logistics Sector

Over the last several years, many key trends have been reshaping the domestic logistics sector and have influenced your company's product portfolio and competitive position. By far, introduction of GST tax reforms will have the most far-reaching ramification in terms of growth of organised logistics in India. Case in point, the top-three players in the Domestic express market of the United States of America command over 90% market share, and the top-five Third-Party Logistics (3PL) players in USA command over 25% of the overall Contract Logistics market in USA. By contrast, Indian Logistics market is much too fragmented as of today. With the introduction of GST reform in India, such growth and consolidation is a real possibility in the Indian logistics sector. India is likely to witness increased Foreign Direct Investment (FDI) and Initial Public Offering (IPO) in the logistics sector within the short to medium term. Thus, the competitive intensity is set to increase amongst organised logistics service providers and your company is uniquely positioned and well prepared to compete and grow in such a context.

The GST is already proving to be a significant trigger for the Indian industry to migrate from legacy supply chain models designed for optimising tax considerations, to more efficient supply chain models that optimise operational considerations such as supply chain costs and lead time to market. Interstate movement of goods has become easier with reduced procedures and restrictions at state borders. This is transforming the Indian logistics landscape into one monolith of an expansive geography. Customer warehouses are beginning to consolidate into larger operations to reap benefits of scale efficiency; factories are expected to follow the same trajectory over the next two to three years. In such context, tremendous business opportunity arises for established end-to-end logistics players, such as your Company.

Through proactive actions over several months, your company will be fully prepared for the GST transition. Furthermore, your company has undertaken a comprehensive review of its pan-India distribution network and initiated necessary actions based on the expected changes in warehousing requirements, travel distances and load patterns. A combination of overall market place opportunity, rigorous business preparedness and a full portfolio of integrated logistics services gives your company the confidence of maximising the GST potential in the immediate short term.

Omni-channel retailing is emerging as a niche growth segment with immense business potential. Customers are increasingly looking for customised, integrated supply chain solutions which help them serve varied needs covering offline and online sales, B2B and B2C channels and individual piece and bulk shipment solutions. Delivering a positive omni-channel experience requires deep Supply Chain expertise to fulfil the customer requirement. Gati is working closely with select customers to co-create and develop this capability, thereby establishing long term business partnerships with the particular customers.

Gati's Cold Chain subsidiary, Gati Kausar, holds immense potential for growth in the long-term. It is crucial to generate an environment of ambition and innovation, to revolutionise the cold chain sector in India. Gati Kausar endeavours to disrupt the Cold Chain market with differentiated services and pioneering quality practices. The growth strategy for cold chain operations is to complement the existing delivery capabilities with a GST relevant network of cold warehouses.

Overall, Gati's capabilities demonstrate years of commitment towards investing in network, technology and people for achieving its vision. The success of Gati's pan-India Shop Floor Automation (SFA), stands testimony to its inbuilt capabilities in effecting such industry-leading technology interventions. Your company will continue to invest in technology that improves network efficiency, delivers value to customers and increases profitability. Gatiites are constantly collaborating to innovate and provide a wider, more flexible range of customised logistics solutions. These initiatives make it simpler and easier for our customers to manage the complexities of their own supply chain and thereby to derive maximum benefit from a long-term association with Gati.

Fixed deposits (FD)

As on March 31, 2017, fixed deposits of your Company stood at ₹227.84 mn out of which ₹13.73 mn remain unclaimed and there were no overdue deposits as on that date. During the year under review, your Company has accepted deposits to the tune of ₹52.11 mn. There was no default in repayment of deposits or payment of interest thereon during the year and there are no deposits which are in non-compliance with the requirements of the Companies Act, 2013. The current fixed deposits carry a rating of "A Minus" issued by Credit Analysis and Research Limited (CARE).

Directors and Key Managerial Personnel (KMP)

Mr. Yoshinobu Mitsuhashi, Nominee Director resigned w.e.f November 4, 2016 and in his place Mr. Yasuhiro Kaneda was appointed w.e.f November 4, 2016. Further, Mr. Sanjeev Jain, Director-Finance resigned w.e.f October 31, 2016 and Mr. Manoj Gupta was appointed as Chief Financial Officer (CFO) of the Company effective from May 6, 2017. In the interim period, the Managing Director has overseen the financial matters of the Company. Your directors placed on record their sincere appreciation for the valuable contributions made by Mr. Sanjeev Jain and Mr. Yoshinobu Mitsuhashi during their tenure. Further, Mr. Amit Pathak, was appointed as Company Secretary w.e.f August 4, 2016.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Yasuhiro Kaneda, Director, who retires by rotation and being eligible, has offered himself for re-appointment.

In compliance with Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, brief resume of all the Directors proposed to be appointed / re-appointed are attached along with the Notice of the ensuing Annual General Meeting.

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

Particulars of Employees and related disclosures

The remuneration paid to your Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this report.

The information required under Section 197 (12) of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure – A**.

Declaration on Independent Directors

Pursuant to sub section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, all the Independent Directors of your Company have given declaration that they have met the criteria of independence as required under the Act and the regulations.

Remuneration Policy

Your Directors have, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy forms part of the Corporate Governance Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report. The outcome of Board evaluation for financial year 2016-17 was

discussed by the Nomination and Remuneration Committee and the Board at their meetings held on May 6, 2017.

Board Committees

Detailed composition of the mandatory Board committees namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms a part of this Report.

Further, your board of directors, had at their meeting held on February 07, 2017, constituted the Foreign Currency Convertible Bonds (FCCBs) Committee of directors.

Particulars of Loans, Guarantees and Investments

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

Corporate Social Responsibility (CSR)

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

The CSR Committee has framed a CSR Policy which forms part of the Annual Report on CSR, annexed as **Annexure – B** to this report.

Gati Ltd had earmarked a budget of ₹1.72 mn (i.e. 2% of average net profits of the previous 3 years) for FY2016-17 and spent ₹0.42 mn during the year towards CSR activities across India. An amount of ₹1.30 mn is unspent towards the CSR expenses for the FY2016-17.

GKEPL had earmarked a budget of ₹12.85 mn (i.e. 2% of average net profits of the previous 3 years) for FY2016-17 and spent ₹8.05 mn during the year towards CSR activities across India. An amount of ₹4.80 mn is unspent towards the CSR expenses for the FY2016-17.

Gati Ltd and GKEPL were in the process of identifying and evaluating projects which are in line with the vision of company's CSR policy. As such, all the projects would normally go through detailed evaluation process and assessed under agreed strategy and vision. However, since the project was still under the evaluation strategy, the company could not spend the allocable amount. The company has plans for meeting out the objective and completing the identification of projects.

Related Party Transactions

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course

of business. There were no materially significant related party transactions with the Company's Promoters, Promoter Group, Directors, Senior Management Personnel or their relatives, which could have had a potential conflict with the interests of your Company. Accordingly, Form AOC-2 is not applicable to your Company.

Further all Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval for normal company transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal company transactions which cannot be foreseen and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

Your Directors have on the recommendation of the Audit Committee, adopted a policy to regulate transactions between your Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Meetings of the Board and Committees

Six Meetings of the Board of Directors were held during the year. For further details on the meetings and the attendance of directors/members, please refer report on Corporate Governance of this Annual Report.

Vigil Mechanism

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, a Vigil Mechanism for directors and employees to report genuine concerns about any instance of any irregularity, unethical practice and/or misconduct has been established. Further, the details as aforesaid is available on the website of your company at www.gati.com.

Familiarisation Programme for Independent Directors

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company shall familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

Accordingly, your Company arranged a technical session on February 7, 2017 to familiarise the Independent Directors, the details of which are disclosed on the website of the company at <http://www.gati.com/investor-relations/familiarization-programmes/>

Directors' Responsibility Statement

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

1. That in the preparation of the Accounts for the financial year ended March 31, 2017, the applicable accounting standards and schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there is no material departure;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit and loss of the Company for the financial year ended March 31, 2017;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts have been prepared on 'going concern' basis, for the financial year ended March 31, 2017;
5. That the Company, had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively;
6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, is annexed as **Annexure – C**.

Development and Implementation of Risk Management Policy

Your Company has an elaborate risk Management process and has adopted systematic approach to mitigate risk associated with accomplishment of objectives, operations and revenues etc. The details of Risk Management as practiced by your company is provided as part of Management Discussion and Analysis Report which forms part of this Annual Report.

Internal Financial Controls

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the same and the work performed by the internal auditors, statutory auditors and the reviews performed by Top Management team and the Audit Committee, your Directors are of the opinion that your Company's Internal Financial Controls were adequate and effective during the financial year 2016-17.

Further, the statutory auditors of your company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended March 31, 2017, which forms part to the Statutory Auditors Report.

Transfer of unclaimed dividend

Pursuant to the provisions of Companies Act, 1956/2013, the unclaimed dividend amount pertaining to the financial year 2009-10 is due for transfer to Investor Education and Protection Fund (IEPF).

Auditors

a) Statutory Auditors

M/s. R S Agarwala & Co., Chartered Accountants (Firm Registration No. 304045E) were appointed as statutory auditors of the company, since inception. Currently, they are holding office of the auditors up to the conclusion of the 22nd AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013, (the Act), a transition period of three years from the commencement of the Act is provided to appoint a new auditor if the existing auditor's firm has completed two terms of five consecutive years.

Accordingly, as per the said requirements of the Act, M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E) are proposed to be appointed as auditors for a period of 5 years commencing from the conclusion of 22nd AGM till the conclusion of the 27th AGM, subject to ratification by shareholders every year, as may be applicable, in place of M/s. R S Agarwala & Co., Chartered Accountants (Firm Registration No. 304045E).

M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors have recommended the appointment of M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), as statutory auditors of the Company from the conclusion of the 22nd AGM till the conclusion of 27th AGM, to the shareholders.

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. dvmgopal & Associates, Practising Company Secretaries, to undertake the Secretarial Audit of your Company. The Report of the Secretarial Audit is annexed as **Annexure – D**.

Further, M/s. dvmgopal & Associates, Practising Company Secretaries, carries out Reconciliation of Share Capital Audit every quarter and the report thereon is submitted to the Stock Exchanges.

Further, the present secretarial auditor M/s. dvmgopal & Associates, a proprietorship concern has extended their business wing and formed a new partnership firm i.e. M/s. DVM & Associates LLP.

Accordingly, your Directors at their meeting held on May 6, 2017 have approved, the appointment of M/s. DVM & Associates LLP, as the secretarial auditors for the FY2017-18.

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

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

Employees Stock Option Scheme

Details of the shares issued under Employee Stock Option Scheme (ESOS), as also the disclosures, in compliance with Section 62 of the Companies Act, 2013 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017, is annexed as **Annexure – F** to this Report.

Further the details as aforesaid is available on the website of your company at <http://www.gati.com/investor-relations/announcements>.

Change in Capital Structure and Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). During the financial year under review, 4,59,117 equity shares were allotted on exercise of the options vested under the Employee

Stock Option Scheme and admitted for trading on NSE and BSE. Consequently, the Equity Share Capital of your Company increased from 8,77,22,937 equity shares of ₹2/- each to 8,81,82,054 equity shares of ₹2/- each as on March 31, 2017.

Corporate Governance

Your Company is committed to maintain the high standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India. The Report on corporate governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, forms part of the Annual Report and is annexed as **Annexure – G**. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulations forms part of this report.

Management Discussion and Analysis (MD&A)

MD & A Report for the financial year under review, as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, is presented in a separate section and forms of the Annual Report.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of your Company under any scheme save and except ESOS referred to in this Report.

3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
5. During the period under review, there were no frauds reported by the auditors under provisions of the Companies Act, 2013.
6. There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2017) and the date of the report (May 6, 2017).

Acknowledgment

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

For and on behalf of the Board

Place: Hyderabad
Date: May 6, 2017

K L Chugh
Chairman
DIN: 00140124

ANNEXURE - A

Particulars of Employees information as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, are as under:

| Executive Directors and KMP | Ratio of remuneration of each Director/Key Managerial personnel to median remuneration of employees | % increase in Remuneration in the Financial Year 2016-17 |
|---|---|--|
| Mr. Mahendra Agarwal - Founder & CEO ^(%) | NA | NA |
| Mr. Sanjeev Jain, Director-Finance ^(\$) | 41.50:1 | 16.40 |
| Mr. Amit Pathak, Company Secretary ^(!) | 12.03:1 | NA |
| Mr. VSN Raju, Company Secretary ^(*) | 1:72:1 | NA |

(%) Mr. Mahendra Agarwal is drawing remuneration from GKEPL, Subsidiary Company.

(\$) Resigned w.e.f. Oct 31, 2016.

(!) Appointed w.e.f. Aug 04, 2016.

(*) Resigned w.e.f. April 28, 2016.

- ii) The median remuneration is ₹0.20 mn and the percentage reduction in the median remuneration of employees in the financial year is 23%.

- iii) The number of permanent employees on the rolls of company as on March 31, 2017: 778.

- iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in remuneration is based on remuneration policy of the Company.

- v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

- vi) The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure

forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary of the Company.

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said report. The ratio of remuneration and percentage increase for Non-Executive Directors remuneration is therefore not considered for the purpose above.
- b) Percentage increase in remuneration is calculated based on total cost to the company as approved by the Nomination and Remuneration Committee of the Company during the financial year 2016-17.

ANNEXURE - B

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial Year 2016-17

| | | |
|----|--|---|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs | Gati to be a socially responsible corporate by fulfilling its responsibilities as a member of the society and community, thereby creating a positive impact to the stakeholders with a concern towards the environment. The programs include Education, Community, Environment Sustainability and Rural Development Projects & Donations. The CSR Policy of the Company is available on the website of the Company i.e. http://www.gati.com/wp-content/uploads/2015/08/Gati-CSR-Policy.pdf |
| 2. | The Composition of the CSR Committee | 1. Ms. Sheela Bhide, Chairperson 2. Dr. P S Reddy, Member 3. Mr. Mahendra Agarwal, Member* |
| 3. | Average net profit of the Company for last three financial years | ₹85.85 Mn |
| 4. | Prescribed CSR Expenditure (two percent of the amount as in item 3 above) | ₹1.72 Mn |
| 5. | Details of CSR spent during the financial year 2016-17: | |
| a. | Total amount spent for the financial year 2016-17. | ₹0.42 Mn |
| b. | Amount unspent, if any | ₹1.30 Mn |
| c. | Manner in which the amount spent during the financial year is detailed below. | |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------|------------------------------------|--|---|---|--|---|---|
| S. No | CSR project or activity Identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or Programs wise | Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or Program (2) Overheads: | Cumulative expenditure upto to the reporting period | Amount spent: Direct or through implementing agency |
| 1 | Community Development | Relief Operation & Donations | Rudraprayag, Uttarakhand | ₹0.72 mn | ₹0.05 mn | ₹0.05 mn | Direct |
| 2 | Tree Plantation Drives | Environment Sustainability | Hyderabad, Telangana | ₹1.00 mn | ₹0.37 mn | ₹0.37 mn | Direct |
| TOTAL | | | | | ₹0.42 mn | | |

*Note: Due to the resignation of Mr Sanjeev Jain, Whole-Time Director & CFO w.e.f. 31.10.2016, Mr Mahendra Agarwal has been appointed as the Member of the CSR Committee in his place at the Board Meeting held on November 04, 2016.

Responsibility Statement

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company, is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Place: Hyderabad
Date: May 6, 2017

Mahendra Agarwal

Founder & CEO
DIN: 00179779

Sheela Bhide

Chairperson, CSR Committee
DIN: 01843547

ANNEXURE - C

FORM NO. MGT-9

Extract of Annual Return

As on the financial year ended March 31, 2017

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

I. Registration and Other Details

| | | |
|------|---|---|
| i) | CIN | L63011TG1995PLC020121 |
| ii) | Registration Date | April 25, 1995 |
| iii) | Name of the Company | Gati Limited |
| iv) | Category / Sub-Category of the Company | Public Company/Company having share capital, Indian Non-Government Company. |
| v) | Address of the Registered Office and Contact details | Plot no. 20, Sy. No. 12, Kothaguda, Kondapur, Hyderabad - 500 084 Tel. No. 040 7120 4284 Fax. No. 040 2311 2318 Email id: investor.services@gati.com Website: www.gati.com |
| vi) | Whether listed Company | Yes a) BSE Limited & b) National Stock Exchange of India Limited |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Tel No: 040 4465 5000-152 Fax No. 040 4465 5024 Email id: mohsin.mohd@karvy.com Website: www.karvycomputershare.com |

II. Principle Business Activity of the Company

| S. No | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company |
|-------|---|-----------------------------------|------------------------------------|
| 1 | Cargo handling incidental to land, water & air transport. | 52241, 52242, 52243 | 58.01 |
| 2 | Retail sale of automotive fuel in specialised store (including the activity of petrol filling stations) | 47300 | 41.99 |

II. Particulars of Holding, Subsidiary and Associate Companies

| S. No | Name and Address of the Company & PIN | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section of Companies Act, 2013 |
|-------|---|-----------------------|----------------------------------|------------------|---|
| 1) | Gati-Kintetsu Express Pvt. Ltd., First floor, Plot no.20, Sy. no.12, Kothaguda, Kondapur, Hyderabad-500084 | U62200TG2007PTC056311 | Subsidiary | 70.00 | 2 (87) |
| 2) | Gati Kausar India Ltd., 1-7-285, M. G. Road, Secunderabad-500003 | U74899TG1984PLC089495 | Subsidiary | 79.88 | 2 (87) |
| 3) | Gati Import Export Trading Ltd., 1-7-293, M. G. Road, Secunderabad-500003 | U60232TG2008PLC057692 | Subsidiary | 100.00 | 2 (87) |
| 4) | Zen Cargo Movers Pvt. Ltd., AG- 50, Sanjay Gandhi Transport Nagar, G.T. Karnal Road, New Delhi-110042 | U64120DL2007PTC160560 | Subsidiary | 100.00 | 2 (87) |
| 5) | Gati Logistics Parks Pvt. Ltd., 1-7-293, M. G. Road, Secunderabad-500003 | U63030TG2011PTC072285 | Subsidiary | 100.00 | 2 (87) |
| 6) | Gati Projects Pvt. Ltd., 1-7-293, M. G. Road, Secunderabad-500003 | U45400TG2011PTC072399 | Subsidiary | 100.00 | 2 (87) |
| 7) | Gati Asia Pacific Pte Ltd., (GAP), 3 Changi North Street 2, #01-01 Logis Tech Singapore - 498827 | Foreign Company | Subsidiary | 100.00 | 2 (87) |
| 8) | Gati Hong Kong Ltd., Unit 29 UP, 7/F Metro Centre II No. 21, Lam Hing Street, Kowloon Bay, Hong Kong | Foreign Company | Subsidiary | 100.00 of GAP | 2 (87) |
| 9) | Gati Cargo Express (Shanghai) Co. Ltd., Ground Floor, East Gate, No. 399 Huqingping Road, Shanghai China, 201105 | Foreign Company | Subsidiary | 100.00 of GAP | 2 (87) |
| 10) | GatiShip Ltd., 1-7-293, M.G.Road, Secunderabad-500003 | U61100TG2010PLC070699 | Associate | 47.95 | 2 (6) |
| 11) | Gati (Thailand) Ltd., 88, AP, Nakarintr building, 11th floor, Unit 2, Soi Lasalle 58, Bangana Bangkok, 10260, Thailand. | Foreign Company | Associate | 21.37 | 2 (6) |

IV. Share Holding Pattern (Equity share capital breakup as percentage of Total Equity)

i) Category-wise shareholding

| Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|--|---|--------------|-----------------|-------------------|---|--------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 8174183 | - | 8174183 | 9.32 | 7830183 | - | 7830183 | 8.88 | (0.44) |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt. | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 14371481 | - | 14371481 | 16.38 | 11586481 | - | 11586481 | 13.14 | (3.24) |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other (Trusts) | 13454087 | - | 13454087 | 15.34 | 13320787 | - | 13320787 | 15.11 | (0.23) |
| Sub-Total (A) (1) | 35999751 | - | 35999751 | 41.04 | 32737451 | - | 32737451 | 37.13 | (3.91) |
| (2) Foreign | | | | | | | | | |
| a) NRI - Individual | - | - | - | - | - | - | - | - | - |
| b) Other - Individual | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total promoter shareholding (A) = (A)(1) + (A)(2) | 35999751 | - | 35999751 | 41.04 | 32737451 | - | 32737451 | 37.13 | (3.91) |
| B Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 839 | - | 839 | 0.00 | - | - | - | - | - |
| b) Banks / FI | 274975 | 53745 | 328720 | 0.38 | 245983 | 53745 | 299728 | 0.34 | (0.04) |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | 7237109 | 2885 | 7239994 | 8.25 | 7267072 | 2885 | 7269957 | 8.25 | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B) (1) | 7512923 | 56630 | 7569553 | 8.63 | 7513055 | 56630 | 7569685 | 8.59 | (0.04) |
| (2) Non-Institutional | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 5579536 | 30375 | 5609911 | 6.40 | 6263554 | 30090 | 6293644 | 7.14 | 0.74 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹1 Lakh | 21420544 | 1283297 | 22703841 | 25.88 | 26179079 | 1257672 | 27436771 | 31.11 | 5.23 |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh | 6899910 | - | 6899910 | 7.87 | 5152793 | - | 5152793 | 5.84 | (2.03) |

| Category of Shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|--|---|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| c) Others (specify) | | | | | | | | | |
| Foreign Nationals | 360 | - | 360 | 0.00 | 1262 | - | 1262 | 0.00 | - |
| Foreign Bodies | 4329114 | - | 4329114 | 4.93 | 4329114 | - | 4329114 | 4.91 | (0.02) |
| Director | 278000 | - | 278000 | 0.32 | 344000 | - | 344000 | 0.39 | 0.07 |
| Non Resident Indians | 3663171 | 134595 | 3797766 | 4.33 | 3183745 | 132565 | 3316310 | 3.76 | (0.57) |
| NRI - Non repatriation | - | - | - | - | 353262 | - | 353262 | 0.40 | 0.40 |
| Clearing Members | 476685 | - | 476685 | 0.54 | 602058 | - | 602058 | 0.68 | 0.14 |
| Trusts | 37400 | - | 37400 | 0.04 | 11155 | - | 11155 | 0.01 | (0.03) |
| NBFC | 20646 | - | 20646 | 0.02 | 34549 | - | 34549 | 0.04 | 0.02 |
| Sub-Total (B)(2) | 42705366 | 1448267 | 44153633 | 50.33 | 46454571 | 1420347 | 47874918 | 54.28 | 3.95 |
| Total Public shareholding (B) = (B)(1) + (B)(2) | 50218289 | 1504897 | 51723186 | 58.96 | 53967626 | 1476977 | 55444603 | 62.87 | 3.91 |
| C Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 86218040 | 1504897 | 87722937 | 100.00 | 86705077 | 1476977 | 88182054 | 100.00 | - |

ii) Shareholding of Promoters

| Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | No. of shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | |
| TCI Finance Limited | 8103205 | 9.24 | 9.12 | 5523205 | 6.26 | 6.13 | (2.98) |
| Mahendra Investments Advisors Private Limited | 3735991 | 4.26 | 4.26 | 3735991 | 4.24 | 4.23 | (0.02) |
| Mahendra Kumar Agarwal | 3834188 | 4.37 | 4.35 | 3834188 | 4.35 | 4.33 | (0.02) |
| Mahendra Kumar Agarwal (HUF) | 4339995 | 4.95 | 4.94 | 3995995 | 4.53 | 4.48 | (0.42) |
| Dhruv Agarwal Benefit Trust | 3785450 | 4.32 | 4.26 | 3685450 | 4.18 | 4.17 | (0.14) |
| Manish Agarwal Benefit Trust | 4068642 | 4.64 | 4.15 | 4035342 | 4.58 | 4.25 | (0.06) |
| Bunny Investments And Finance Private Limited | 1454972 | 1.65 | 1.59 | 1454972 | 1.65 | 1.58 | - |
| Jubilee Commercial & Trading Pvt. Ltd. | 1077313 | 1.23 | 1.23 | 872313 | 0.99 | 0.99 | (0.24) |
| Neera and Children Trust | 5599995 | 6.38 | -- | 5599995 | 6.35 | -- | (0.03) |
| Total | 35999751 | 41.04 | 33.90 | 32737451 | 37.13 | 30.16 | (3.91) |

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

| Shareholder's Name | Shareholding at the beginning of the year | | Date wise increase / (decrease) in promoter shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | | Cumulative shareholding at the end of the year | |
|---|---|----------------------------------|---|---------------|---------------|--|----------------------------------|
| | No. of shares | % of total shares of the Company | Date | No. of shares | Nature | No. of shares | % of total shares of the Company |
| TCI Finance Limited | 8103205 | 9.24 | 31.08.2016 | (1000000) | Transfer/sell | 7103205 | 8.08 |
| | | | 14.12.2016 | (300000) | Transfer/sell | 6803205 | 7.73 |
| | | | 02.01.2017 | (1280000) | Transfer/sell | 5523205 | 6.26 |
| Mahendra Investments Advisors Private Limited | 3735991 | 4.26 | -- | -- | -- | 3735991 | 4.24 |
| Mahendra Kumar Agarwal | 3834188 | 4.37 | -- | -- | -- | 3834188 | 4.35 |
| Mahendra Kumar Agarwal (HUF) | 4339995 | 4.95 | 20.05.2016 | (100000) | Transfer/sell | 4239995 | 4.82 |
| | | | 13.06.2016 | 44000 | Transfer/buy | 4283995 | 4.87 |
| | | | 14.10.2016 | 50000 | Transfer/buy | 4333995 | 4.93 |
| | | | 14.10.2016 | (50000) | Transfer/sell | 4283995 | 4.87 |
| | | | 15.11.2016 | (50000) | Transfer/sell | 4233995 | 4.82 |
| | | | 23.12.2016 | (200000) | Transfer/sell | 4033995 | 4.58 |
| | | | 04.01.2017 | 212000 | Transfer/buy | 4245995 | 4.82 |
| | | | 23.01.2017 | (500000) | Transfer/sell | 3745995 | 4.26 |
| | | | 16.03.2017 | 250000 | Transfer/buy | 3995995 | 4.53 |
| | | | 24.03.2017 | 126000 | Transfer/buy | 4121995 | 4.67 |
| | | | 24.03.2017 | (126000) | Transfer/sell | 3995995 | 4.53 |
| | | | 31.03.2017 | -- | -- | 3995995 | 4.53 |
| Dhruv Agarwal Benefit Trust | 3785450 | 4.32 | 11.08.2016 | 20000 | Transfer/Buy | 3805450 | 4.33 |
| | | | 06.01.2017 | (10000) | Transfer/sell | 3795450 | 4.31 |
| | | | 27.01.2017 | (37000) | Transfer/sell | 3758450 | 4.27 |
| | | | 29.03.2017 | (73000) | Transfer/sell | 3685450 | 4.18 |
| | | | 31.03.2017 | -- | -- | 3685450 | 4.18 |
| Manish Agarwal Benefit Trust | 4068642 | 4.64 | 19.08.2016 | (91300) | Transfer/sell | 3977342 | 4.52 |
| | | | 26.08.2016 | (30000) | Transfer/sell | 3947342 | 4.49 |
| | | | 31.08.2016 | (30000) | Transfer/sell | 3917342 | 4.46 |
| | | | 05.10.2016 | 130000 | Transfer/Buy | 4047342 | 4.60 |
| | | | 14.10.2016 | (12000) | Transfer/sell | 4035342 | 4.59 |
| 31.03.2017 | -- | -- | 4035342 | 4.58 | | | |
| Bunny Investments And Finance Private Limited | 1454972 | 1.65 | -- | -- | -- | 1454972 | 1.65 |
| Jubilee Commercial & Trading Pvt. Ltd. | 1077313 | 1.23 | 26.04.2016 | (40000) | Transfer/sell | 1037313 | 1.18 |
| | | | 13.05.2016 | (25000) | Transfer/sell | 1012313 | 1.15 |
| | | | 28.06.2016 | (30000) | Transfer/sell | 982313 | 1.12 |
| | | | 05.08.2016 | (30000) | Transfer/sell | 952313 | 1.08 |
| | | | 29.08.2016 | 695000 | Transfer/Buy | 1647313 | 1.87 |
| | | | 02.09.2016 | (695000) | Transfer/sell | 952313 | 1.08 |
| | | | 30.09.2016 | 27000 | Transfer/Buy | 979313 | 1.11 |
| | | | 30.09.2016 | (27000) | Transfer/sell | 952313 | 1.08 |
| | | | 28.11.2016 | (40000) | Transfer/sell | 912313 | 1.04 |
| | | | 04.01.2017 | (40000) | Transfer/sell | 872313 | 0.99 |
| 31.03.2017 | -- | -- | 872313 | 0.99 | | | |
| Neera and Children Trust | 5599995 | 6.38 | -- | -- | -- | 5599995 | 6.35 |

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

| S. No | Shareholder's Name | Shareholding at the beginning of the year | | Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | | Cumulative Shareholding at the end of the year | |
|------------|---------------------------------------|---|----------------------------------|--|---------------|----------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | No. of shares | Nature | No. of shares | % of total shares of the Company |
| 1 | New Horizon Opportunities Master Fund | -- | -- | 22/07/2016 | 5000000 | Transfer/buy | 5000000 | 5.67 |
| | | | | 31/03/2017 | -- | -- | 5000000 | 5.67 |
| 2 | Kintetsu World Express Inc | 4329114 | 4.93 | -- | -- | -- | 4329114 | 4.91 |
| 3 | Amal N Parikh | 2300000 | 2.62 | 29/07/2016 | (127797) | Transfer/Sell | 2172203 | 2.47 |
| | | | | 05/08/2016 | (195000) | Transfer/Sell | 1977203 | 2.25 |
| | | | | 31/03/2017 | (42000) | Transfer/Sell | 1935203 | 2.19 |
| 4 | Praveen K Manivannan | 1000200 | 1.14 | 02/09/2016 | (200000) | Transfer/Sell | 800200 | 0.91 |
| | | | | 31/03/2017 | -- | -- | 800200 | 0.91 |
| 5 | Kavy Stock Broking Ltd | 466262 | 0.53 | 01/04/2016 | 4399 | Transfer/buy | 470661 | 0.54 |
| | | | | 01/04/2016 | (4424) | Transfer/Sell | 466237 | 0.53 |
| | | | | 08/04/2016 | (71264) | Transfer/Sell | 394973 | 0.45 |
| | | | | 15/04/2016 | 2691 | Transfer/buy | 397664 | 0.45 |
| | | | | 15/04/2016 | (33333) | Transfer/Sell | 364331 | 0.42 |
| | | | | 22/04/2016 | 10771 | Transfer/buy | 375102 | 0.43 |
| | | | | 22/04/2016 | (15632) | Transfer /Sell | 359470 | 0.41 |
| | | | | 29/04/2016 | 29425 | Transfer/buy | 388895 | 0.44 |
| | | | | 29/04/2016 | (14532) | Transfer/Sell | 374363 | 0.43 |
| | | | | 06/05/2016 | 14338 | Transfer/buy | 388701 | 0.44 |
| | | | | 06/05/2016 | (9286) | Transfer/Sell | 379415 | 0.43 |
| | | | | 13/05/2016 | 7495 | Transfer/buy | 386910 | 0.44 |
| | | | | 13/05/2016 | (408) | Transfer/Sell | 386502 | 0.44 |
| | | | | 20/05/2016 | 2833 | Transfer /buy | 389335 | 0.44 |
| | | | | 20/05/2016 | (11671) | Transfer/Sell | 377664 | 0.43 |
| | | | | 27/05/2016 | 3123 | Transfer/buy | 380787 | 0.43 |
| | | | | 27/05/2016 | (28018) | Transfer/Sell | 352769 | 0.40 |
| | | | | 03/06/2016 | 20409 | Transfer/buy | 373178 | 0.42 |
| | | | | 03/06/2016 | (8000) | Transfer/Sell | 365178 | 0.42 |
| 10/06/2016 | 9336 | Transfer/buy | 374514 | 0.43 | | | | |
| 10/06/2016 | (20842) | Transfer /Sell | 353672 | 0.40 | | | | |
| 17/06/2016 | 99169 | Transfer /buy | 452841 | 0.52 | | | | |
| 17/06/2016 | (1309) | Transfer /Sell | 451532 | 0.51 | | | | |
| 24/06/2016 | 1981 | Transfer /buy | 453513 | 0.52 | | | | |
| 24/06/2016 | (80765) | Transfer /Sell | 372748 | 0.42 | | | | |
| 30/06/2016 | 68948 | Transfer /buy | 441696 | 0.50 | | | | |
| 30/06/2016 | (30007) | Transfer /Sell | 411689 | 0.47 | | | | |
| 01/07/2016 | 720 | Transfer /buy | 412409 | 0.47 | | | | |
| 01/07/2016 | (62679) | Transfer /Sell | 349730 | 0.40 | | | | |
| 08/07/2016 | 56382 | Transfer /buy | 406112 | 0.46 | | | | |
| 08/07/2016 | (2815) | Transfer /Sell | 403297 | 0.46 | | | | |
| 15/07/2016 | 126501 | Transfer /buy | 529798 | 0.60 | | | | |
| 15/07/2016 | (87594) | Transfer /Sell | 442204 | 0.50 | | | | |

| S. No | Shareholder's Name | Shareholding at the beginning of the year | | Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | | Cumulative Shareholding at the end of the year | |
|-------|--------------------|---|----------------------------------|--|---------------|----------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | No. of shares | Nature | No. of shares | % of total shares of the Company |
| | | | | 22/07/2016 | 128538 | Transfer /buy | 570742 | 0.65 |
| | | | | 22/07/2016 | (132016) | Transfer /Sell | 438726 | 0.50 |
| | | | | 29/07/2016 | 97877 | Transfer /buy | 536603 | 0.61 |
| | | | | 29/07/2016 | (12733) | Transfer /Sell | 523870 | 0.60 |
| | | | | 05/08/2016 | 71016 | Transfer /buy | 594886 | 0.68 |
| | | | | 05/08/2016 | (19274) | Transfer /Sell | 575612 | 0.65 |
| | | | | 12/08/2016 | 148243 | Transfer /buy | 723855 | 0.82 |
| | | | | 12/08/2016 | (62573) | Transfer /Sell | 661282 | 0.75 |
| | | | | 19/08/2016 | 12470 | Transfer /buy | 673752 | 0.77 |
| | | | | 19/08/2016 | (48831) | Transfer /Sell | 624921 | 0.71 |
| | | | | 26/08/2016 | 20730 | Transfer /buy | 645651 | 0.73 |
| | | | | 26/08/2016 | (24924) | Transfer /Sell | 620727 | 0.71 |
| | | | | 02/09/2016 | 61503 | Transfer /buy | 682230 | 0.78 |
| | | | | 02/09/2016 | (5331) | Transfer /Sell | 676899 | 0.77 |
| | | | | 09/09/2016 | 20483 | Transfer /buy | 697382 | 0.79 |
| | | | | 16/09/2016 | 12472 | Transfer /buy | 709854 | 0.81 |
| | | | | 16/09/2016 | (1651) | Transfer/Sell | 708203 | 0.81 |
| | | | | 23/09/2016 | 399 | Transfer/buy | 708602 | 0.81 |
| | | | | 23/09/2016 | (23109) | Transfer /Sell | 685493 | 0.78 |
| | | | | 30/09/2016 | 6367 | Transfer /buy | 691860 | 0.79 |
| | | | | 30/09/2016 | (19348) | Transfer /Sell | 672512 | 0.77 |
| | | | | 07/10/2016 | 13989 | Transfer/buy | 686501 | 0.78 |
| | | | | 07/10/2016 | (26844) | Transfer /Sell | 659657 | 0.75 |
| | | | | 14/10/2016 | 792 | Transfer /buy | 660449 | 0.75 |
| | | | | 14/10/2016 | (8115) | Transfer /Sell | 652334 | 0.74 |
| | | | | 21/10/2016 | 13350 | Transfer /buy | 665684 | 0.76 |
| | | | | 21/10/2016 | (56683) | Transfer /Sell | 609001 | 0.69 |
| | | | | 28/10/2016 | 42 | Transfer /buy | 609043 | 0.69 |
| | | | | 28/10/2016 | (73454) | Transfer /Sell | 535589 | 0.61 |
| | | | | 04/11/2016 | 8565 | Transfer /buy | 544154 | 0.62 |
| | | | | 04/11/2016 | (9486) | Transfer /Sell | 534668 | 0.61 |
| | | | | 11/11/2016 | 20420 | Transfer /buy | 555088 | 0.63 |
| | | | | 11/11/2016 | (370) | Transfer /Sell | 554718 | 0.63 |
| | | | | 18/11/2016 | 6966 | Transfer /buy | 561684 | 0.64 |
| | | | | 18/11/2016 | (7758) | Transfer /Sell | 553926 | 0.63 |
| | | | | 25/11/2016 | 40836 | Transfer /buy | 594762 | 0.68 |
| | | | | 02/12/2016 | 45252 | Transfer /buy | 640014 | 0.73 |
| | | | | 02/12/2016 | (49960) | Transfer /Sell | 590054 | 0.67 |
| | | | | 09/12/2016 | 48 | Transfer /buy | 590102 | 0.67 |
| | | | | 09/12/2016 | (2188) | Transfer /Sell | 587914 | 0.67 |
| | | | | 16/12/2016 | 9356 | Transfer /buy | 597270 | 0.68 |

| S. No | Shareholder's Name | Shareholding at the beginning of the year | | Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | | Cumulative Shareholding at the end of the year | |
|----------|---|---|----------------------------------|--|---------------|----------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | No. of shares | Nature | No. of shares | % of total shares of the Company |
| | | | | 16/12/2016 | (1857) | Transfer /Sell | 595413 | 0.68 |
| | | | | 23/12/2016 | 21832 | Transfer /buy | 617245 | 0.70 |
| | | | | 23/12/2016 | (11187) | Transfer /Sell | 606058 | 0.69 |
| | | | | 30/12/2016 | 5211 | Transfer /buy | 611269 | 0.69 |
| | | | | 30/12/2016 | (9898) | Transfer /Sell | 601371 | 0.68 |
| | | | | 31/12/2016 | 1 | Transfer /buy | 601372 | 0.68 |
| | | | | 06/01/2017 | 22748 | Transfer /buy | 624120 | 0.71 |
| | | | | 13/01/2017 | 141 | Transfer /buy | 624261 | 0.71 |
| | | | | 13/01/2017 | (4740) | Transfer/Sell | 619521 | 0.70 |
| | | | | 20/01/2017 | 18126 | Transfer /buy | 637647 | 0.72 |
| | | | | 20/01/2017 | (5659) | Transfer /Sell | 631988 | 0.72 |
| | | | | 27/01/2017 | 28743 | Transfer /buy | 660731 | 0.75 |
| | | | | 27/01/2017 | (8053) | Transfer /Sell | 652678 | 0.74 |
| | | | | 03/02/2017 | 5361 | Transfer /buy | 658039 | 0.75 |
| | | | | 03/02/2017 | (15464) | Transfer /Sell | 642575 | 0.73 |
| | | | | 10/02/2017 | 40461 | Transfer /buy | 683036 | 0.78 |
| | | | | 10/02/2017 | (1151) | Transfer /Sell | 681885 | 0.77 |
| | | | | 17/02/2017 | 20687 | Transfer /buy | 702572 | 0.80 |
| | | | | 17/02/2017 | (27510) | Transfer /Sell | 675062 | 0.77 |
| | | | | 24/02/2017 | 5086 | Transfer /buy | 680148 | 0.77 |
| | | | | 24/02/2017 | (19388) | Transfer /Sell | 660760 | 0.75 |
| | | | | 03/03/2017 | 1183 | Transfer /buy | 661943 | 0.75 |
| | | | | 03/03/2017 | (20226) | Transfer /Sell | 641717 | 0.73 |
| | | | | 10/03/2017 | 5619 | Transfer /buy | 647336 | 0.73 |
| | | | | 10/03/2017 | (4014) | Transfer /Sell | 643322 | 0.73 |
| | | | | 17/03/2017 | 15508 | Transfer /buy | 658830 | 0.75 |
| | | | | 17/03/2017 | (24787) | Transfer /Sell | 634043 | 0.72 |
| | | | | 24/03/2017 | 37265 | Transfer /buy | 671308 | 0.76 |
| | | | | 24/03/2017 | (3525) | Transfer /Sell | 667783 | 0.76 |
| | | | | 31/03/2017 | 7765 | Transfer /buy | 675548 | 0.77 |
| | | | | 31/03/2017 | (10634) | Transfer /Sell | 664914 | 0.75 |
| 6 | Dimensional Emerging Markets Value Fund | 626607 | 0.71 | 31/03/2017 | -- | -- | 626607 | 0.71 |
| 7 | M R Naveen | 617820 | 0.70 | 31/03/2017 | -- | -- | 617820 | 0.70 |
| 8 | Emerging Markets Core Equity Portfolio | 351403 | 0.40 | 03/06/2016 | 11371 | Transfer/buy | 362774 | 0.41 |
| | | | | 10/06/2016 | 60945 | Transfer/buy | 423719 | 0.48 |
| | | | | 17/06/2016 | 41019 | Transfer/buy | 464738 | 0.53 |
| | | | | 24/06/2016 | 18745 | Transfer/buy | 483483 | 0.55 |
| | | | | 08/07/2016 | 10841 | Transfer/buy | 494324 | 0.56 |
| | | | | 02/09/2016 | 62492 | Transfer/buy | 556816 | 0.63 |
| | | | | 20/01/2017 | (14575) | Transfer/Sell | 542241 | 0.62 |
| | | | | 31/03/2017 | -- | -- | 542241 | 0.61 |

| S. No | Shareholder's Name | Shareholding at the beginning of the year | | Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | | Cumulative Shareholding at the end of the year | |
|-------|--------------------------------|---|----------------------------------|--|---------------|--------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | No. of shares | Nature | No. of shares | % of total shares of the Company |
| 9 | Nalini N Sekhsaria | -- | -- | 13/01/2017 | 500000 | Transfer/buy | 500000 | 0.57 |
| | | | | 31/03/2017 | -- | -- | 500000 | 0.57 |
| 10 | Bhoruka International (P) Ltd. | 350198 | 0.40 | 31/03/2017 | -- | -- | 350198 | 0.40 |

Note: The above information is based on the weekly beneficiary position received from Depositories.

v) Shareholding of Directors and Key Managerial Personnel

| S. No | For each of the of Directors and KMP | Shareholding at the beginning of the year | | Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc.) | | | Cumulative Shareholding at the end of the year | |
|-------|---|---|----------------------------------|---|---------------|----------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | No. of shares | Nature | No. of shares | % of total shares of the Company |
| 1 | Mr. K L Chugh, Chairman | 52500 | 0.06 | 07/02/17 | 22500 | ESOS allotment | 75000 | 0.09 |
| 2 | Mr. Mahendra Kumar Agarwal, Founder & CEO | 3834188 | 4.37 | -- | -- | -- | 3834188 | 4.35 |
| 3 | Mr. N Srinivasan, Director | 66500 | 0.08 | 07/02/17 | 22500 | ESOS allotment | 89000 | 0.10 |
| 4 | Dr. P S Reddy, Director | 37500 | 0.04 | 07/02/17 | 22500 | ESOS allotment | 60000 | 0.07 |
| | | | | 24/03/17 | (30,000) | Transfer/Sale | 30,000 | 0.03 |
| 5 | Mr. P N Shukla, Director | 14000 | 0.02 | 07/02/17 | 6000 | ESOS allotment | 20000 | 0.02 |
| 6 | Mr. Sunil Alagh, Director | 107500 | 0.12 | 07/02/17 | 22500 | ESOS allotment | 130000 | 0.15 |
| 7 | Mr. Yasuhiro Kaneda, Nominee Director | -- | -- | -- | -- | -- | -- | -- |
| 8 | Ms. Sheela Bhide, Director | -- | -- | -- | -- | -- | -- | -- |
| 9 | Mr. Amit Pathak, Company Secretary | -- | -- | -- | -- | -- | -- | -- |

V. Indebtedness

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

(₹ in mn)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|--------------|-----------------------|
| Indebtedness at the beginning of the financial Year | | | | |
| i) Principal Amount | 1074 | 1471 | 361 | 2906 |
| ii) Interest due but not paid | -- | -- | -- | -- |
| iii) Interest accrued but not due | -- | -- | 31 | 31 |
| Total (i+ii+iii) | 1074 | 1471 | 392 | 2937 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 759 | 70 | 52 | 881 |
| Reduction | 661 | 103 | 105 | 949 |
| Net Change | 98 | (33) | (134) | (69) |
| Indebtedness at the end of the financial Year | | | | |
| i) Principal Amount | 1172 | 1438 | 228 | 2838 |
| ii) Interest due but not paid | -- | -- | -- | -- |
| iii) Interest accrued but not due | -- | -- | 23 | 23 |
| Total (i+ii+iii) | 1172 | 1438 | 251 | 2861 |

V. Remuneration of Directors and Key Managerial Personnel

A. Remuneration of Managing Director, Whole-time Directors and/or Manager:

(₹ in mn)

| S. No | Particular of Remuneration | Mr. Mahendra Agarwal, Founder & CEO | Mr. Sanjeev Jain Director-Finance ** | Total |
|-------|--|---|--|--------------|
| 1 | Gross Salary | | | |
| a) | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | - | 8.60 | 8.60 |
| b) | Value of perquisites u/s 17(2) of the Income Tax Act, 1961. | - | 2.36 | 2.36 |
| c) | Profit in lieu of salary 17(3) of the Income Tax Act, 1961. | - | - | - |
| 2 | Stock Option (no. of options) | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as a % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, please specify – | - | - | - |
| | Total (A) | - | 10.96 | 10.96 |
| | Ceiling as per Section 197 of the Companies Act, 2013 | | | 16.79 |

** Resigned w.e.f. 31/10/2016

B. Remuneration to other Directors

(₹ in mn)

| S. No | Particular of Remuneration | Name of the Directors | | | | | | | | Total |
|-------|--|-----------------------|--------------|-------------|-------------|-------------|-------------------|-------------------------|--------------|-------------|
| | | K L Chugh | N Srinivasan | P S Reddy | Sunil Alagh | P N Shukla | Yasuhiro Kaneda * | Yoshinobu Mitsuhashi ** | Sheela Bhide | |
| 1 | Independent Directors | | | | | | | | | |
| | (a) Fee for attending board/ committee meetings | 0.31 | 0.42 | 0.35 | 0.27 | 0.40 | -- | -- | 0.32 | 2.07 |
| | (b) Commission | 0.50 | 0.35 | 0.25 | 0.25 | 0.25 | -- | -- | 0.25 | 1.85 |
| | (c) Others, please specify | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | Total (1) | 0.81 | 0.77 | 0.60 | 0.52 | 0.65 | -- | -- | 0.57 | 3.92 |
| 2 | Other Non-Executive Directors | | | | | | | | | |
| | a) Fee for attending board / committee meetings | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | b) Commission | -- | -- | -- | -- | -- | 0.10 | 0.15 | -- | 0.25 |
| | c) Others, please specify | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | Total (2) | -- | -- | -- | -- | -- | 0.10 | 0.15 | -- | 0.25 |
| | Total B = (1+2) | 0.81 | 0.77 | 0.60 | 0.52 | 0.65 | 0.10 | 0.15 | 0.57 | 4.17 |
| | Total Managerial Remuneration as Commission | | | | | | | | | 2.10 |
| | Ceiling as per Section 197 of the Companies Act, 2013 | | | | | | | | | 3.36 |

Note: * Appointed w.e.f. 04.11.2016

** Resigned w.e.f. 04.11.2016

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

(₹ in mn)

| S. No | Particular of Remuneration | Amit Pathak, | VSN Raju | Total |
|-------|---|---------------------|----------------------|-------------|
| | | Company Secretary * | Company Secretary ** | |
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 2.29 | 0.34 | 2.63 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961. | - | - | - |
| | c) Profit in lieu of salary 17(3) of the Income Tax Act, 1961. | - | - | - |
| 2 | Stock Option (no. of options) | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as a % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, please specify – | - | - | - |
| | Total | 2.29 | 0.34 | 2.63 |

* appointed w.e.f. 04.08.2016

** resigned w.e.f. 28.04.2016

VII. Penalties / Punishment / Compounding of Offences

There were no penalties, Punishment or Compounding of offences during the year ended March 31, 2017

ANNEXURE - D

Secretarial Audit Report

For the financial year ended 31st March, 2017

FORM NO MR 3

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

To
The Members,
M/s. Gati Limited
Hyderabad

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

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended on 31st March 2017 generally complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2017 ("Audit Period") according to the provisions of:
 - 1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made thereunder;
 - 1.2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - 1.5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - 1.5.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- 1.5.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- 1.5.3. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- 1.5.4. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- 1.5.5. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.6. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.
2. We report that during the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards.
3. The Company is engaged in the Business of logistics i.e., cargo handling incidental to land, water and air transport and retail sale of automotive fuel in specialised store (including the activity of petrol filling stations). Accordingly, the following Industry specific Acts are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI.
 - i) Carriage of Goods by Air Act, 1972
 - ii) Carriage of Goods by Sea Act, 1925
 - iii) Railway Act, 1989
 - iv) Central Motor Vehicle Rules, 1989
 - v) Motor Transport Workers Act, 1961
 - vi) Fatal Accidents Act, 1855
 - vii) National Highways Act, 1956
 - viii) Multimodal Transportation of Goods Act, 1993
 - ix) Control of National Highways (Land and Traffic) Act, 2002
 - x) Carriage by Road Act, 2007
 - xi) Road Transport Corporations Act, 1950
 - xii) Motor Vehicles Act, 1988

4. We further report that:
- 4.1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors during the period under review were carried out in accordance with the provisions.
 - 4.2. Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically to schedule the Board Meetings.
 - 4.3. With regard to deposits accepted by the Company, it has a practice of maintaining deposit repayment reserve in form of fixed deposits with scheduled banks instead of depositing in separate account.
 - 4.4. The Trustee of the FCCB Bondholders had filed a civil suit before the Secunderabad Civil Court for specific performance for conversion of bonds into equity and the matter is still pending adjudication. The FCCB redemption has fallen due on 13th December 2016.
 - 4.5. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
 - 4.6. Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously. It is to be noted that for the Audit Period the following acts are not applicable:
 - i. SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
 - ii. SEBI (Delisting of Equity Shares) Regulations, 2009.
 - iii. SEBI (Buyback of Securities) Regulations, 1998.
 - iv. SEBI (Issue of capital and disclosure requirements) Regulations, 2009
 - 4.7. There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **dvmgopal & associates**
Company Secretaries

DVM Gopal
Proprietor
M No: F 6280
CP No: 6798

Place: Hyderabad
Date: May 6, 2017

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

Annexure

To
The Members,
M/s. Gati Limited
Hyderabad

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **dvmgopal & associates**
Company Secretaries

DVM Gopal
Proprietor
M No: F 6280
CP No: 6798

Place: Hyderabad
Date: May 6, 2017

ANNEXURE - E

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A) Conservation of Energy:

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

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

1. Vehicles were purchased in compliance with all latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. BS III /BS IV models.
2. The strict periodical maintenance of Company's vehicles is done as per manufacturer's prescribed norms to ensure optimum fuel consumption & better vehicle maintenance.
3. Stringent checks for vehicles and retiring of vehicles greater than five years old.
4. Drivers' training programs are being organised and conducted periodically to improve their driving skills, safe driving, better vehicle maintenance and improved fuel efficiency of vehicle.
5. Providing DIP i.e., Drivers Information Package which would educate them about Do's and Don'ts, RIC (Route Information card) and check list to be followed before departing the vehicle & monitoring through Vehicle Tracking System
6. A centralised Operations Command Center (OCC) has been built to provide support to vehicles and drivers 24/7, 365 days.
7. LED lights are being used at corporate office and all warehouses.
8. Providing cross ventilation for light and air, thus reducing power consumption in day time.
9. All the warehouses have provided and maintained rain harvesting pits & greenery.
10. Through our rail parcel operations, we determinedly look at shifting transport activity from road towards low carbon railway mode.

B) Technology Absorption:

Your Company has successfully implemented Shop floor automation project across the country. This was a project to barcode each and every package in our network - right from the place of pickup to delivery. This was executed through an innovative cost effective solution using mobile devices (TABLETS) and wireless bar code scanners. There were seven stages to this whole project and all of them have been successfully implemented and being used extensively. Also, as part of the process, the image of any damaged shipment can be captured. This project has helped in enhancing the productivity, vehicle turnaround time and reduction in exceptions and misrouting. Your company is the only express logistics company in India to have deployed such a cost effective solution.

The new Human Resource Information System (HRIS) was also implemented successfully during this financial year.

Further, your company has implemented package sorter solution to sort the e-com shipment at NCR location for quick and accurate sorting of shipment.

Your Company has initiated an IT Roadmap planning project called GEMS 2.0 to gear itself to meet the changing needs of industry and continue to be the leader in the technology space in this industry. This IT Roadmap study and recommendation is being done by one of the big four consulting company.

C) Foreign Exchange earnings and outgo:

The particulars of earning and expenditure in foreign exchange during the year are given as additional information in note no. 41 in Notes on Financial Statements.

ANNEXURE - F

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI forms part of the notes to the financial statements provided in this Annual Report.

| S. No | Description | Year ended 31st March, 2017 | | |
|-------|---|--|------------|------------|
| | | ESOS-2001 | ESOS-2006 | ESOS-2007 |
| 1. | Date of shareholders' approval | 17.10.2001 | 11.10.2006 | 13.10.2007 |
| 2. | Total number of options approved under ESOS | 32,17,500 | 17,82,500 | 17,55,720 |
| 3. | Vesting requirements | Commences at the expiry of two years from the date of grant | | |
| 4. | Exercise price or pricing formula | At a discount of 25% on the average of the weekly high and low of the closing prices for the Company's Equity Shares quoted on the BSE Ltd. / or National Stock Exchange of India Ltd. during the four weeks preceding the date of grant of the options. | | |
| 5. | Maximum term of options granted | 4 years | | |
| 6. | Source of shares (primary, secondary or combination) | Primary | | |
| 7. | Variation of terms of options | Nil | | |
| 8. | Method used to account for ESOS - Intrinsic or fair value | The company has calculated the employee compensation cost using the intrinsic value of the stock options | | |
| 9. | Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options | 3,929,272.20 | | |
| 10. | The impact of this difference on profits and on EPS of the company on the current year profits (for the year grants) | Profit (Loss) after Tax (₹ in mn) | | 297.61 |
| | | Less: Additional Employee Compensation cost of Fair Value over Intrinsic Value (₹ in mn) | | 3.93 |
| | | Adjusted PAT (Loss) (₹ in mn) | | 293.68 |
| | | Adjusted weighted avg. EPS (in ₹) | | 2.48 |

Details of ESOS during the financial year

| S. No | Description | Year ended 31st March, 2017 | | |
|-------|---|-----------------------------|-----------|-------------|
| | | ESOS-2001 | ESOS-2006 | ESOS-2007 |
| 1. | Number of options outstanding at the beginning of the year (ungranted) | Nil | 9,54,893 | 7,04,780 |
| 2. | Number of options granted during the year | Nil | 4,35,000 | Nil |
| 3. | Number of options forfeited/lapsed during the year | Nil | 30,000 | 2,25,570 |
| 4. | Number of options vested during the year | 38,243 | 1,15,807 | 3,05,067 |
| 5. | Number of options exercised during the year | 38,243 | 1,15,807 | 3,05,067 |
| 6. | Number of shares arising as a result of exercise of options | 38,243 | 1,15,807 | 3,05,067 |
| 7. | Amount realised by exercise of options (₹) | 10,70,804 | 32,42,596 | 1,90,41,862 |
| 8. | Loan repaid by the Trust during the year from exercise price received | NA | NA | NA |
| 9. | Number of options outstanding at the end of the year (out of total number of options approved under ESOS) | Nil | 5,49,893 | 9,30,350 |
| 10. | Number of options exercisable at the end of the year (out of total number of options approved under ESOS) | Nil | 4,35,000 | 5,20,303 |

| 11. Weighted-average exercise | | | | |
|---|--|---|-----|-----|
| Stock Options granted on | Weighted average exercise price (in ₹) | Weighted average Fair value (in ₹) | | |
| 12/01/2013 | 28.00 | 39.95 | | |
| 06/02/2014 | 45.60 | 75.44 | | |
| 06/08/2014 | 85.42 | 125.70 | | |
| 26/04/2016 | 87.13 | 87.13 | | |
| 04/11/2016 | 103.45 | 155.84 | | |
| 12. Employee wise details of options granted to | | | | |
| a. | Key managerial personnel | Nil | Nil | Nil |
| b. | Any other employee who receive a grant of options in any one year of option amounting to 5% or more of option granted during the year | Nil | Nil | Nil |
| c. | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant | Nil | Nil | Nil |
| 13. | Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information | The Black Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option-pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options. | | |
| 14. | The main assumptions used in the Black Scholes option-pricing model during the year were as follows: | | | |
| | (i) Weighted average values of share price | Refer point no. 11 | | |
| | (ii) exercise price | Refer point no.11 | | |
| | (iii) Risk free interest rate | 8.00% | | |
| | (iv) Expected Life of Options | 3 years | | |
| | (v) Expected volatility | 26.04.2016 (-6.92%), 04.11.2016 (0.72%) | | |
| | (vi) Dividend yield | 0.81% | | |
| 15. | The method used and the assumptions made to incorporate the effects of expected early exercise | NA | | |
| 16. | How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility | We have considered the historical price of the company at the stock exchange, where the trading volume is high. The average closing price on weekly basis was taken to calculate the volatility of the shares. | | |
| 17. | Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. | No | | |

ANNEXURE-G

Report on Corporate Governance

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

Company's Philosophy

Gati Limited ('Gati' or 'the Company') believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximising long-term corporate value.

The Company's philosophy on Corporate Governance focuses on the attainment of the highest standards of transparency, accountability, ethics and equity with management flexibility, empowerment and responsiveness in the interest of shareholders, customers, employees, business associates and the society at large.

Gati's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board;
- Timely flow of information to the members of the Board and Board Committees;
- Well developed systems and processes for risk management and financial reporting;
- Timely and accurate disclosure of all material operational and financial information.

Board of Directors

A majority of the Board, six out of eight, are Independent Directors. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

As on March 31, 2017, the Board has eight Directors, comprising (i) Six Independent Directors, including the Chairman & One Woman Director (ii) One Promoter Executive Director and (iii) One Nominee Director. The composition of the Board is in conformity with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

| Name* | Designation | Board Meetings | Committees | | | | |
|----------------------|--------------------------------|-------------------|------------|--------------------------|---------------------------|---------------------------------|----------------|
| | | | Audit | Stakeholder Relationship | Nomination & Remuneration | Corporate Social Responsibility | FCCB Committee |
| Mr. K L Chugh | Independent Director- Chairman | Chairman | --- | --- | Member | --- | --- |
| Mr. Mahendra Agarwal | Founder & CEO | Managing Director | --- | Member | --- | Member | Member |
| Mr. N Srinivasan | Independent Director | Member | Chairman | --- | --- | --- | Chairman |
| Mr. P N Shukla | Independent Director | Member | Member | --- | Member | --- | --- |
| Dr. P S Reddy | Independent Director | Member | Member | ---- | Chairman | Member | Member |
| Ms. Sheela Bhide | Independent Director | Member | --- | --- | --- | Chairperson | --- |
| Mr. Sunil Alagh | Independent Director | Member | --- | Chairman | --- | --- | --- |
| Mr. Yasuhiro Kaneda | Nominee Director** | Member | --- | --- | --- | --- | --- |

*None of the above Directors are related to each other.

**Nominee Director being Equity Investor in GKEPL, represents Kintetsu World Express (S) Pte Ltd.

The composition of Board/Committees is available on the website of the Company i.e. www.gati.com/investor-relations/committees-of-the-board.

Each Director informs the Company on an annual basis about the Board and Board Committee positions he occupies in other companies including Chairmanships and notifies changes periodically and regularly during the term of their directorship in the Company. None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors.

The number of other directorships, committee chairmanships/memberships held in other companies by each of the Directors is tabled below:

| Name | No. of other Directorships and Committee Membership / Chairmanship | | |
|----------------------|--|--------------|------------|
| | Other Directorships* | Committee ** | |
| | | Chairmanship | Membership |
| Mr. K L Chugh | 4 | - | - |
| Mr. Mahendra Agarwal | 8 | - | 1 |
| Mr. N. Srinivasan | 8 | 2 | 4 |
| Mr. P N Shukla | 2 | 1 | 2 |
| Dr. P.S. Reddy | 2 | - | 1 |
| Ms. Sheela Bhide | 4 | - | 1 |
| Mr. Sunil Alagh | 4 | 1 | 3 |
| Mr. Yasuhiro Kaneda | 1 | - | - |

*Other directorships do not include Section 8 Companies and companies incorporated outside India.

**Chairmanships / Memberships of Board Committees include only Audit and Stakeholders Relationship Committees.

Meetings of the Board

The Board of Directors must meet at least four times a year, with a maximum time gap of 120 days between two Board meetings. During the financial year 2016-17, the Board met Six times: on April 27, 2016, August 4, 2016, September 26, 2016, November 4, 2016, February 7, 2017 and March 27, 2017. The necessary quorum was present at all the meetings. Video/tele-conferencing facilities were also used to facilitate Directors travelling abroad or at other locations to participate in the meetings. The proceedings of the meetings held through Video Conferencing are duly recorded by the Company.

The below table gives the composition of the Board, their attendance at the board meetings held during the year and at the previous Annual General Meeting held on August 4, 2016 and also the shareholding.

| Name | Category and Designation | Attendance particulars | | |
|--------------------------|--------------------------------|------------------------|----------|----------------------|
| | | Board meetings | Last AGM | No. of Equity shares |
| Mr. K L Chugh | Independent Director- Chairman | 5 | No | 75,000 |
| Mr. Mahendra Agarwal | Founder & CEO | 6 | Yes | 38,34,188 |
| Mr. N Srinivasan | Independent Director | 6 | Yes | 89,000 |
| Mr. P N Shukla | Independent Director | 5 | Yes | 20,000 |
| Dr. P S Reddy | Independent Director | 4 | Yes | 30,000 |
| Mr. Sanjeev Jain | Director-Finance * | 2 | Yes | 17,000 |
| Ms. Sheela Bhide | Independent Director | 6 | Yes | -- |
| Mr. Sunil Alagh | Independent Director | 5 | Yes | 1,30,000 |
| Mr. Yasuhiro Kaneda | Nominee Director ** | 2 | --- | -- |
| Mr. Yoshinobu Mitsuhashi | Nominee Director *** | 2 | Yes | -- |

Note: * Resigned w.e.f. 31.10.2016

** Appointed w.e.f. 04.11.2016

*** Resigned w.e.f. 04.11.2016

Information given to the Board:

The Company provides the following information to the Board and the Board Committees. Such information is submitted either as part of the agenda papers in advance of the meetings or by way of presentations and discussion materials during the meetings.

- Annual operating plans and budgets, capital budgets, updates and all variances;
- Quarterly, Half yearly, Nine months and Annual results of the Company and its subsidiaries;
- Detailed presentations on the business performance of the Company and its material subsidiaries;
- Minutes of meetings of the Audit Committee and other Committees;
- Contract in which Directors are interested;
- Update on the significant legal cases of the Company;
- Subsidiary companies minutes, financial statements and significant investments;
- Reviews the compliance reports of all laws applicable to the Company;
- Evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.

Code of Conduct

The Company has adopted a code of conduct for all Board Members and Designated Senior Management of the Company. The duties of Independent Directors as laid down in the Companies Act, 2013, are incorporated in the Code of Conduct. The Code of Conduct is available on the website of the Company i.e. www.gati.com/investor-relations/code-of-conduct/. All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Founder & CEO to this effect is annexed at the end of this report.

Declaration by Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

During the financial year 2016-17, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on February 7, 2017, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

Familiarisation programmes to Independent directors

Brief details of the familiarisation programme is available on the website of the Company: www.gati.com/investor-relations/familiarization-programmes.

Committees of the Board

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

The Company has Five Board-level Committees, namely:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee
5. Foreign Currency Convertible Bond Committee

Audit Committee

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of

Directors has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The constitution of the Audit Committee also meets with the requirements of Section 177 of the Companies Act, 2013 and SEBI Listing Regulations.

The primary responsibilities of the Audit Committee are to:

- i. Supervise the financial reporting process;
- ii. Review the quarterly and annual financial results before placing them to the Board along with related disclosures and filing requirements;
- iii. Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function and remuneration of the Internal Auditor;
- iv. Discuss with management, the Company's major policies with respect to risk assessment and risk management;

- v. Hold discussions with statutory auditors on the nature and scope of audits and any views that they have about the financial control and reporting processes;
- vi. Ensure compliance with accounting standards and with listing requirements with respect to the financial statements;
- vii. Recommend the appointment and removal of statutory auditors and their fees;
- viii. Ensure that adequate safeguards have been taken for legal compliance for the Company;
- ix. Review related party transactions.

The Audit Committee entirely comprises of Independent Directors. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, economics, strategy and management.

During the financial year 2016-17, the Audit Committee met four times viz., on April 27, 2016, August 3, 2016, November 4, 2016 and February 7, 2017. The below table gives the composition and attendance record of the Audit Committee.

| S. No | Name | Position | Number of meetings during the financial year | |
|-------|------------------|----------|--|----------|
| | | | Held | Attended |
| 1 | Mr. N Srinivasan | Chairman | 4 | 4 |
| 2 | Mr. P N Shukla | Member | 4 | 3 |
| 3 | Dr. P S Reddy | Member | 4 | 3 |

The Audit Committee invites such of the executives, as it considers appropriate, Statutory Auditors and Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Audit Committee also meets the Statutory Auditors and Internal Auditors separately, without the presence of management representative.

Mr. N Srinivasan, Chairman of the Audit Committee has attended the previous Annual General Meeting held on August 4, 2016.

Nomination & Remuneration Committee:

The Board has constituted Nomination & Remuneration Committee consisting of 3 Independent Directors. The terms of reference of the Committee cover evaluation of compensation and benefits for Executive Director(s), Non-Executive Director(s), Key Managerial Person, framing of policies and systems of the Employee Stock Option Scheme and looking after the issues relating to major HR policies.

During the financial year 2016-17, the Committee met four times viz., on April 26, 2016, August 4, 2016, November 4, 2016 and February 7, 2017. The below table gives the composition and attendance record of the Nomination & Remuneration Committee.

| S. No | Name | Position | Number of meetings during the financial year | |
|-------|----------------|----------|--|----------|
| | | | Held | Attended |
| 1 | Dr. P S Reddy | Chairman | 4 | 3 |
| 3 | Mr. K L Chugh | Member | 4 | 3 |
| 4 | Mr. P N Shukla | Member | 4 | 3 |

Board member Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Chairman, the Board, Board committees and executive / non-executive / independent directors through a peer evaluation, excluding the director being evaluated.

Independent directors have three key roles - Governance, Control and Guidance. Some of the performance indicators based on which the independent directors are evaluated include:

- The Ability to contribute to and monitor our corporate governance practice.
- The ability to contribute by introducing international best practices to address business challenges and risks
- Active participation in long term strategic planning
- Commitment to the fulfillment of a director's obligations and fiduciary responsibilities, these include participation in Board and committee meetings.

To improve the effectiveness of the Board and its Committees, as well as that of each individual director, a formal and rigorous Board review is internally undertaken on an annual basis.

Remuneration policy:

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration.

This Policy is accordingly derived from the said Charter.

1. Criteria of Selection of Non-Executive Directors

- i. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- ii. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the criteria of independence of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- iii. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

- iv. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
 - a) Qualification, expertise and experience of the Directors in their respective fields;
 - b) Personal, Professional or business standing;
 - c) Diversity of the Board.
- v. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

2. Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- iii. The N&R Committee may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board;
- iv. The N&R Committee may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility;
- v. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director;
- vi. The N&R Committee may recommend to the Board, for the payment of additional commission to those Directors who are Members on the Audit Committee of the Board subject to a ceiling on the total commission payable as may be decided;

- vii. In addition to the remuneration paid under Clause (ii) and (vi) above, the Chairman of the Audit Committee shall be paid an additional commission, as may be recommended to the Board by the N&R Committee;
- viii. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- ix. The commission shall be payable on prorata basis to those Directors who occupy office for part of the year;
- x. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

3. Criteria for selection/appointment of CEO & Managing Director

For the purpose of selection of the CEO & Managing Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013, or other applicable laws.

4. Remuneration for the CEO & Managing Director

- i. At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO & Managing Director, within the overall limits prescribed under the Companies Act, 2013;
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting;
- iii. The remuneration of the CEO & Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus;
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
 - a) The relationship of remuneration and performance benchmarks is clear;
 - b) Balance between fixed and variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

- c) Responsibility required to be shouldered by the CEO & Managing Director, the industry benchmarks and the current trends;
- d) The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

5. Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMP and Executive Committee Members) the N&R Committee shall ensure / consider the following:

- i. The relationship of remuneration and performance benchmark is clear;
- ii. The balance between fixed and variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii. The remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv. The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned hereinabove, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

Directors Remuneration

The remuneration paid/payable to the Executive Directors is given below:

a) Executive Director:

| Particulars | (₹ in Mn) |
|---|--|
| | *Mr. Sanjeev Jain, Executive Director |
| Salary (p.a) | 6.55 |
| Contribution to Provident & other funds (p.a) | 0.32 |
| Rent Free Accommodation / Perks (p.a) | 0.20 |
| Total | 7.07 |

Note: * resigned w.e.f. October 31, 2016

b) Non-Executive Directors:

The Sitting fee and commission payable to the Non-Executive Directors during the year under review is in conformity with the applicable provisions of the Companies Act, 2013 and duly considered and approved by the Board and the shareholders.

The details of sitting fee paid to the Non-Executive Directors during the financial year 2016-17 and proposed commission are as follows:

| Name | Sitting fee | Commission |
|-----------------------------|------------------|------------------|
| | (₹) | (₹) |
| Mr. K L Chugh | 3,10,000 | 5,00,000 |
| Mr. N Srinivasan | 4,20,000 | 3,50,000 |
| Mr. P N Shukla | 4,00,000 | 2,50,000 |
| Dr. P S Reddy | 3,50,000 | 2,50,000 |
| Ms. Sheela Bhide | 3,20,000 | 2,50,000 |
| Mr. Sunil Alagh | 2,70,000 | 2,50,000 |
| Mr. Yasuhiro Kaneda * | --- | 1,04,167 |
| Mr. Yoshinobu Mitsuhashi ** | --- | 1,45,833 |
| Total | 20,70,000 | 21,00,000 |

Note: * Appointed w.e.f. 04.11.2016

** Resigned w.e.f. 04.11.2016

Commission for the financial year 2016-17 will be paid to the Directors after approval of accounts by the shareholders at the ensuing Annual General Meeting.

Other than above, there are no pecuniary or business relationship between the Non-Executive Directors and company and also between all the Directors. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to handling of stakeholders' queries and grievances. It primarily focuses on:

- Consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- Evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- Provide guidance and make recommendations to improve investor service levels for the investors.

The Committee consists of two Directors viz., Mr. Sunil Alagh, Chairman and Mr. Mahendra Agarwal, Member. During the financial year 2016-17, the Committee met once viz., on February 7, 2017 and all the members were present for the meeting.

The Company Secretary of the Company act as the secretary of the Committee and also designated as Compliance Officer.

In order to expedite the process of transfers of shares, transmission of shares etc. the Board has delegated the powers to certain officers of the Company.

An analysis of the investor complaints received and redressed during the financial year 2016-17 is given below:

| S. No | Nature of Complaint | Received | Disposed | Pending | Not resolved to the satisfaction of shareholders |
|-------|-----------------------------------|----------|----------|---------|--|
| 1 | Non receipt of dividend warrants | 14 | 14 | Nil | Nil |
| 2 | Non receipt of Annual Report | 7 | 7 | Nil | Nil |
| 3 | Non-receipt of stock split shares | 1 | 1 | Nil | Nil |

Name, designation and address of Compliance Officer:

Mr. Amit Pathak,
 Company Secretary, Chief Investor Relations & Compliance Officer
 Plot no.20, Survey no.12, Kothaguda, Kondapur, Hyderabad – 500 084
 Tel: +91 040 7120 4284, Fax: +91 040 2311 2318
 Email: investor.services@gati.com, Website: www.gati.com

Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility (CSR) is an integral part of our culture and constantly seeks opportunities to give back to the society and hope to make a difference to the lives of people by sharing our business success with them.

The main objective of the CSR Policy is to lay down guidelines and also make CSR as one of the key business drivers for sustainable development of the environment and the society in which GATI operates in particular and the overall development of the global community at large.

The role of the Corporate Social Responsibility Committee is as follows:

- i. Formulating and recommending to the Board the CSR Policy and activities to be undertaken by the company;
- ii. Recommending the amount of expenditure to be incurred on CSR activities of the company;
- iii. Reviewing the performance of the Company in the area of CSR;
- iv. Providing external and independent oversight and guidance on the environmental and social impact of how the company conducts its business;
- v. Monitoring CSR policy of the company from time to time;
- vi. Monitoring the implementation of the CSR projects or programs or activities undertaken by the company.

The CSR Committee comprises of three Directors viz., Ms. Sheela Bhide, Chairperson, Dr. P S Reddy, Member and Mr. Mahendra Agarwal, Member.

During the financial year 2016-17, the CSR Committee met once i.e. on April 27, 2016 and all the members were present for the meeting, except Dr. P S Reddy. Further, Mr. Mahendra Agarwal was appointed as Member of the Committee w.e.f. 04.11.2016 due to resignation of Mr. Sanjeev Jain w.e.f. 31.10.2016 from the Company.

Foreign Currency Convertible Bond (FCCB) Committee

The Board of Directors at their meeting held on February 7, 2017 has constituted FCCB Committee to deal with the ongoing FCCB matter of the Company. The FCCB Committee comprises of 3 Directors viz. Mr. Srinivasan, Chairman, Mr. Mahendra Agarwal, Member and Dr. P. S. Reddy, Member.

General Body Meetings

(a) Annual General Meeting:

| Year(s) | Date of AGM | Time | Venue | No. of Special resolutions passed |
|---------|----------------|-----------|---|-----------------------------------|
| 2015-16 | August 4, 2016 | 10.00 A.M | Hotel Radisson Blu Plaza, 8-2-409, Road No. 6, Banjara Hills, Hyderabad-500034. | 4 |
| 2014-15 | July 30, 2015 | 11.00 A.M | Hotel Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Cyberabad post office, Hyderabad – 500 081 | 4 |
| 2013-14 | August 5, 2014 | 11.00 A.M | Hotel Novotel Hyderabad Convention Centre, Novotel & HICC Complex, Cyberabad post office, Hyderabad – 500 081 | 6 |

(b) Extraordinary General Meeting:

During the year, company has not conducted any Extraordinary General Meeting.

Postal Ballot:

No Special Resolution was passed by the Company last year through Ballot. No Special Resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting to be held on Tuesday, August 1, 2017.

Disclosures

- i. Disclosures on materially significant related party transactions, which may have potential conflict with the interest of the Company at large:

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large. However, the other related party transactions form part of the financial statements. The related party transactions policy is available on the website of the Company i.e. <http://www.gati.com/investor-relations/policies/>.

- ii. Except as specified below there were no non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years:

In response to Company's application to Reserve Bank of India (RBI) seeking permission for part repurchase of FCCBs, RBI vide its letter dated September 27, 2013 accorded permission while stating that the Company was not an eligible borrower under the automatic route and the borrowing be treated as a Foreign Debt. The Company was levied a compounding fee of ₹29.60 mn in this respect. While suspending the compounding orders of RBI, the Hon'ble High Court of Andhra Pradesh had passed an interim order directing the Company to deposit ₹0.74 mn with Reserve Bank of India, out of the compounding fee of ₹29.60 mn, which the Company has since deposited. The company is awaiting clarification from the Reserve Bank of India on various matters pertaining to FCCB issued by the company. In the meanwhile, the trustee of the bond holders has filed a civil suit in the Secunderabad Court for specific performance, which the company is contesting. The matter is subjudice. Now parties have shown interest for amicable settlement in the matter.

- iii. Whistle blower policy:

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit

committee. The Vigil Mechanism Policy is available on the website of the Company i.e. <http://www.gati.com/investor-relations/policies/>.

- iv. The Company has complied with all mandatory requirements of SEBI Listing Regulations.

- v. Subsidiary Companies:

The Board of Directors has reviewed the financial statements and minutes of the board meetings of Gati Kintetsu Express Private Limited (GKEPL), the materially unlisted subsidiary company. Ms. Sheela Bhide, Independent Director of the Company is also on the Board of GKEPL. The policy for determining 'material' subsidiaries is available on the website of the Company i.e. <http://www.gati.com/investor-relations/policies/>

- vi. Disclosure of commodity price risks and commodity hedging activities: Not Applicable.

The Company is preparing its financial statements in line with the accounting standards issued by the Institute of Chartered Accountants of India and the company has not raised any fresh funds from the public or through Right or Preferential Issue.

Details of compliance with mandatory requirements

The Company has complied with all mandatory requirements specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of regulation 46 of SEBI Listing Regulations.

Non-Mandatory Requirements**Audit qualification**

The Company is in the regime of unqualified financial statements.

Separate posts of Chairman and CEO

Mr. K L Chugh is Non-Executive Independent Director & Chairman and Mr. Mahendra Agarwal is the Managing Director & CEO of the company.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

CEO and CFO Certification:

The Chief Executive Officer and the Chief Financial Officer of the Company gave certification on financial reporting and internal controls for the financial year 2016-17 to the Board of Directors at their meeting held on May 6, 2017, as required under regulation 17(8) of SEBI Listing Regulations.

Means of Communication

i. Publication of results

The quarterly, half-yearly & nine months un-audited financial results and annual audited results of the Company were generally published in Financial Express, national level English newspaper(s) as well as Nava Telangana, regional language newspaper circulating in the state of Telangana.

ii. Website and News Release

The quarterly, half-yearly & nine months un-audited financial results and annual audited results are available on the website of the Company i.e. "www.gati.com". Official news releases, detailed presentations made to media, analysts, institutional investors, etc are available on the website of the Company i.e. www.gati.com. Official media releases are sent to BSE Limited and National Stock Exchange of India Limited. Your Company also make timely disclosure of necessary information to BSE Limited and National Stock Exchange of India Limited in terms of the Listing Regulation and other rules and regulation issued by the Securities and Exchange Board of India.

Further following information is available on the website of the Company i.e. www.gati.com:

- Details of business of the Company;
- Terms and conditions of appointment of Independent Directors;
- Composition of various Committees of Board of Directors;
- Code of Conduct for Board of Directors and Senior Management Personnel;
- Details of establishment of vigil mechanism/ Whistle Blower policy;
- Criteria of making payments to Non-Executive Directors;
- Policy on dealing with Related Party Transactions;
- Policy for determining 'material' subsidiaries;
- Details of familiarisation programs imparted to Independent Directors;
- Policy for determination of materiality of events.

NSE Electronic Application Processing System (NEAPS):

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

E-voting

Pursuant to the requirements of the Companies Act, 2013, and the SEBI Listing Regulations, company is providing e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at the General Meetings.

Additional Shareholders' Information

Annual General Meeting:

Date: Tuesday, August 1, 2017

Time: 5:00 pm.

Venue: Hotel Radisson Hyderabad Hitech city, Gachibowli, Miyapur Road, Hyderabad, Telangana-500032.

Financial Calendar

Financial Year - 1st April to 31st March

Tentative calendar for declaration of financial results in Financial Year 2017-18

| | |
|--|---------------------------------|
| Results for the quarter ended June 30, 2017 | on or before September 14, 2017 |
| Results for the quarter ended September 30, 2017 | on or before December 14, 2017 |
| Results for the quarter ended December 31, 2017 | on or before February 14, 2018 |
| Results for the year ended March 31, 2018 | on or before May 30, 2018 |

Book Closure dates: The dates for book closure are from Tuesday, July 25, 2017 to Tuesday, August 1, 2017 (both days inclusive).

Dividend

The Board of Directors at their meeting held on May 6, 2017, recommended a final dividend of ₹0.80 per share (40%) on equity shares of ₹2/- each for the Financial Year ended March 31, 2017. The Dividend if approved by the shareholders at the 22nd Annual General Meeting scheduled to be held on Tuesday, August 1, 2017, will be paid within the stipulated time i.e. 30 days from the date of declaration.

Unclaimed dividend

The shareholders and other stakeholders are hereby informed that pursuant to the provisions of the Companies Act, 1956/2013, all dividends remaining unpaid / unclaimed for a period of seven years from the date they became due for payment will have to be transferred to the Investors' Education and Protection Fund (IEPF) set up by the Central Government. The details of outstanding dividend accounts are given below.

| S. No | Dividend for the year | Dividend % | Date of declaration | Due date for transfer |
|-------|-----------------------|------------|---------------------|-----------------------|
| 1 | 2009-10 : Final | 20 | 27.10.2010 | 26.11.2017 |
| 2 | 2010-11 : Final | 25 | 16.11.2011 | 15.12.2018 |
| 3 | 2011-12 : Interim | 30 | 29.06.2012 | 28.07.2019 |
| 4 | 2011-12 : Final | 25 | 19.10.2012 | 18.11.2019 |
| 5 | 2012-13 : Final | 30 | 06.11.2013 | 05.12.2020 |
| 6 | 2013-14 : Final | 35 | 05.08.2014 | 04.09.2021 |
| 7 | 2014-15: Interim | 30 | 05.12.2014 | 04.01.2022 |
| 8 | 2014-15: Final | 40 | 30.07.2015 | 28.08.2022 |
| 9 | 2015-16: Final | 50 | 04.08.2016 | 03.09.2023 |

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 4, 2016 (date of last Annual General Meeting) is available on the website of the Company i.e. www.gati.com, and also on the website of the Ministry of Corporate Affairs.

Unclaimed Shares

The Company has sent reminders to the shareholders whose shares were lying with the Company unclaimed/undelivered. The transfer of unclaimed shares to the Demat Suspense Account /unclaimed suspense account, as required in accordance with the procedural requirements of the SEBI Listing Regulations, is under process.

Code of Conduct for prohibition of Insider trading

Your company had adopted a Code of conduct as per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. All Directors, Senior Management Personnel, person forming part of Promoter(s)/Promoter(s) Group(s) and such other Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by this Code. During the year under review, the Company had made due compliance with Securities and Exchange Board of India (Prohibition of Insider trading) Regulations, 2015. The code of conduct is available on the website of the Company i.e. www.gati.com. Company Secretary of the Company was appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.

Listing on Stock Exchanges

The Company's shares are listed on BSE Limited (BSE), Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. The FCCBs are listed with Singapore Stock Exchange Limited (SGX-ST).

The listing fee for the financial year 2017-18 has been paid to all the above stock exchanges.

Stock Code:

- a) Trading scrip code on BSE : 532345
- b) Trading scrip code on NSE : GATI

International Securities Identification Number (ISIN):

ISIN is a unique identification number of traded scrip. The Company's' ISIN for equity shares is INE152B01027.

Market Price Data

The Monthly high and low prices of your company's share at BSE and NSE for the year ended March 31, 2017 are as under:

| Month | NSE | | BSE | |
|----------|--------|--------|--------|--------|
| | High | Low | High | Low |
| Apr-2016 | 126.50 | 107.20 | 126.60 | 107.80 |
| May-2016 | 134.70 | 111.80 | 134.60 | 110.95 |
| Jun-2016 | 176.80 | 131.10 | 176.85 | 131.40 |
| Jul-2016 | 186.40 | 157.00 | 186.50 | 157.10 |
| Aug-2016 | 189.35 | 138.25 | 189.45 | 138.30 |
| Sep-2016 | 146.60 | 126.00 | 146.50 | 126.10 |
| Oct-2016 | 149.65 | 129.00 | 149.35 | 129.00 |
| Nov-2016 | 147.50 | 106.90 | 147.65 | 107.10 |
| Dec-2016 | 125.85 | 109.00 | 125.80 | 109.10 |
| Jan-2017 | 126.00 | 112.40 | 126.00 | 112.65 |
| Feb-2017 | 133.90 | 118.90 | 133.85 | 119.00 |
| Mar-2017 | 146.25 | 126.10 | 146.35 | 126.10 |

Share price performance in comparison to broad based indices - BSE and NSE

| Particulars | Gati share price v/s NSE | | Gati share price v/s BSE | |
|----------------------|--------------------------|-----------|--------------------------|------------|
| | Share price (₹) | NSE Nifty | Share price (₹) | BSE Sensex |
| As on April 1, 2016 | 108.90 | 7,718.05 | 108.80 | 25,301.70 |
| As on March 31, 2017 | 140.45 | 9,173.75 | 140.50 | 29,620.50 |
| Changes (%) | 28.97 | 18.86 | 29.14 | 17.07 |

Total equity as on March 31, 2017 was 8,81,82,054 (previous year 8,77,22,937) equity shares of ₹2/- each.

Share Transfer System

All queries and requests relating to share transfers/transmissions may be addressed to our Registrar and Transfer Agent:

Karvy Computershare Private Limited
 (Unit: Gati Limited)
 Karvy Selenium Tower B, Plot 31-32, Gachibowli
 Financial District, Nanakramguda,
 Hyderabad – 500 032
 Tel. No: 040 4465 5000- 152, Fax No: 040 4465 5024
 E-mail: mohsin.mohd@karvy.com, Website: <http://www.karvycomputershare.com>

98.33% of the shares of the company are in demat form. Transfer of these shares are done through the depositories. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. Karvy Computershare Private Limited. Share transfers, if documents are found to be in order, are registered and returned within stipulated time from the date of receipt of the documents.

Dematerialisation of Shares and liquidity

98.33% of the total shares have been dematerialised upto March 31, 2017. Dematerialisation of shares is done through M/s. Karvy Computershare Private Limited and on an average the dematerialisation process is completed within 7 days from the date of receipt of a valid dematerialisation request along with the relevant documents.

| Particulars | Shares on March 31, 2017 | % |
|-----------------|--------------------------|---------------|
| Physical Shares | 14,76,977 | 1.67 |
| NSDL | 6,88,33,770 | 78.06 |
| CDSL | 1,78,71,307 | 20.27 |
| Total | 8,81,82,054 | 100.00 |

Secretarial Audit

The Company has undertaken secretarial audit for the financial year 2016-17 which, inter alia, includes audit of compliance with the Companies Act, 2013, and the rules made under the Act, Listing Regulations and applicable regulations prescribed by the Securities and Exchange Board of India and Foreign Exchange Management Act, 1999 and Secretarial Standard issued by the Institute of the Company Secretaries of India. The Secretarial Audit Report forms part of the Annual Report.

As stipulated by Securities and Exchange Board of India, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

Distribution Schedule as on March 31, 2017:

| | No. of shares | No. of Shareholders | % of total Shareholders | No. of shares | % to Total Capital |
|--------------------|---------------|---------------------|-------------------------|-----------------|--------------------|
| Upto 5,000 | 5,000 | 102588 | 98.44 | 21013826 | 23.83 |
| 5,001 to 10,000 | 10,000 | 933 | 0.89 | 3431492 | 3.89 |
| 10,001 to 20,000 | 20,000 | 335 | 0.32 | 2489882 | 2.82 |
| 20,001 to 30,000 | 30,000 | 97 | 0.09 | 1226276 | 1.39 |
| 30,001 to 40,000 | 40,000 | 61 | 0.06 | 1100126 | 1.25 |
| 40,001 to 50,000 | 50,000 | 28 | 0.03 | 622116 | 0.71 |
| 50,001 to 1,00,000 | 1,00,000 | 80 | 0.08 | 2885686 | 3.27 |
| 1,00,001 and above | And above | 90 | 0.09 | 55412650 | 62.84 |
| Total | | 104212 | 100.00 | 88182054 | 100.00 |

Distribution of Shareholding on the basis of ownership as on March 31, 2017

| S. No | Description | No. of shares | Due date for transfer |
|--------------|-----------------------------------|--------------------|-----------------------|
| 1 | Company Promoter / Promoter group | 3,27,37,451 | 37.13 |
| 2 | Foreign Institutional Investors | 72,69,957 | 8.24 |
| 3 | Banks / Mutual Funds / NBFC | 3,34,277 | 0.38 |
| 4 | Bodies Corporate | 62,93,644 | 7.14 |
| 5 | Individuals / HUF | 3,29,33,564 | 37.35 |
| 6 | Non Resident Indians | 36,70,834 | 4.16 |
| 7 | Foreign Bodies | 43,29,114 | 4.91 |
| 8 | Clearing Members / Trusts | 6,13,213 | 0.69 |
| Total | | 8,81,82,054 | 100.00 |

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity

The Company allotted FCCBs amounting to USD 22.182 mn FCCBs in December 2011. FCCBs amounting to USD 22.182 mn are outstanding as on the date of this report.

In response to Company's application to Reserve Bank of India (RBI) seeking permission for part repurchase of FCCBs, RBI vide its letter dated September 27, 2013, accorded permission while stating that the Company was not an eligible borrower under the automatic route and the borrowing be treated as a Foreign Debt. The Company was levied a compounding fee of ₹29.60 mn in this respect. While suspending the compounding orders of RBI, the Hon'ble High Court of Andhra Pradesh had passed an interim order directing the Company to deposit ₹0.74 mn with Reserve Bank of India, out of the compounding fee of ₹29.60 mn, which the Company has since deposited.

The company is awaiting clarification from the Reserve Bank of India on various matters pertaining to FCCB issued by the company. In the meanwhile, the trustee of the bond holders has filed a civil suit in the Secunderabad Court for specific performance, which the company is contesting on various grounds. The matter is subjudice. Now parties have shown interest for amicable settlement in the matter.

Plant Location: None

Investor Correspondence

For queries relating to shares:

Karvy Computershare Pvt. Ltd.
(Unit, Gati Limited)
Karvy Selenium Tower B
Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad – 500 032
Tel: 040 4465 5000- 152
Fax: 040 4465 5024
E-mail: mohsin.mohd@karvy.com
Website: www.karvycomputershare.com

For queries relating to Financial Statements and other contents of Annual Report:

Gati Limited
Corporate Compliance Department
Plot no.20, Survey no.12
Kothaguda, Kondapur
Hyderabad – 500 084
Tel: 040 7120 4284
Fax: 040 2311 2318
Email: investor.services@gati.com
Website: www.gati.com

Certificate on Corporate Governance

To

The Members of Gati Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Gati Limited ("the company") for the year ended March 31, 2017, as per the provisions of regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on Use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **dvmgopal & associates**
Company Secretaries

Place: Hyderabad
Date: May 6, 2017

dvm gopal
Proprietor
CP no. 6798
FCS no. 6280

Declaration

As provided under regulation 26(3) of the SEBI (LODR) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended March 31, 2017.

for **Gati Limited**

Place: Hyderabad
Date: May 6, 2017

Mahendra Agarwal
Founder & CEO
DIN: 00179779

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Economy

Global

Weak global trade and restrained investment environment have combined to slow world growth in FY2017. According to the World Bank, world economic growth is projected to pick up to 2.7 per cent in 2017 from a sluggish rate of 2.3 per cent last year. Advanced-economy growth is expected to recover moderately to 1.8 per cent in 2017. Brexit and US government's intense opposition against outsourcing of jobs have fuelled much discussion about the future of free trade.

In emerging and developing economies, growth is projected to accelerate to 4.2 per cent in 2017 from 3.4 per cent in 2016. With the recovery in commodity prices, particularly oil, the divergence in growth outlooks between commodity exporting economies and importing economies, is set to narrow.

Indian Economy

India's gross domestic product growth rate for the full year (2016-17) came in at 7.1 per cent, as per official government sources. Specifically, India's GDP grew 6.1 per cent year-on-year during the January-March 2017 period. With this, India lost its status of the world's fastest growing economy. China's GDP grew 6.9 per cent during the same quarter. The lower-than-projected fourth quarter GDP number reflects the lingering impact of demonetisation.

As per World Bank, India's economy was slowing down in early FY17, until the favourable monsoon started vitalising the economy. However, this recovery was momentarily disrupted by the government's "demonetisation" initiative. Demonetisation caused an immediate cash crunch, and activity in sectors which are reliant on cash, was affected. GDP growth slowed to 7.0 per cent year-on-year during the third quarter of 2016-2017 from 7.3 per cent in the first quarter.

Indian Logistics Sector

Introduction

The macro-economic trends, after being subdued for extended period, could not get more optimistic for logistics sector going forward. The logistics industry in India is expected to grow at CAGR of 16% in the coming years as per industry reports. Further, various initiatives by the government for logistics infrastructure development, such as new highway projects and FDI schemes in transportation will further escalate growth in the logistics market.

Presently, the Indian logistics industry is witnessing development and expansion of its existing infrastructure and emergence of e-commerce-specific logistics solutions; it has strong focus on manufacturing, but also has large presence of unorganised service

providers. Dedicated freight corridor, increased port connectivity and proposed auto hub are likely to increase share of railways in land transport.

India Logistics issues and challenges

Roads are the main source of transportation. Despite major developments in road development in India in the last decade India's investment to develop roads are still insufficient. Worldwide experience says that effective use of rail logistics can be more cost effective, reliable and timely. Rail infrastructure in India though is ignored and is underdeveloped. The development of ports also suffers from a similar story. The rise of the public-private partnership in infrastructure has not helped much and thus the transportation and network costs of doing business in India leads to disadvantage for the Indian firms. This along with huge administrative costs including insurance and government taxes and the inefficiency of the clearing process by border control agencies including customs makes logistics a costly affair in this country. Despite numerous efforts, we have been able to make only marginal progress as far as Logistic performance indicators are concerned.

Emerging opportunities and Trends

Goods & Service Tax (GST)

Goods and Services Tax (GST) will result in more efficient and leaner tax structure with unification of numerous central and state taxes. This structure will mitigate the ill effects of cascading and will allow free flow of tax credit in intra and inter-state transactions. Consequently, organisations will re-engineer their current Supply Chain networks based on the assessment of tax saving, inventory carrying cost and response time to meet market demand.

Traditionally, storage spaces for pan-India organisations have typically been low-quality godowns, operated by unorganised players. In fact, the organised logistics segment is less than 25% of the total logistics segment. Secondly, the current transportation fleet in the nation is dominated by less efficient nine and twelve tonne vehicles. Thirdly, poor processes for tolls, Octroi, and other administrative procedures lead to higher cycle time and costs. The new regime, in the long-term, will have a structural impact on these supply chain inefficiencies.

Further, Input tax credit, being the crux of GST mechanism, will ensure wider coverage of tax payers in the supply chain. As supply from registered taxpayers only will be allowed for input tax credit, businesses and stakeholders will insist on registration of their suppliers and traders, leading to increase in the share of organised logistics players.

Tax monitoring will become easier on account of the robust GST network platform where all returns can be accessed instantly and in a user-friendly manner. This also means that information technology will be a critical differentiator in the post-GST environment for logistics industry.

E-commerce Logistics

Over the years, e-Commerce has transformed the way business is done in India. As per industry research report, Indian e-commerce market is expected to reach \$64 billion by 2021, growing at a five-year CAGR of 31.2 per cent. The growth number has dipped from the historic five-year growth. The focus of the industry seems to have shifted to profitable growth to achieve a stabilisation of the economic model. The acknowledgement of unit economics seems to be resulting in collaborations and partnerships especially across the supply chain with the aim to optimise costs. Further, premium logistics service features such as continuous consignment visibility, flexible delivery times, end-to-end reverse logistics flow, are also considered as basic services by industry participants.

Additionally, with the launch of Digital India and Make in India, the Government of India has been active in bringing out solutions that will help SMEs. All this is assisting the growth of small businesses in the e-Commerce era.

Cold chain Logistics

The food supply chain in India remains complex and unorganised in nature, where perishable commodities are handled through a very unproductive setup. While regulatory framework in supporting initiatives around building the required infrastructure have been in place, opportunities exist in creating a robust multimodal perishable network in the country.

Increasing consumer demand for quality processed food, stringent regulations for food safety, and focus on Good Distribution Practices (GDP) in pharmaceuticals, have all helped generate greater need for high-quality cold supply chain solutions. Cold storage market in India is expected to grow at a CAGR of 16.09% to over US\$ 8.5 billion by 2020.

It is estimated that about 104 million metric tons of perishable products are transported between the cities in India every year and of this only 4 million metric ton is transported through reefer mode (Refrigerated Container) thus exposing the rest 100 million metric ton to damage at the farm gate, while in transit or depletion in freshness and quality.

Review of GATI's Business

GATI was established in 1989. Gati Group is primarily into express distribution, supply chain solutions, e-Commerce & cold chain logistics. Express distribution business & supply chain solutions of the

group are managed by Gati-Kintetsu Express Pvt. Ltd. (GKEPL), a Joint Venture (JV) between Gati and Kintetsu World Express, Japan's leading logistics provider. The JV manages the express distribution and supply chain of the group and accounts for 65% of the overall business..

Express Logistics

Express distribution is time sensitive movement of commercial packages on door-to-door delivery concept and Gati is a pioneer in developing this concept in India more than 25 years back. This division of Gati is the most preferred Express Distribution and Supply Chain Solutions provider because of its ability to handle every distribution need of its customer. An intrinsic network that spans the length and breadth of India Gati-KWE has a reach of more than 99% of the districts in India. A large fleet of more than 5000 vehicles and an assured space across 32 airline sectors ensures that all couriers, cargos and shipments are delivered in time at the right place.

Express distribution division of GATI has over 5000 clients from industry sectors such as Pharma, FMCG, Engineering, Auto ancillary, Textiles & IT hardware. Express distribution division has a combined fleet of 5000 vehicles and a warehousing capacity of 3.3 mn. sq. ft.

Quick facts

- Unmatched multi-modal network
- Door pickup & Door delivery
- Well-developed network and optimised route planning system
- Operates in 32 airline sectors
- Expertise in handling high value shipments & perishable goods
- 24/7/365 service level monitoring system
- Online tracking, sms and e-mail updates of shipments in transit

E-Commerce Logistics

Gati E-connect, the e-Commerce Logistic Solutions vertical of Gati, is India's first integrated e-Commerce logistic solutions provider. Gati introduced e-tail logistics services in the year 2008 and today it is the fastest growing vertical within our portfolio of services.

Quick facts

- Unmatched Reach
- Delivery capability to handle shipments ranging from 0.5kg to 1 ton
- IT and Automation Solutions
- Dedicated Customer Care Center

Leveraging its extensive express logistic network, the management is adding new pin codes every quarter of the year. Presently, Gati's e-Commerce logistics has built a capacity to deliver more than 80,000 packages per day.

Cold Chain Logistics

Gati Kausar is a subsidiary and cold-chain arm of India's logistics giant Gati Limited. It is the longest established cold-chain company in India, with 30 years of expertise in the cold-chain distribution business. Gati Kausar offers customised solutions for temperature sensitive shipments including consumer foods, pharmaceuticals, retail and agri-food sectors.

Our innovative cold-chain transportation solution, strengthened by cutting edge technology, and a vast fleet of refrigerated vehicles equipped with advanced climate-control systems ensures that perishable products are delivered in a fresh, healthy and potent state to retailers and end consumers.

Our state of the art modern refrigerated units, established reefer network, temperature controlled vehicles, IT infrastructure and experienced team helps them offer the right solution for every customer need.

Quick facts

- ISO 9001:2008 and FSSAI certified company.
- HACCP procedures for safety and prevention of contamination.
- State-of-the-art modern refrigerated units from France and USA Containers with insulation to withstand the harsh India climate zones.
- Tamper-proof vehicles to mitigate pilferage risk Unmatched Infrastructure and Network.
- Fleet comprising of close to 180 refrigerated vehicles load capacity from 1.3 tonnes to 24 tonnes, temperature range from +25°C to -25°C.
- Transporting approximately 2,00,000 tonnes annually unmatched network, we covered over 300 districts in India.
- IT capabilities, Modern Vehicle Tracking System, Data loggers to monitor in-transit conditions throughout the journey.
- In house capabilities, In-house dedicated solutions team, reefer trucking team and refrigeration team In-house workshop, with inventory of approximately 3000 SKUs.

Import /Export & Trading

Gati Import Export Trading Limited (GIETL), a subsidiary of Gati Limited, offers clients a unique business partnership in domestic distribution management with logistics efficiency as focus. Some of the services GIETL provides are imports/exports of products as importer/exporter of record billing & distribution to end customers and high sea sales management. As IOR/EOR Company provides end-to-end solutions

such as international freight forwarding, customs handling, importation of goods, warehousing and last-mile delivery to the end-customer (B2B, B2C) customised solutions for companies not having set up in India but wanting to expand their sales and services. Company also provides unique supply chain solutions to consumer goods companies.

Gati International

Gati international is the global wing of Gati Ltd. and one of the leading providers of freight forwarding and logistics services, specialised in air freight, ocean freight shipments and associated Supply Chain Management Solutions. Being experts at India centric operations, we have an expansive reach of more than 99% of districts pan India.

Backed by in-depth industry knowledge, unmatched reach across India, APAC and SAARC nations, world-class infrastructure, experienced staff and state-of-the-art IT systems, Gati International provides a comprehensive supply chain expertise and logistics infrastructure that work seamlessly to ensure highly cost-effective solutions.

Review of GATI's Preparedness against emerging opportunities

GST: Our nation is briskly striding towards the Goods and Services Tax (GST) scheduled for introduction from July 1, 2017. Through our proactive actions over several months, we at Gati, are ready to drive GST roll-out and help unlock the efficiencies for our customer's as their Supply Chain Partner.

GST Registrations have been substantially completed by Gati and its subsidiaries across all the States and Union Territories. Re-design of our IT systems is complete, and we promise a "Zero Downtime" switchover from the current tax regime to the new GST compliant systems. Our Operating Units (OUs) have been re-mapped state-wise so that GST invoicing requirements using Location Of Supply (LOS) & Place Of Supply (POS) logic is adequately addressed. We have proactively worked on increasing the size of many of our Transshipment Centres, and have relocated some of them suitably basis a predictive logic of load movement post GST introduction.

Our internal systems, processes and documentation has been suitably modified to ensure 100% compliance to the GST regulation. Our cross-functional teams at all locations have been put through rigorous GST training for best implementation. Furthermore, we are in the process of expanding our portfolio of services to serve your new emerging needs for end-to-end supply chain solutions in the post-GST scenario.

E-commerce Logistics: GATI's e-Commerce solutions come with the expertise to achieve complex needs in managing customised e-tailing logistics solutions. Leveraging its extensive express logistic network, strong e-fulfilment capabilities and innovative supply chain technologies, GATI is ready to ride on the rapid growth of e-commerce. To further increase the competitive advantage of the company, the management strategy is to focus on expanding Gati Fulfilment Services, strengthening and growing capabilities and talent acquisition.

Risk Assessment & Mitigation

The present and anticipated future risks are reviewed by the management of your company at regular intervals. Based on its past experiences, the management tries to remain vigilant about all prospective risks and takes suitable preventive steps & measures to adequately safeguard your companies resources like property & personnel, so that the business continues as usual even during difficult situations.

| Elements of Risk Identified | Risk Impact on Gati Limited | Mitigation Strategy |
|--|---|--|
| Generic Risk Industry Risk | <p>The Logistics industry is prone to cyclical fluctuations in the economy caused by changes in global and domestic economies, industrial production, downturn in business cycle, local market conditions, Fuel prices fluctuation & shortage, competition, government policies and regulations, interest rates fluctuation and foreign exchange rates and other social factors beyond our control. Carriers can be expected to charge higher prices to cover higher operating expenses and our gross profits and income from operations may decrease if we are unable to pass through to our customers the full amount of higher transportation costs.</p> | <p>Your Company offers services in all aspects of logistics and supply chain management to a diverse range of industries. Your company keeps a close watch on the economic environment and timely actions are taken accordingly. These measures helps us to mitigate the industry risks. Also, our internal control systems and processes are constantly reviewed and revamped as per industry best practices.</p> |
| Socio-political risks | <p>Your Company faces risks from the socio-political environment, internationally as well as within the country and is affected by events like political instability, state bifurcations, conflict between nations, threat of terrorism, extreme weather conditions and natural calamities, etc. which may affect business of the company</p> | <p>Your company keeps a close watch on such developments and has in place backup plans to ensure that its operations do not suffer due to these events.</p> |
| Company Specific Risk Legal Risk | <p>Legal liability on account of claims due to service deficiency or a third party claim on company or its Directors or Officers.</p> | <p>Your company had taken Insurance policies like Courier Legal Liability, Commercial General Liability, Commercial Crime Insurance, Fidelity Guarantee and Directors and Officers Liability policy to mitigate the risk involved in business operations.</p> |
| Attrition Risk | <p>Failure to attract & retain talent or to implement an effective succession planning for key positions or to continuously update employees skills sets in line with current and future requirements may adversely affect the Company's performance</p> | <p>Your company has well defined appraisal system in place. All employees are given periodical trainings and duly rewarded for their performance.</p> |
| Brand Equity & Quality Risk | <p>We are in the service business wherein maintaining a good reputation and customer confidence in our services is critical to our business. With the manifestation of social networking and our growing B2C business through e-Commerce, anything that damages our reputation over digital media can be a loss of brand equity and therefore a risk to the business.</p> | <p>Your Company continuously upgrades its services through advancement of technology and upgradations, business process re-engineering and by imparting training to its employees & business partners at all levels on regular basis. Also, our internal systems and processes are constantly reviewed and revamped as per industry best practices.</p> |

| Elements of Risk Identified | Risk Impact on Gati Limited | Mitigation Strategy |
|-------------------------------------|---|--|
| Cash on Delivery (COD) & Stock Risk | E-commerce is an emerging sector wherein your company delivers the shipments on Cash on delivery basis. The cash collected against value of shipments is in turn remitted back to e-tailer customers. There are multiple risk involved in Cash transaction in addition to a threat of Damage, Pilferage / Shrinkage or loss of cargo due to normal transit hazards, accidents or hijacking of trucks or force majeure. | CMS facility is availed at all our branches wherever there is high cash movement. Money-In-Transit & Fidelity Guarantee Insurance policies have been taken as a back-up. All vehicles are insured against loss or damage due to accident. We have installed VTS devices and OCC is monitoring all our vehicles 24/7 to ensure safety of cargo & vehicles. Operating units are under CCTV surveillance, monitored through Operations Control Centre, to mitigate the risk of pilferage. |
| Competition Risks | Being part of a fragmented industry, Gati faces significant competition at local, Regional and National levels. Our competitors operates with business models that allow them to offer services and pricing that Gati may not be willing or able to offer to cost-sensitive customers. In India, monopoly is prohibited so market is open for all and this risk arises from more players wanting a share in the same pie. Like in most other industries, opportunity brings with itself competition. Sometimes it leads to price cutting as well. | Your company continuously putting efforts to enhance the brand image by focusing on R&D, quality, Cost, timely delivery and customer service. By introducing new services commensurate with customer demands your company plans to mitigate the risks so involved. |
| Interest rate risk | Any increase in interest rate can affect the finance cost | Your company has a very competent finance department which constantly keeps their eyes on the Money market to ensure no opportunity of low cost finance is lost and bring down the cost of finance to lowest possible level. There has been improvement in Credit Rating given by ICRA which also has contributed in bringing down the finance cost. |
| Credit Risk | Increase in working capital requirement due to delay in collection of receivables. | A well-defined process of credit approval is in place and business development team evaluate Credit worthiness through KYC and takes care of all Credit Customers & Contract Management. |
| Fuel Price risk | Our operating model has high exposure to fuel costs and changing Diesel and Aviation Turbine Fuel costs can have a significant impact on our operations. Domestic prices are affected by International crude oil prices per barrel and there are regular fluctuations in fuel prices. | Recovering Fuel surcharge from the customers is a key driver for revenue assurance to compensate the increased Operating expenses. The Company is charging DPH (Diesel Price Hike) and ATF through pre-defined matrix to mitigate this risk. |
| Regulatory Compliance | Any default can attract penal provisions | Your company regularly monitors and adapts to changes in regulatory framework. Compliances are constantly monitored by Finance & Legal functions lead by professionals. Compliances are also monitored by the Internal audit function. |

| Elements of Risk Identified | Risk Impact on Gati Limited | Mitigation Strategy |
|--|---|--|
| Workplace Environment, Industrial Safety & Occupational health | The Logistics industry is labour intensive and are exposed to accidents, health and injury risk due to human negligence or natural illness etc. | Safety standards have been implemented across all Operating Units. The Corporate HR takes care of various Employee / Non-employee welfare measures. Group Term Life Insurance, Group Medical Insurance, Group Personal Accident, Employee State Insurance, Rasta Aapati Kavach etc are a few among those. |
| Currency volatility | Your company has issued Foreign currency convertible bonds which is exposed to Foreign Exchange Fluctuations. Payment to freight forwarders and agents abroad are also prone to currency volatility. | FCCB issued are zero coupon bonds and repayable in 2016. Other Foreign Exchange Fluctuations are monitored regularly and expert advise is regularly sought for mitigation of the same. |
| Information security & Business Continuity | Our ability to serve clients most effectively depends on the reliability of our technology backbone. We use technology systems to create and manage dockets, route trucks, and track-n-trace packages, manage inventory in our warehouses and manage all of our day-to-day business. Any disruption to the IT assets or the database will affect the quality of services provided by the Company and will not be able to provide real time update on the movement of shipment to the customers which results in loss of reputation. | Your company has disaster recovery setup for all the IT core application at Sify's data centre, Chennai to mitigate all sorts of technology risks. We have been certified ISO 27001: 2013 for our HO location including Data Center. Furthermore, Strategic IT policies have been established covering all security best practices and Control ownerships are defined and agreed upon. |

Internal Control Systems and their adequacy

Your Company has in place an adequate system of internal controls commensurate with its size & nature of operations, along with well-defined organisation structure & documented policy guidelines & procedures, 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 your Companies assets from unauthorised 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 & procedures issued by the Management covering all critical and important activities viz. Contract Management, Operations, Procurement, Finance, Human Resources, Safety, etc. These policies & procedures are updated from time to time and compliance is monitored by Internal Audit Function. Your 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 provide constructive recommendation on regular basis for the Operating Units to improve on moderate & 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 are:

- The Audit Committee comprising of independent directors entirely and 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 major business processes and testing thereof including financial closing, IT General Controls and Entity Level Controls;
- Continual programmes to reinforce the Code of Business Conduct & Ethics is done 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 2017, your 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.

Human Resources @ Gati

Gati believes in nurturing talent and have always put its people first above anything else.

The entire design framework of employee facing processes and systems has been redesigned around the thought of employee experience. Routine HR processes and data analysis are being digitised, thereby enabling the HR team to focus on the qualitative aspects of its function—such as employee engagement, experience and assessment. The same philosophy will be rolled out for performance management in coming years.

HR strategy has an importance role to play in the success of Vision 2020. This has been the key guiding principle for retaining, motivating, developing, attracting employees with the skills and experience to help Gati master challenges and make the most of opportunities.

Investing in our employees remains of paramount importance. We support and encourage our people to grow in more than one dimension, to achieve all they can professionally and personally. Lasting satisfaction is about combining the intellectual, the emotional, the personal and the social.

Our L&D program is designed to fuel future ready resources through structured 'Capability Development' initiatives aiming at creating domain expertise and Leadership capabilities across levels and functions. We have initiated various learning interventions to meet talent requirement across various level and functions e.g. AMTR, GTRN, BDTRN. We have a diverse talent base of 5000 plus high-calibre Gati'ites of which Gen Y comprises 65% of workforce. Our online and classroom based training interventions covered 4500 Gati'ites ensuring minimum 2 man days of training for everyone.

We also strived to be more open, transparent and objective in our people processes. Through the annual employee engagement survey, a number of key focus areas were identified and many Gati'ite were invited and consulted to create action plan to address it. We encourage debate and open dialogue on various processes directly impacting Gati'ites which helps us to develop and improvise our people strategy for future. This has resulted in significant improvement in Employee Engagement score vis-à-vis last year.

Our people practices have received recognition at different forums and we are committed to provide professional and enabling working environment at all levels envisaging a boundary less workplace, ensuring free flow of ideas and information through unified organisation structure and defined processes. We are a non-discriminating employer ensuring our HR and CSR initiatives are devoid of any prejudices protected by law. Our affirmative actions include actively hiring women candidates, support hiring of differently abled and other CSR initiatives which touches more than 15000 lives.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Gati Limited

Report on Standalone Financial Statements

We have audited the accompanying standalone financial statements of Gati Limited ("the Company"), which comprise the Balance sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information for the year ended on that date in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Company's branch in Nepal.

Management's Responsibility for the Standalone Financial Statements

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 standalone 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 Accounting Standards specified 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; 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.

Auditor's Responsibility

1. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
2. 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 there under.
3. 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 the standalone financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control 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 accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statement.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2017 and its Profit and its Cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following notes.

1. Note 28 of the financial statements regarding the scheme of arrangement for amalgamation (the Scheme) sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated March 19, 2013. The Scheme permits the company to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to ₹555.54 Crores to be utilised to adjust there from any capital losses arising from transfer of assets and certain other losses as specified in the Scheme and as the Board of Directors may deem fit. Accordingly the diminution in value of Investments and irrecoverable loans & advances and dues aggregating to ₹28.77 Crores required to be debited to the statement of Profit and Loss have been adjusted against Special Reserve which is not in accordance with Accounting Standard (AS) 5 'Net profit or loss for the period, prior period items and Changes in Accounting Policies' and Accounting Standard (AS) 13 'Accounting for Investments'. This has resulted in the profit

for the year before tax and profit after tax for the year being higher by ₹28.77 Crores.

2. Note 31 of the financial statements regarding certain loans and advances to a 100% subsidiary amounting to ₹19.00 crores in respect of which the management is confident of its recovery.
3. Note 32 of the financial statements regarding non provision for diminution in the value of Investments of ₹39.92 crores in the share capital of subsidiary Gati Kausar India Limited as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.

Our opinion is not qualified in respect of these matters.

Report on Other legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, (hereinafter referred to as the "order"), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - c) The report on the accounts of the branch office of the Company audited under section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
 - d) The standalone financial statements dealt with by this Report are in agreement with the books of account and with returns received from the branch not visited by us;
 - e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014 (as amended);

- f) On the basis of the written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure "B".
- h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) As detailed in Note 33, 37 and 38(a)(3) of the notes to the standalone financial statements, the Company has disclosed the impact of pending litigation on its financial statements.
 - ii) The Company did not have any long terms contract including derivative Contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv) The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer to Note 39 to the standalone financial statements.

For R.S. Agarwala & Co.
Chartered Accountants
Firm Regn No:-304045E

(R .S. Agarwala)

Partner

Membership No.005534

Camp:- Hyderabad

Date: May 6, 2017

ANNEXURE “A” TO INDEPENDENT AUDITORS’ REPORT

of even date to the members of Gati Limited, on the standalone Financial Statements for the year ended 31st March, 2017.

Referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date.

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets like land, building, vehicles, plant and equipments, computers etc.
- b) We are informed that a test of physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed. The management has informed us that in respect of other fixed assets like furniture and fittings, office equipment, having regard to their numbers and the numerous locations where these exist, maintenance of detailed records and reconciliation of their value in general ledger is not feasible.
- c) The titles deeds of immovable properties, as disclosed in the financial statements, are held in the name of the Company except in respect of immovable property situated at Nasik.
2. a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
3. The Company has granted unsecured loans and advances to bodies corporate covered in the register maintained under section 189 of the Act.
 - a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
 - b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the principal and interest as stipulated.
 - c) There are no overdue amounts in respect of the loans granted.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to loans and investments made.
5. In our opinion, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
6. The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act in respect of any activities of the Company.
7. (a) According to the information and explanation given to us and records of the Company examined by us, in our opinion the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income tax, service tax, custom duty, excise duty, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanation given to us, the dues outstanding in respect of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess on the account of any dispute, are as follows;

| Nature of Dues | Amount (In Crores) | Forum where dispute is pending |
|----------------|-----------------------|---|
| Service Tax | 4.18 | Central Excise and Service Tax Appellate Tribunal |

8. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institutions or bank or Government during the year. The company has not issued any debentures.
9. The company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Therefore, the provisions of Clause 3(ix) of the said order are not applicable to the company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such cases by the management during the course of our audit.
11. The company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
12. The company is not a Nidhi Company.
13. The transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act. The details of the related party transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of Clause 3 (xiv) of the order are not applicable.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Therefore, the provisions of Clause 3 (xv) of the order are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.S. Agarwala & Co.

Chartered Accountants
Firm Regn No:-304045E

(R .S. Agarwala)

Partner

Membership No.005534

Camp:- Hyderabad
Date: May 6, 2017

ANNEXURE “B” TO INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 2(g) of the Independent Auditors’ Report of even date to the members of Gati Limited on the Standalone financial statements for the year ended 31st March, 2017.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the companies Act, 2013.

We have audited the internal financial controls over financial reporting of Gati Limited (“the Company”) as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over

financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R.S. Agarwala & Co.

Chartered Accountants
Firm Regn No:-304045E

(R .S. Agarwala)

Partner
Membership No.005534

Camp:- Hyderabad
Date: May 6, 2017

BALANCE SHEET

As at 31 March 2017

| | | (₹ in mn) | |
|---|------|------------------------|------------------------|
| | Note | As at 31 March 2017 | As at 31 March 2016 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 176.36 | 175.45 |
| Reserves and Surplus | 2 | 6,108.79 | 6,052.54 |
| | | 6,285.15 | 6,227.99 |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 3 | 2,188.87 | 2,199.48 |
| Deferred Tax Liabilities (Net) | 4 | 48.48 | 40.61 |
| Other Long Term Liabilities | 5 | 1.46 | 12.18 |
| Long Term Provisions | 6 | 472.23 | 407.65 |
| | | 2,711.04 | 2,659.92 |
| Current Liabilities | | | |
| Short Term Borrowings | 7 | 232.02 | 274.49 |
| Trade Payables | 8 | 245.34 | 314.20 |
| Other Current Liabilities | 9 | 709.54 | 806.56 |
| Short Term Provisions | 10 | 133.15 | 208.02 |
| | | 1,320.05 | 1,603.27 |
| Total | | 10,316.24 | 10,491.18 |
| ASSETS | | | |
| Non - Current Assets | | | |
| Fixed Assets | | | |
| - Tangible Assets | 11 | 1,292.42 | 1,279.51 |
| - Capital Work in progress | | 50.34 | 33.73 |
| Non-Current Investments | 12 | 6,634.57 | 6,583.20 |
| Long Term Loans and Advances | 13 | 290.73 | 318.47 |
| Other Non-Current Assets | 14 | 10.32 | 7.66 |
| | | 8,278.38 | 8,222.57 |
| Current Assets | | | |
| Inventories | 15 | 14.72 | 13.09 |
| Trade Receivables | 16 | 677.13 | 737.73 |
| Cash and Cash Equivalents | 17 | 350.33 | 204.40 |
| Short Term Loans and Advances | 18 | 995.68 | 1,313.39 |
| | | 2,037.86 | 2,268.61 |
| Total | | 10,316.24 | 10,491.18 |
| The Notes form an integral part of these Financial Statements | | 1 - 43 | |

In terms of our report of even date

For and on the behalf of the board

For R. S. Agarwala & Co.Chartered Accountants
Firm's Regn. No. : 304045E**K L Chugh**Chairman
DIN: 00140124**N. Srinivasan**Director
DIN: 00004195**Mahendra Agarwal**Founder & CEO
DIN: 00179779**R. S. Agarwala**Partner
Membership No. : 05534**Manoj Gupta**

Chief Financial Officer

Amit PathakCompany Secretary
M NO. A19971Camp: Hyderabad
Date: May 6, 2017

STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2017

(₹ in mn)

| | Note | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|--------|-----------------------------|-----------------------------|
| REVENUE | | | |
| Revenue From Operations | 19 | 5,119.55 | 4,851.54 |
| Other Income | 20 | 143.71 | 128.46 |
| Total Revenue | | 5,263.26 | 4,980.00 |
| EXPENSES | | | |
| Purchase of Stock-in-trade | 21 | 2,091.93 | 1,825.17 |
| Changes in Inventories of Stock-in-Trade | 22 | (1.63) | (4.03) |
| Operating Expenses | 23 | 2,083.87 | 2,103.57 |
| Employee Benefits Expenses | 24 | 316.54 | 332.99 |
| Finance Costs | 25 | 167.27 | 175.31 |
| Depreciation and Amortisation Expense | 26 | 101.06 | 161.88 |
| Other Expenses | 27 | 175.47 | 161.85 |
| Total Expenses | | 4,934.51 | 4,756.74 |
| Profit before Tax | | 328.75 | 223.26 |
| TAX EXPENSE | | | |
| Current Tax | | 23.27 | 12.59 |
| Deferred Tax | | 7.87 | 12.41 |
| Taxes for earlier Years | | - | 0.06 |
| Profit for the year | | 297.61 | 198.20 |
| EARNING PER EQUITY SHARE OF ₹2 each | | | |
| Basic | | 3.37 | 2.26 |
| Diluted | | 2.51 | 1.67 |
| The Notes form an intergral part of these Financial Statements | 1 - 43 | | |

In terms of our report of even date

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No. : 05534

Camp: Hyderabad
Date: May 6, 2017

For and on the behalf of the board

K L Chugh

Chairman
DIN: 00140124

Manoj Gupta

Chief Financial Officer

N. Srinivasan

Director
DIN: 00004195

Amit Pathak

Company Secretary
M NO. A19971

Mahendra Agarwal

Founder & CEO
DIN: 00179779

NOTES TO THE FINANCIAL STATEMENTS

1 | SHARE CAPITAL

| Particulars | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Authorised | | |
| 12,50,00,000 Equity Shares of ₹2/- each | 250.00 | 250.00 |
| 500,000 Redeemable Preference shares of ₹100/- each | 50.00 | 50.00 |
| | 300.00 | 300.00 |
| Issued, Subscribed and Paid-up : | | |
| 8,81,82,054 (Previous year 8,77,22,937) Equity Shares of ₹2/- each fully paid up | 176.36 | 175.45 |

Terms/rights attached to equity shares

The Company has only one class of equity shares of par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the shareholders, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their share holding.

Reconciliation of the number of shares outstanding

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|---------------|---------------------|---------------|
| | No. of shares held | Amount | No. of shares held | Amount |
| Shares at the beginning of the year | 87,722,937 | 175.45 | 87,477,537 | 174.96 |
| Allotted under Employee Stock Option Scheme | 459,117 | 0.92 | 245,400 | 0.49 |
| Shares at the end of the year | 88,182,054 | 176.36 | 87,722,937 | 175.45 |

Details of shareholders holding more than 5 % shares

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------|---------------------|----------------|---------------------|----------------|
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| Neera And Children Trust | 5,599,995 | 6.35 % | 5,599,995 | 6.40 % |
| TCI Finance Ltd | 5,523,205 | 6.26 % | 8,103,205 | 9.24 % |
| New Horizon Opportunities Master Fund | 5,000,000 | 5.67% | - | - |
| Macquarie Bank Limited | - | - | 5,000,000 | 5.72 % |
| | 16,123,200 | 18.28 % | 18,703,200 | 21.36 % |

Shares reserved for issue under options and contracts/commitments

- i) 9,55,303 equity shares (435,000 options newly added during the year) of ₹2 each are reserved under employee stock option scheme as on 31st March 2017 (Previous year 12,34,990 as on 31st Mar, 2016). Of this 4,38,553 Options, 2,12,250 Options, 174,000 options and 130,500 Options will vest in the year 2017-18, 2018-19, 2019-20, 2020-21 respectively.
- ii) On December 12, 2011, the Company issued 22,182 Zero Coupon Unsecured Foreign Currency Convertible Bonds of US\$ 1,000 each for an amount of US\$ 22.18 Mn. The Bonds are convertible at any time on and after December 31, 2012 up to the close of business on November 13, 2016 by holders of the Bonds into fully paid equity shares with full voting rights with a par value of ₹2/- each at an initial conversion price of ₹38.51 per share with a fixed rate of exchange on conversion of ₹52.2285 to US\$. Unless previously converted, redeemed or purchased and cancelled, the Bonds are due for redemption in US dollars at 132.8341 percent of principal amount on or before December 13, 2016 giving a Yield to Maturity of 5.76 percent per annum calculated on semi-annual basis.

NOTES TO THE FINANCIAL STATEMENTS

2 | RESERVE & SURPLUS

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Capital Reserves | | |
| As per last balance sheet | 208.39 | 208.39 |
| | 208.39 | 208.39 |
| Securities Premium Reserve | | |
| As per last balance sheet | 1,247.32 | 1,360.21 |
| Add : Additions during the year (i) | 29.96 | 8.25 |
| Less: Deductions during the year (ii) | (64.59) | (121.14) |
| | 1,212.69 | 1,247.32 |
| Revaluation Reserve | | |
| As per last balance sheet | 59.55 | 59.55 |
| | 59.55 | 59.55 |
| Share Option Outstanding account | | |
| As per last balance sheet | 23.41 | 27.16 |
| Additions during the year (iii) | 13.04 | - |
| Less: Transferred to Securities Premium Reserve (i) | (7.52) | (1.87) |
| Less: Deduction on cancellation of options not exercised (iii) | (5.44) | (1.88) |
| | 23.49 | 23.41 |
| Special Reserve | | |
| As per last balance sheet | 2,521.30 | 2,521.30 |
| Less: Adjustments during the year (Note 28) | (287.69) | - |
| | 2,233.61 | 2,521.30 |
| General Reserve | | |
| As per last balance sheet | 865.75 | 845.93 |
| Add: Transferred from statement of profit and loss | - | 19.82 |
| | 865.75 | 865.75 |
| Tonnage Tax Reserve (Utilised) | | |
| As per last balance sheet | 92.91 | 92.91 |
| | 92.91 | 92.91 |
| Foreign Currency Monetary Item Translation Difference Account | | |
| As per last balance sheet | (80.88) | (113.96) |
| Add: Reversed / provided during the year | 33.15 | (83.01) |
| Less: Amortised during the year | 47.74 | 116.09 |
| | - | (80.88) |
| Surplus as per Statement of Profit and Loss | | |
| As per last balance sheet | 1,114.79 | 1,024.13 |
| Add: Profit for the year | 297.61 | 198.20 |
| Less: Proposed Final Dividend | - | (87.72) |
| Transferred to General Reserve | - | (19.82) |
| | 1,412.40 | 1,114.79 |
| | 6,108.79 | 6,052.54 |

(i) On allotment of 4,59,117(Previous Year 2,45,400) shares under Employee Stock Option Scheme and transferred from Stock Option Outstanding account.

(ii) Provision for Pro-rata Premium on redemption of Foreign Currency Convertible Bonds.

(iii) In respect of options granted under the Companies Employees Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options(based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Consequently employee benefit expenses includes ₹0.19 Mn (previous year ₹7.24 Mn) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunds/lapsed and re-imburement of discount on option issued to Employees of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

3 | LONG TERM BORROWINGS

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Secured | | |
| Term Loans | | |
| - From Banks | 758.80 | 799.60 |
| - From Others | 181.25 | - |
| | 940.05 | 799.60 |
| Unsecured | | |
| - Fixed deposits | 227.84 | 361.44 |
| - Foreign Currency Convertible Bonds (Note 37) | 1,438.25 | 1,471.40 |
| | 1,666.09 | 1,832.84 |
| Total | 2,606.14 | 2,632.44 |
| Less: Current maturities of long term borrowings (Note 9) | (417.27) | (432.96) |
| | 2,188.87 | 2,199.48 |
| Particulars of Nature of Security / Terms of Repayment | | |
| Term Loan from Bank | | |
| Property situated at Bhiwandi | - | 159.37 |
| (Loan Repayable in 8 quarterly installments of ₹20.00 Mn each starting from June 2016 after a moratorium period of 1 Year(Repaid in Full)) | | |
| Property situated at Bangalore | 300.00 | - |
| Repayable in 16 Quarterly Installments of ₹18.75 Mn each commencing from March 2018 after a moratorium period of 1 year | | |
| Property situated at Kondapur village, Ranga Reddy District. | 289.11 | 395.08 |
| a. Repayable in 16 Quarterly Installments of ₹15.63 Mn each commencing from August, 2014 after a moratorium period of 1 year | | |
| b. Repayable in 18 Quarterly Installments of ₹8.33 Mn Lacs each starting from July 2015 after a moratorium period of 6 months | | |
| c. ₹180 Mn - Repayable in 99 monthly Installments | | |
| Hypothecation of Vehicles acquired against individual loans | 0.95 | 1.40 |
| Terms of repayment - As per Monthly EMIs | | |
| Property situated at Nagpur and Bangalore | 168.75 | 243.75 |
| (Repayable in 16 Quarterly Installments of ₹18.75 Mn each commencing from Sep 2015 after a moratorium period of 1 year) | | |
| From Others | 178.04 | - |
| Property Situated at Mahatma Gandhi Road, Secunderabad, and Property situated at Laxmi towers, Chennai | | |
| Repayable as per Monthly EMIs | | |
| Hypothecation of Vehicles acquired against individual loans | 3.20 | - |
| Repayable as per Monthly EMIs | | |
| | 940.05 | 799.60 |

4 | DEFERRED TAX LIABILITY

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Difference between book and tax depreciation | 48.48 | 40.61 |
| | 48.48 | 40.61 |

NOTES TO THE FINANCIAL STATEMENTS

5 | OTHER LONG TERM LIABILITIES

| | (₹ in mn) | |
|------------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Interest accrued on Fixed Deposits | 1.46 | 12.18 |
| | 1.46 | 12.18 |

6 | LONG TERM PROVISIONS

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Premium on redemption of Foreign Currency Convertible Bonds (Note 37) | 472.23 | 407.65 |
| | 472.23 | 407.65 |

7 | SHORT TERM BORROWINGS

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Secured | | |
| Working Capital Loans | | |
| From Bank | 232.02 | 274.49 |
| | 232.02 | 274.49 |
| Particulars of Nature of Security | | |
| Working capital loan is secured by first charge on entire current assets of the company present and future, on pari passu basis with other banks, with immovable properties situated at Bhiwandi (Maharashtra), Verna Industrial Estate (Goa) and personal guarantee of Managing Director. | 143.10 | 256.60 |
| "Working capital loan is secured by first charge on entire book debts of the company on pari passu basis with other banks, with immovable properties in Bhiwandi and Portblair as collateral security." | 88.92 | 17.89 |
| | 232.02 | 274.49 |

8 | TRADE PAYABLES

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Payable to Subsidiaries | 111.79 | 219.92 |
| Payable Other than Acceptances | 51.97 | 94.28 |
| Acceptances | 81.58 | - |
| Under Vendor financing/discounting arrangements with the company's bankers on payment of Interest. | | |
| | 245.34 | 314.20 |

NOTES TO THE FINANCIAL STATEMENTS

9 | OTHER CURRENT LIABILITIES

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Current Maturities of Long Term Borrowings (Note 3) | | |
| - From Bank | 182.31 | 261.71 |
| - From Others | 234.96 | 171.25 |
| | 417.27 | 432.96 |
| Payable to a subsidiary | - | 63.33 |
| Other Liabilities | | |
| - Statutory Dues | 6.27 | 8.62 |
| - Rent Deposits from a subsidiary | 65.35 | 60.61 |
| - Security Deposit from Others | 69.75 | 27.27 |
| - Others Liabilities | 144.25 | 208.72 |
| - Unpaid/Unclaimed dividends | 6.65 | 5.05 |
| (₹ Nil (Previous year ₹0.68 Mn) has been transferred to Investor Education and Protection Fund during the year) | | |
| | 709.54 | 806.56 |

10 | SHORT TERM PROVISIONS

| | (₹ in mn) | |
|-----------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Provision for Employee Benefits | 10.03 | 16.80 |
| Others | | |
| Taxation | 123.12 | 103.50 |
| Proposed Final Dividend (Note 42) | - | 87.72 |
| | 133.15 | 208.02 |

NOTES TO THE FINANCIAL STATEMENTS

11 | FIXED ASSETS

(₹ in mn)

| Description | Gross Block | | | Depreciation | | Net Carrying Value | | | |
|--------------------------|---------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------|--------------------|--------------------------------|-------------------------------------|-------------------------------------|
| | As at 01.04.2016 | Additions During the Year | Deductions During the Year | Balance as on 31st March 2017 | As on 01.04.2016 | For the Year | Adjustment On Deductions | Balance as on 31st March 2017 | Balance as on 31st March 2016 |
| Tangible | | | | | | | | | |
| Land | | | | | | | | | |
| Freehold | 521.24 | - | - | 521.25 | - | - | - | 521.25 | 521.25 |
| Leasehold | 103.38 | - | - | 103.38 | 2.21 | 1.10 | - | 100.07 | 101.17 |
| Buildings | 517.68 | 7.32 | - | 525.00 | 27.09 | 8.05 | - | 489.86 | 490.60 |
| Vehicles | 50.60 | 6.55 | 3.42 | 53.73 | 39.29 | 2.78 | 1.55 | 40.52 | 11.30 |
| Plant & Equipment | 19.75 | 15.44 | - | 35.19 | 2.99 | 1.84 | - | 4.83 | 16.76 |
| Computers | 87.56 | 6.20 | 5.66 | 88.10 | 42.36 | 21.06 | 5.55 | 57.87 | 45.20 |
| Furniture & Fittings | 112.57 | 21.64 | 0.07 | 134.14 | 38.24 | 11.11 | 0.07 | 49.28 | 74.33 |
| Office Equipments | 33.43 | 11.09 | 0.02 | 44.49 | 14.52 | 7.38 | - | 21.91 | 18.90 |
| | 1,446.21 | 68.24 | 9.17 | 1,505.28 | 166.70 | 53.32 | 7.17 | 212.86 | 1,279.51 |
| Total | 1,446.21 | 68.24 | 9.17 | 1,505.28 | 166.70 | 53.33 | 7.17 | 212.86 | 1,279.51 |
| Previous Year | 1,398.62 | 48.71 | 1.12 | 1,446.21 | 121.92 | 45.79 | 1.01 | 166.70 | 1,279.51 |
| Capital Work-in-Progress | | | | | | | | Total | 50.34 |
| | | | | | | | | | 1,313.24 |

a) A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increases in the value of assets by ₹4.60 Mn, ₹14.13 Mn and ₹14.84 Mn respectively and aggregating to ₹33.56 Mn was transferred to Revaluation Reserve.

NOTES TO THE FINANCIAL STATEMENTS

12 | NON CURRENT INVESTMENTS

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Long Term Investments (At Cost) | | |
| Non-trade | | |
| Fully Paid Equity shares of Joint Stock Companies | | |
| Quoted | | |
| 1,600,300 shares of TCI Finance Ltd. of ₹10/- each. | 14.39 | 14.39 |
| (Market Value - ₹39.77 Mn ; previous year - ₹31.10 Mn) | | |
| | 14.39 | 14.39 |
| Unquoted | | |
| 18,750,000 shares of Amrit Jal Ventures Private Ltd. of ₹10/- each. (Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Private Ltd.) (a) | 187.50 | 187.50 |
| 18,000 shares of ITAG Infrastructure Ltd. of ₹10/- each | 0.18 | 0.18 |
| | 187.68 | 187.68 |
| Subsidiaries | | |
| 7,267,176 shares of Gati Asia Pacific Pte Ltd. of \$1 (SGD) each | 275.04 | 275.04 |
| 52,12,526 shares of Gati Kausar India Ltd. of ₹10/- each (25,62,826 shares are pledged with institution as security for Bonds issued by Gati Kausar India Ltd.) | 399.25 | 399.25 |
| 23,00,000 shares of Gati Import Export Trading Ltd. of ₹10/- each | 23.00 | 23.00 |
| 362,163 shares of Zen Cargo Movers Pvt. Ltd. of ₹10/- each | 3.62 | 3.62 |
| 350,000 shares of Gati Kintetsu Express Pvt Ltd. of ₹10/- each | 5,510.00 | 5,510.00 |
| 10,000 shares of Gati Logistics Parks Private Ltd. of ₹10/- each | 0.10 | 0.10 |
| 10,000 shares of Gati Projects Private Ltd. of ₹10/- each | 0.10 | 0.10 |
| Associate | | |
| 4,800,000 shares of Gati Ship Ltd. of ₹10/- each | 862.30 | 862.30 |
| Others | | |
| 14,451 shares of Browntape Technologies Private Limited ₹10/- each | 42.49 | - |
| Preference Shares | | |
| 4,256 0.001% Series D Compulsory Convertible Cumulative Preference shares of Browntape Technologies Private Limited of ₹20/- each | 12.51 | - |
| | 7,128.41 | 7,073.41 |
| Debentures | | |
| 34,57,236 14.5% Unsecured Optionally Convertible Debentures of Amrit Jal Ventures Pvt Ltd. of ₹100/- each. (Issued in the year 2013-14 in repayment of loan of an equivalent amount) | 345.72 | 345.72 |
| 993,354 14.5% Unsecured Optionally Convertible Debentures of Gati Infrastructure Sada-Mangder Power Private Limited of ₹100/- each (Issued during the year 2014-15 in repayment of loan and interest thereon of an equivalent amount granted by Gati Limited in earlier years to Gati Infrastructure Sada - Mangder Power Private Limited on the terms of subscription , redemption or conversion and other conditions as per Investment Agreement dated 6th May 2014.) | 99.34 | 99.34 |
| | 445.06 | 445.06 |
| Provision for Diminution in the value of Investments: | | |
| i) Gati Asia Pacific Pte Ltd. | (275.05) | (275.04) |
| ii) Gati Ship Ltd. (a) | (862.30) | (862.30) |
| iii) Zen Cargo Movers Pvt Ltd | (3.62) | - |
| | (1,140.97) | (1,137.34) |
| | 6,634.57 | 6,583.20 |

(a) These shares are invoked by the institution and held in institution's name. The matter is under litigation in a court of law and the company has been legally advised that the beneficial interest in such shares continues with the company

NOTES TO THE FINANCIAL STATEMENTS

13 | LONG TERM LOANS AND ADVANCES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Unsecured and Considered Good | | |
| Loans and Advances to Subsidiaries | 190.00 | 209.60 |
| Loans and Advances to Others | 72.64 | 74.89 |
| Capital Advances | 13.86 | 24.69 |
| Advances and Rental Deposits | 6.24 | 5.33 |
| Earnest Money and Security Deposits | 7.99 | 3.96 |
| Considered doubtful | | |
| Loans and Advances to a Subsidiary | 18.59 | - |
| Less : Provision for doubtful Loans and Advances | (18.59) | - |
| | 290.73 | 318.47 |

14 | OTHER NON CURRENT ASSETS

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Deferred employee stock option compensation | 10.32 | 7.66 |
| | 10.32 | 7.66 |

15 | INVENTORIES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Diesel, Petrol, Lubricants etc. | 14.72 | 13.09 |
| (At lower of cost and net realisable value) | | |
| (As taken, valued and certified by the management) | | |
| | 14.72 | 13.09 |

16 | TRADE RECEIVABLES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Unsecured | | |
| Outstanding for more than six months from the due date | | |
| Considered Good | 5.55 | 7.07 |
| Considered Doubtful | 25.45 | 24.31 |
| | 31.00 | 31.38 |
| Less : Provision for doubtful debts | (25.45) | (24.31) |
| | 5.55 | 7.07 |
| Outstanding for less than six months from the due date | | |
| Considered Good | 671.58 | 730.66 |
| Considered Doubtful | 18.15 | - |
| Less : Provision for doubtful debts | (18.15) | - |
| | 677.13 | 737.73 |

NOTES TO THE FINANCIAL STATEMENTS

17 | CASH AND CASH EQUIVALENTS

| | (₹ in mn) | |
|---------------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Cash in Hand | 26.10 | 44.06 |
| Balances with Banks | | |
| In Current Accounts | 207.77 | 58.29 |
| In Deposit Accounts | 109.81 | 97.00 |
| In Unpaid/Unclaimed Dividend Accounts | 6.65 | 5.05 |
| | 350.33 | 204.40 |

18 | SHORT TERM LOANS AND ADVANCES

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Unsecured and Considered Good | | |
| Loans & Advances to Subsidiaries | 0.10 | 18.02 |
| Loans & Advances to an Associate | - | 16.75 |
| Loans & Advances to Other Parties | 205.91 | 570.81 |
| Prepaid Expenses | 11.91 | 8.60 |
| Cenvat Credit Receivable | 16.67 | 13.59 |
| Advances to employees | 1.12 | 1.58 |
| Interest Accrued | 204.30 | 203.89 |
| Tax Deducted at Source | 412.70 | 364.01 |
| Others | 142.97 | 116.14 |
| Considered doubtful | 42.67 | - |
| Less: Provision for doubtful Loans and Advances | (42.67) | - |
| | 995.68 | 1,313.39 |

In the opinion of the Board, assets other than fixed assets and non-current investment have a value on realisation in the ordinary business at least equal to the amount at which they are stated.

NOTES TO THE FINANCIAL STATEMENTS

19 | REVENUE FROM OPERATIONS

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Freight, Demurrage and Miscellaneous charges | 2,794.59 | 2,857.67 |
| Other Operating Income | 175.47 | 121.79 |
| Sale of Diesel, Petrol and Lubricants | 2,149.49 | 1,872.08 |
| | 5,119.55 | 4,851.54 |

20 | OTHER INCOME

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Rent | 58.30 | 32.61 |
| Profit on sale of assets | - | 5.71 |
| Interest | 85.31 | 81.51 |
| Liabilities no longer required written back | 0.10 | 4.53 |
| Exchange Gain | - | 4.10 |
| | 143.71 | 128.46 |

21 | PURCHASE OF STOCK-IN-TRADE

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------|-----------------------------|-----------------------------|
| Purchased during the year | 2,091.93 | 1,825.17 |
| | 2,091.93 | 1,825.17 |

22 | CHANGES IN INVENTORIES OF STOCK-IN-TRADE

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Inventories at the beginning of the year | 13.09 | 9.06 |
| Inventories at the end of the year | (14.72) | (13.09) |
| | (1.63) | (4.03) |

23 | OPERATING EXPENSES

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Freight | 1,912.64 | 1,922.34 |
| Vehicles' trip expenses | 0.09 | 0.05 |
| Other Operating Expenses | 81.82 | 79.61 |
| Claims for Loss & Damages (Net) | 89.21 | 101.38 |
| Vehicles' taxes | 0.11 | 0.19 |
| | 2,083.87 | 2,103.57 |

NOTES TO THE FINANCIAL STATEMENTS

24 | EMPLOYEE BENEFIT EXPENSES

| | (₹ in mn) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Salaries and Bonus | 300.62 | 312.82 |
| Gratuity | 1.00 | - |
| Contribution to Provident and Other Funds | 9.63 | 9.36 |
| Contribution to Employees' State Insurance | 2.06 | 1.17 |
| Other Expenses | 3.04 | 2.40 |
| Expenses on Employee Stock Option scheme | 0.19 | 7.24 |
| | 316.54 | 332.99 |

25 | FINANCE COSTS

| | (₹ in mn) | |
|-----------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Interest expenses | 164.64 | 171.90 |
| Other Borrowing Costs | 2.63 | 3.41 |
| | 167.27 | 175.31 |

26 | DEPRECIATION AND AMORTISATION EXPENSE

| | (₹ in mn) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Depreciation for the year | 53.33 | 45.79 |
| Add : Amortisation of Foreign Currency Monetary Item Translation Difference Account | 47.73 | 116.09 |
| | 101.06 | 161.88 |

NOTES TO THE FINANCIAL STATEMENTS

27 | OTHER EXPENSES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| A. Administrative Expenses | | |
| Rent (a) | 20.04 | 21.09 |
| Rates and Taxes | 5.71 | 8.54 |
| Insurance | 1.62 | 1.27 |
| Telephone expenses | 7.68 | 9.00 |
| Printing and Stationery | 4.15 | 5.78 |
| Travelling expenses | 13.05 | 11.79 |
| Legal expenses | 10.95 | 10.11 |
| Advertisement Expenses | 3.25 | 5.47 |
| Office Maintenance and Repairs | 17.28 | 14.94 |
| Miscellaneous expenses (b) | 55.00 | 61.33 |
| Directors Sitting fees | 2.07 | 1.85 |
| Commission to Non-Whole-time Directors | 2.10 | 2.10 |
| Remuneration to Auditors: | | |
| Audit Fees | 0.51 | 0.51 |
| Tax Audit Fees | 0.30 | 0.30 |
| Bad debts and irrecoverable balances written off (Net) | 25.28 | 4.67 |
| (Includes Provision for doubtful debts ₹16.14 mn (Previous year ₹4.58 mn)) | | |
| Difference in Exchange (Net) | 2.17 | - |
| (Includes Notional Loss of ₹2.78 mn) | | |
| Loss on Sale of Fixed Assets (Net) | 0.86 | - |
| | 172.02 | 158.75 |
| B. Repairs & Maintenance | | |
| Motor Trucks | - | 0.01 |
| Other Vehicles | 0.00 | 0.16 |
| Plant and Equipments | 0.08 | 0.37 |
| Computers | 3.37 | 2.56 |
| | 3.45 | 3.10 |
| | 175.47 | 161.85 |

(a) Includes paid to a Subsidiary ₹ Nil (Previous Year ₹5.46 Mn)

(b) Includes expenses towards Corporate Social Responsibility ₹0.42 Mn (Previous Year ₹ 0.29 Mn)

NOTES TO THE FINANCIAL STATEMENTS

28 |

The Hon'ble Andhra Pradesh High Court, approved the Scheme of Arrangement for amalgamation. (the Scheme) vide its order dated 19th March, 2013 which interalia, permits creation of a capital reserve to be called Special Reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation of the subsidiaries amounting to ₹5,555.4 mn to be utilised by the Company to adjust therefrom any capital losses arising from transfer of assets and certain other losses, any balance remaining in the Special Reserve shall be available for adjustment against any future permanent diminution in the value of assets and exceptional items etc. as specified in the scheme and as the Board of directors may deem fit. In accordance with the Scheme an aggregate sum of ₹3,034.1 mn has been adjusted with the Special Reserve till the year 2015-16.

In accordance with the scheme and on professional advice, the Board of Directors carried out the following further adjustments against Special Reserve during the year 2016-17

- Provision for diminution in the value of Investments in a subsidiary of ₹3.6 mn.
- Provision for irrecoverable loans & advances to a subsidiary and an Associate aggregating to ₹64.4 mn.
- Irrecoverable loans and advances to a subsidiary of ₹12.3 mn and to third parties made in earlier years aggregating to ₹207.4 mn.
- The above adjustments aggregating ₹287.7 mn otherwise, required to be debited to the Statement of Profit and loss and adjusted against Special Reserve are not in accordance with Accounting Standard(AS) 5 'Net Profit or Loss for the period, prior period items and changes in accounting policies' and Accounting Standard(AS) 13 'Accounting for Investments'. Had the Scheme not prescribed the above accounting treatment the accounts would have reflected as follows:

| Statement of Profit and Loss | (₹ in mn) | |
|---|-----------|----------|
| | Increase | Decrease |
| Profit before tax | | 287.7 |
| Profit for the year | | 287.7 |
| Balance Sheet | | |
| Special Reserve | 287.7 | |
| Surplus in Statement of Profit and Loss | | 287.7 |

29 |

On transfer of Express Distribution and Supply Chain and Shipping businesses to separate subsidiaries in the year 2011-2012, the primary operating business of the Company sit in the Balance Sheet as investments in subsidiaries and became major source of income by way of dividend. Accordingly, the Company has been advised that the dividend income of ₹138.6 mn during the year from subsidiary (Previous year ₹84.0 mn) and Management Fees of ₹18.8 Mn during the year (Previous year ₹24.9 mn) be considered as other operating income. This has no impact on the profit of the year.

30 |

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 29th December 2011 on Accounting Standard 11, the company has opted to adjust the carrying cost of depreciable fixed assets to amortise the exchange differences on the Long term Foreign Currency Monetary Items over their tenure and the year ended balance in the account was carried forward from year to year in the "Foreign Exchange Monetary Items Translation Difference Account" (FCMITDA). FCMITDA has been fully amortised during the year.

31 |

There are other amounts due from subsidiaries of ₹196.7 mn (Previous year ₹219.9 mn). The above includes ₹190 mn utilised by the subsidiary for acquiring land. The management is confident of recovery of the amount in due course and no provision is considered necessary for any possible losses that may arise in this behalf.

NOTES TO THE FINANCIAL STATEMENTS

32 |

The company has investment of ₹399.25 mn in equity share capital of the subsidiary Gati Kausar India Limited. On account of continuous losses incurred by the said subsidiary the value of investment is eroded to a considerable extent. The performance of the subsidiary is expected to improve in the near future. Under the circumstances no provision is considered necessary by the management at present for diminution in the value of investments.

33 |

Loans and Advances includes ₹41 mn due from Air India Limited. The matter was referred to arbitration of the Arbitral Tribunal and the Arbitral tribunal passed an Award dated 17th September 2013, directing Air India Limited to pay an amount of ₹268.20 mn to the Company and to pay interest @18% per annum on the awarded amount. Air India preferred an application before the Hon'ble Delhi High Court seeking setting aside of the Award who directed Air India to deposit ₹220 mn which has been paid to the company. In the circumstances, the dues from Air India Limited of ₹41 mn included in Loans and Advances, are considered good for recovery by the management.

34 |

Details of Loans Given, Investments made and Guarantee given covered u/s 186 (4) of the Companies Act, 2013

Investments made are given under the respective heads (Refer Note 12)

Corporate Guarantee given by the company in respect of loans as at 31st March, 2017

| Sl No. | Name of the company | (₹ in mn) | |
|--------------|-------------------------------|---------------------|---------------------|
| | | As at 31 March 2017 | As at 31 March 2016 |
| 1 | Gati-Kintetsu Express Pvt Ltd | 835.1 | 868.2 |
| 2 | Gati Infrastructure Pvt Ltd | 236.0 | 236.0 |
| 3 | Gati Kausar India Limited | 8.6 | 45.3 |
| Total | | 1079.7 | 1149.5 |

35 |

The Board of Directors of the company has allotted 3,63,117 equity shares on exercise of options by the employees under the employee stock option scheme and 96,000 equity shares to Non-Executive Directors. Consequently the Equity Share Capital of the company increased from 8,77,22,937 equity shares of ₹2/- each to equity shares 8,81,82,054 of ₹2/- each during the year.

36 |

- In the assessment for the accounting year ended 31st March 2012, the surplus on transfer of Express Distribution & Supply Chain business of ₹1,241 mn to a subsidiary has been treated as income and raised demand of ₹511.3 mn. On appeal, the Commissioner (Appeals) has deleted the addition. The Company has paid ₹126 mn and also refunds due was adjusted to the tune of ₹141 mn under protest which is treated as recoverable in books. Since the addition has deleted by the Commissioner Appeals, the said amount to be receivable from Income tax department. Against the order of Commissioner (Appeals), the income tax department has preferred an appeal with Income Tax Appellate Tribunal.
- Income tax assessment for the accounting year ended 31st March 2014 was completed during the current quarter resulting in disallowance of significant amount of advances written off during the accounting year against which an appeal has been filed. Such disallowances have been adjusted against business losses during the year.

NOTES TO THE FINANCIAL STATEMENTS

37 |

- a) The Trustee of the bondholders (FCCBs) had filed a Civil Suit in the Secunderabad Court for specific performance for conversion of bonds into equity and the matter is still pending adjudication. The FCCB redemption has fallen due on 13th December 2016.
- b) In accordance with terms of issue of Foreign Currency Convertible Bonds (FCCB) an amount of ₹1,438.2 mn together with premium on redemption thereof of ₹472.2 mn are due for redemption to the bondholders on or before December, 2016. The classification of the same as Long Term Liabilities / Provisions has been continued as in earlier years because of the pending litigation as explained in note 37(a) above

38 |

a) Contingent Liability not provided for in respect of

| | | (₹ in mn) | |
|--------|--|------------------------|------------------------|
| Sl No. | Particulars | As at 31 March 2017 | As at 31 March 2016 |
| 1 | Bank Guarantee | 4.14 | 4.10 |
| 2 | Corporate Guarantees outstanding | 1079.72 | 1149.50 |
| 3 | Income Tax demands disputed in appeals | - | 285.25 |

b) Earnings per share

| Sl No. | Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--------|--|------------------------|------------------------|
| 1 | Net Profit after tax available for the equity Shareholders- for Basic and Diluted EPS (₹ in Mn.) | 297.61 | 198.2 |
| 2 | Weighted Average no. Of ordinary share for Basic EPS(No's.) | 8,81,82,054 | 8,77,22,397 |
| | Add: Adjustments for Foreign Currency Convertible Bonds and Stock Options (No's.) | 3,05,17,708 | 3,08,45,999 |
| 3 | Weighted Average no. of shares for ordinary shares for Diluted EPS (No's.) | 11,86,99,762 | 11,85,68,396 |
| 4 | Nominal Value of ordinary shares (₹) | 2 | 2 |
| 5 | Basic Earnings for ordinary shares (₹) | 3.37 | 2.26 |
| 6 | Diluted Earning for ordinary shares (₹) | 2.51 | 1.67 |

39 | 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 | (₹ in mn) | | |
|---|-----------|--------------------------|--------|
| | SBNs* | other denomination notes | Total |
| Closing cash in hand as on 8th November 2016 | 68.83 | 0.21 | 69.04 |
| (+) Permitted receipts | 86.20 | 612.20 | 698.40 |
| (-) Permitted Payments | - | 5.87 | 5.87 |
| (-) Amount deposited in Banks | 155.03 | 572.12 | 727.15 |
| Closing cash in hand as on 30 December 2016 | - | 34.42 | 34.42 |

“*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.”

NOTES TO THE FINANCIAL STATEMENTS

40 | Related Party Disclosures

a) Related parties with whom transactions have taken place during the period

i. Key Managerial Personnel (KMP):

1. Mr. Mahendra Agarwal (Founder & CEO)
2. Mr Sanjeev Kumar Jain (Director - Finance) (Resigned w.e.f 31.10.2016)
3. Mr V S N Raju (Company Secretary - Resigned w.e.f 28.04.2016)
4. Mr Amit Pathak (Company Secretary- Appointed w.e.f 04.08.2016)

ii. Associates of the Company

1. Gati (Thailand) Ltd.
2. Gati Ship Ltd.(Formerly known as Gati Ship Private Limited)

iii. Others

1. TCI Finance Ltd.
2. TCI Hi-ways Pvt. Ltd.
3. Amrit Jal Ventures Private Ltd.
4. Gati Academy
5. TCI Infrastructure Finance Limited
6. Gati Infrastructure Sada Mangdar Power Pvt Ltd
7. Jaldi Traders & Commerce House Pvt Ltd

iv. Subsidiaries / Step Down Subsidiaries

1. Gati Asia Pacific Pte Ltd.
2. Gati Hong Kong Ltd.
3. Gati Cargo Express(Shanghai) Co.Ltd.
4. Gati Kausar India Ltd.
(Formerly known as Kausar India Ltd)
5. Gati Import Export Trading Ltd.
6. Zen Cargo Movers Pvt. Ltd.
7. Gati Kintetsu Express Pvt Ltd
8. Gati Logistics Parks Private Ltd.
9. Gati Projects Private Ltd.

b) Transactions carried out with related parties referred in (a) above, in ordinary course of business.

| Sl No. | Nature of Transaction | Key Managerial Personnel (i) | Associates & Others (ii & iii) | Subsidiaries & step down Subsidiaries (iv) | (₹ in mn) | |
|----------|------------------------------------|------------------------------|--------------------------------|--|---------------------|---------------------|
| | | | | | As at 31 March 2017 | As at 31 March 2016 |
| A | Expenditure | | | | | |
| | Freight and Other Charges | - | 2.60 | 548.03 | 550.62 | 605.80 |
| | Sharing of Expenses | - | - | - | - | 5.46 |
| | Remuneration | 9.56 | - | - | 9.56 | 13.49 |
| | Manpower Expenses | - | 147.66 | - | 147.66 | 207.16 |
| B | Income | | | | | |
| | Freight and Other Charges | - | 3.64 | 40.50 | 44.13 | 26.88 |
| | Interest | - | 98.98 | 2.23 | 101.21 | 66.98 |
| | Rent & Management Fee | - | 1.60 | 64.77 | 66.37 | 59.39 |
| | Dividend Income | - | - | 138.60 | 138.60 | 84.00 |
| | Fuel Sales income | - | - | 0.60 | 0.60 | 1.06 |
| | ESOS Expenses Reimbursement | - | - | 4.75 | 4.75 | 0.38 |
| C | Balance as at 31st Mar 2017 | | | | | |
| | Investments - Net | - | 646.95 | 5,936.07 | 6,583.02 | 6,583.02 |
| | Sundry Debtors & Other Receivable | - | 216.86 | 31.86 | 248.72 | 254.12 |
| | Loans & Advances | - | 207.54 | 190.11 | 397.64 | 536.67 |
| | Sundry Creditors | - | 0.38 | 111.79 | 112.17 | 285.47 |
| | Deposit and Advance (Taken) | - | 9.00 | 65.35 | 74.35 | 91.82 |
| | Corporate Guarantees | - | 236.00 | 843.72 | 1,079.72 | 1,149.50 |

NOTES TO THE FINANCIAL STATEMENTS

41 | Additional Information

| Particulars | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Expenditure in Foreign Currency | | |
| Travelling Expenses | 1.03 | 1.08 |
| Freight Expenses | 83.08 | 98.86 |
| Earnings in Foreign Currency | | |
| Interest Income | 2.23 | 2.40 |
| Freight Income | 60.25 | 32.96 |

42 |

The Board of Directors has recommended a dividend of ₹0.80/- (40%) per equity share for the financial year ended 31st March 2017, which upon approval by the shareholders at the ensuing annual general meeting will be met out of reserves of the company.

43 | Significant Accounting Policies

These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

Recognition of Income & Expenditure

- Income and expenditure are generally recognised on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.
- Freight Income is accounted when goods are delivered by the Company to customers.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- Having regard to the size of operations and the nature and complexities of the company's business, freight received/paid in advance is accounted as income/expenses on payment and interdivisional transfers are eliminated.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents.

Gratuity and Leave Encashment

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund and a provision for leave encashment is made on the basis of actuarial valuation. The Principal assumption used in determining gratuity and leave encashment for the company's plan are shown below.

| Particulars | March 2017 | March 2016 |
|--|------------|------------|
| Discount Rate | 9% | 9% |
| Salary Increase | 8% | 8% |
| Employee Turnover | 9% | 9% |
| Average Balance Service (For Gratuity) | 28.32 Yrs | 28.09 Yrs |

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

NOTES TO THE FINANCIAL STATEMENTS

Fixed Assets

- a) Fixed Assets are stated at cost and / or at revaluation. Cost includes borrowing cost and indirect expenditure capitalised to the extent it relates to the construction activity or incidental thereto.
- b) Depreciation is provided on straight line method at rates specified in Schedule II to the companies Act, 2013. Depreciation on addition / deduction is cancelled prorata from /to date of addition / deduction. Individual assets cost upto ₹5,000/- depreciated fully in the year of acquisition.

Investments

Investments are stated at cost or at the fair value.

Inventories

Petroleum products are valued at lower of cost and net realisable value.

Foreign Exchange Transaction

- a) Foreign currency transactions are recorded at average rate for the month.
- b) Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates. In terms of the amendments to Accounting Standard II on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:
 - i) Exchange difference relating to the long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the assets and depreciated over the balance life of the asset.
 - ii) In other cases such differences are accumulated in a "Foreign Currency Monetary Item Transaction Difference Account" and amortised over the balance life of the long-term monetary item, not beyond 31st March 2020.
- c) Any Income or expenses on account of exchange difference either on settlement or transaction recognised in the Statement of Profit & Loss.
- d) In respect of forward exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expenses over the contract.

Taxation

Income tax

Provision for tax is made for both current and deferred taxes. Provision for current income made on the current tax rates based on the working results of the year. The company provides for deferred tax based on the tax effect of timing difference resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected.

Impairment of Assets

Impairment of Assets are assessed at each balance sheet date and loss is recognised whenever recoverable amount of an asset is less than its carrying amount.

Signature to notes "1 to 43"

In terms of our report of even date

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No. : 05534

Camp: Hyderabad
Date: May 6, 2017

For and on the behalf of the board

K L Chugh

Chairman
DIN: 00140124

Manoj Gupta

Chief Financial Officer

N. Srinivasan

Director
DIN: 00004195

Amit Pathak

Company Secretary
M NO. A19971

Mahendra Agarwal

Founder & CEO
DIN: 00179779

CASH FLOW STATEMENT

For the year ended 31 March 2017

| | (₹ in mn) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| (I) CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Profit After Tax | 297.61 | 198.20 |
| Add : | | |
| Provision for tax | 31.14 | 25.00 |
| Net profit before taxation | 328.75 | 223.20 |
| Adjustment for Non-Cash and Non-Operating Items. | | |
| Depreciation and Amortisation | 101.06 | 161.88 |
| Interest on borrowings (Net) | 167.27 | 175.31 |
| (Profit) / Loss on sale of fixed assets (Net) | 0.86 | (5.71) |
| Dividend Income | (138.60) | (84.00) |
| Interest Income | (85.31) | (81.51) |
| Rental income received | (58.30) | (32.61) |
| Operating profits before working capital changes | 315.73 | 356.56 |
| (Increase) / Decrease in Sundry debtors (Net of Bad debts) | 60.60 | (111.44) |
| (Increase) / Decrease in Inventories | (1.64) | (4.03) |
| (Increase) / Decrease in Loans & Advances | 334.63 | (232.45) |
| Increase / (Decrease) in Trade Payables | (68.86) | 62.58 |
| Increase / (Decrease) in Other Liabilities | (91.22) | 86.81 |
| Increase / (Decrease) in Short Term Borrowings | (42.48) | (12.58) |
| Increase / (Decrease) in Provisions | 77.45 | 126.94 |
| Cash generated from operations | 584.21 | 272.39 |
| (Income tax paid) Net tax refund received | 5.38 | 8.02 |
| Net Cash from Operating Activities | 589.59 | 280.41 |
| (II) CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Increase) / Decrease in Capital WIP | (16.61) | (17.90) |
| (Increase) / Decrease in Capital Advances (Net) | 10.83 | (24.35) |
| (Increase) / Decrease in Non Current Investments | (51.38) | - |
| Interest received | 85.31 | 73.49 |
| Rent Income | 58.30 | 32.61 |
| Dividend Income | 138.60 | 84.00 |
| Transfer/(Purchase) / Sale of Fixed Assets (Net) | (67.11) | (42.91) |
| Net Cash from Investing Activities | 157.94 | 104.94 |

CASH FLOW STATEMENT

For the year ended 31 March 2017

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| (III) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital | 0.92 | (0.49) |
| Increase / (Decrease) in Special Reserve | (287.69) | - |
| Increase / (Decrease) in Share Option | 0.07 | (1.88) |
| Increase / (Decrease) in Share premium | (64.59) | (121.14) |
| Net Receipt/(Repayment) of Secured Loans | 140.44 | 172.95 |
| Public deposit | (133.60) | (114.36) |
| Dividend Paid (including dividend tax) | (87.72) | (69.98) |
| Interest on loans paid | (167.27) | (175.31) |
| Net Cash from Financing Activities | (599.44) | (310.21) |
| Foreign Currency Exchange Gain / (Loss) | (2.17) | 4.10 |
| Net Increase / (Decrease) in cash and cash equivalents (I + II + III) | 145.92 | 79.23 |
| Cash and Cash equivalents in the beginning of the year | 204.40 | 125.17 |
| Cash and Cash equivalents in the end of the year | 350.32 | 204.40 |
| Cash flow from Activities during the period | 145.92 | 79.23 |

Notes :

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped / reclassified, where ever necessary.

In terms of our report of even date

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No. : 05534

Camp: Hyderabad
Date: May 6, 2017

For and on the behalf of the board

K L Chugh

Chairman
DIN: 00140124

Manoj Gupta

Chief Financial Officer

N. Srinivasan

Director
DIN: 00004195

Amit Pathak

Company Secretary
M NO. A19971

Mahendra Agarwal

Founder & CEO
DIN: 00179779

INDEPENDENT AUDITORS' REPORT

To
The Members of
Gati Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Gati Limited (herein after referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

1. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. 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 there under.
3. 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 the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statement.

Opinion:

Based on our audit and on consideration of reports of other auditors, on separate financial statements of the subsidiaries and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the affairs of the Group as at 31st March, 2017 and its consolidated Profit and their consolidated Cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following notes.

1. Note 29 of the Consolidated financial statements regarding the scheme of arrangement for amalgamation (the Scheme) sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated March 19, 2013. The Scheme permits the company to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to ₹555.54 crores to be utilised to adjust there from any capital losses arising from transfer of assets and certain other losses as specified in the Scheme and as the Board of Directors may deem fit. Accordingly the diminution in value of Investments and irrecoverable loans & advances and dues aggregating to ₹20.74 crores required to be debited to the

statement of Profit and Loss have been adjusted against Special reserve which is not in accordance with Accounting Standard (AS) 5 'Net profit or loss for the period, prior period items and Changes in Accounting Policies' and Accounting Standard (AS) 13 'Accounting for Investments'. This has resulted in the profit for the year before tax and profit after tax for the year being higher by ₹20.74 crores. Our opinion is not qualified in respect of this matter

2. Note 30 of the Consolidated financial statements of The step-down overseas subsidiary, a) Gati Hong Kong Limited has capital deficiency and has incurred net loss of ₹20,10,306 (HK\$ 2,41,379) during the year and has total liabilities exceeding the total assets as at 31st March, 2017 by ₹2,40,97,222 (HK\$ 28,93,371) and b) the overseas subsidiary Gati Asia Pacific Pte Ltd has incurred net loss of ₹4,19,701 (SG\$ 9,046) during the year and has total liabilities exceeding the total assets as at 31st March, 2017 by ₹6,40,45,605 (SG\$13,80,356), which indicate the existence of a material uncertainty giving rise to significant doubt as to the company's ability to continue as a going concern. The ultimate parent company undertakes to provide continuing financial support to the above subsidiaries to meet their liabilities when they fall due. Accordingly, the financial statements do not require any adjustments relating to realisation of the value of assets and to provide for any further liabilities.
3. Note 36 to the consolidated financial statements, relating to remuneration paid in respect of the Executive Chairman of Subsidiary Gati kintetsu express private limited for the financial year 2016-17, in excess of the limit of 5% as prescribed under section 197 of the Act, which is subject to the approval of Shareholders and Central Government.

Our opinion is not qualified in respect of these matters.

Other Matters

We did not audit the financial statements of six subsidiaries (including four overseas subsidiaries/step down subsidiaries), included in the consolidated financial statements, which constitutes total assets of ₹96.07 crores and net assets of ₹6.11 crores at 31st March, 2017, total revenue of ₹89.08 crores, net loss of ₹11.32 crores and net cash outflows amounting to ₹2.71 crores for the year ended on that date. These financial statements have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based on solely the reports of such other auditors.

Report on Other legal and Regulatory Requirements

1. 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 of the aforesaid consolidated financial statement;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group Companies is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial control over financial reporting of the Group and the operating effectiveness of such control, refer to our separate report in Annexure "A".
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations as at 31st March, 2017 on the consolidated financial position of the Group- Refer Note 32, 34 and 41(a)(3) to the consolidated financial statements.
 - ii) The Group did not have any long terms contract including derivative Contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
 - iv) The Company has provided requisite disclosures in its Consolidated Financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the holding company and its subsidiary company incorporated in India. Refer to Note 43 to the Consolidated Financial statements.

For R.S. Agarwala & Co.
Chartered Accountants
Firm Regn No:-304045E

(R .S. Agarwala)

Partner

Membership No.005534

Camp:- Hyderabad
Date: May 6, 2017

ANNEXURE “A” TO INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 1(f) of the Independent Auditors’ Report of even date to the members of Gati Limited on the consolidated financial statements for the year ended 31st March, 2017

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the companies Act, 2013.

We have audited the internal financial controls over financial reporting of Gati Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies as of 31st March, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 its business, including adherence to respective 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

Our responsibility is to express an opinion on the Group’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the reports of the other auditors in respect of entities audited by them referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India as it appears from our examination

of the books and records of the Holding Company and the reports of the other auditors in respect of entities audited by them.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it relates to the six subsidiaries is based on the corresponding reports of the other auditors (also referred our "Other Matters" para of the Independent Auditors' Report above). Our opinion is not qualified in respect of this matter.

For R.S. Agarwala & Co.

Chartered Accountants
Firm Regn No:-304045E

(R.S. Agarwala)

Partner

Membership No.005534

Camp:- Hyderabad

Date: May 6, 2017

CONSOLIDATED BALANCE SHEET

As at 31 March 2017

| | Note | As at 31 March 2017 | As at 31 March 2016 |
|--|------|------------------------|------------------------|
| (₹ in mn) | | | |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 176.36 | 175.45 |
| Reserves and Surplus | 2 | 5,562.55 | 5,459.67 |
| | | 5,738.91 | 5,635.12 |
| Minority Interest | | 883.78 | 887.41 |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 3 | 3,068.06 | 2,903.10 |
| Deferred Tax Liabilities | 4 | 111.73 | 96.63 |
| Other Long Term Liabilities | 5 | 78.85 | 40.13 |
| Long Term Provisions | 6 | 472.24 | 407.65 |
| | | 3,730.88 | 3,447.51 |
| Current Liabilities | | | |
| Short Term Borrowings | 7 | 1,364.22 | 1,371.79 |
| Trade Payables | 8 | 668.39 | 849.58 |
| Other Current Liabilities | 9 | 1,028.69 | 1,454.43 |
| Short Term Provisions | 10 | 898.21 | 954.41 |
| | | 3,959.51 | 4,630.21 |
| Total | | 14,313.08 | 14,600.25 |
| ASSETS | | | |
| Non - Current Assets | | | |
| Fixed Assets | 11 | | |
| Tangible Assets | | 3,189.78 | 2,888.67 |
| Intangible Assets | | 36.35 | 35.73 |
| Capital Work in progress | | 85.06 | 199.32 |
| Goodwill on Consolidation | | 4,468.79 | 4,468.78 |
| Non-Current Investments | 12 | 702.14 | 647.14 |
| Long Term Loans and Advances | 13 | 381.36 | 396.55 |
| Other Non-Current Assets | 14 | 10.74 | 7.97 |
| | | 8,874.22 | 8,644.16 |
| Current Assets | | | |
| Current Investments | 15 | - | 342.95 |
| Inventories | 16 | 66.06 | 51.45 |
| Trade Receivables | 17 | 2,686.39 | 2,912.38 |
| Cash and Cash Equivalents | 18 | 629.62 | 454.01 |
| Short Term Loans and Advances | 19 | 2,056.79 | 2,195.30 |
| | | 5,438.86 | 5,956.09 |
| Total | | 14,313.08 | 14,600.25 |
| The Notes form an integral part of these Consolidated Financial statements | | 1 - 45 | |

In terms of our report of even date

For and on the behalf of the board

For R. S. Agarwala & Co.Chartered Accountants
Firm's Regn. No. : 304045E**K L Chugh**Chairman
DIN: 00140124**N. Srinivasan**Director
DIN: 00004195**Mahendra Agarwal**Founder & CEO
DIN: 00179779**R. S. Agarwala**Partner
Membership No. : 05534**Manoj Gupta**

Chief Financial Officer

Amit PathakCompany Secretary
M NO. A19971

Camp: Hyderabad

Date: May 6 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2017

(₹ in mn)

| | Note | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|--------|-----------------------------|-----------------------------|
| REVENUE | | | |
| Revenue From Operations | 19 | 16,909.93 | 16,670.26 |
| Other Income | 20 | 131.14 | 147.80 |
| Total Revenue | | 17,041.07 | 16,818.06 |
| EXPENSES | | | |
| Purchase of Stock-in-trade | 21 | 2,659.44 | 2,182.19 |
| Changes in Inventories of Stock-in-Trade | 22 | (13.00) | (19.53) |
| Operating Expenses | 23 | 9,834.07 | 9,959.69 |
| Employee Benefits Expenses | 24 | 1,842.36 | 1,796.96 |
| Finance Costs | 25 | 399.42 | 424.82 |
| Depreciation and Amortisation Expense | 27 | 347.76 | 383.20 |
| Other Expenses | 28 | 1,468.65 | 1,442.55 |
| Total Expenses | | 16,538.70 | 16,169.88 |
| Profit before Tax and Exceptional Items | | 502.37 | 648.18 |
| Exceptional item | | - | - |
| Profit before Tax | | 502.37 | 648.18 |
| TAX EXPENSES | | | |
| Current Tax | | 113.96 | 132.70 |
| Deferred Tax | | 15.09 | 23.10 |
| Net Reversal of Previous Year's Taxes | | 0.41 | 0.06 |
| Profit before Minority Interest | | 372.91 | 492.33 |
| Less: loss from an Associate | 40 | - | - |
| Less: Minority Interest | | 77.75 | 124.00 |
| Profit for the Year | | 295.16 | 368.33 |
| EARNINGS PER SHARE (₹) | | | |
| Basic | | 3.35 | 4.21 |
| Diluted | | 2.49 | 3.11 |
| The Notes form an integral part of these Consolidated Financial statements | 1 - 45 | | |

In terms of our report of even date

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No. : 05534

Camp: Hyderabad

Date: May 6, 2017

For and on the behalf of the board

K L Chugh

Chairman
DIN: 00140124

Manoj Gupta

Chief Financial Officer

N. Srinivasan

Director
DIN: 00004195

Amit Pathak

Company Secretary
M NO. A19971

Mahendra Agarwal

Founder & CEO
DIN: 00179779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 | SHARE CAPITAL

| Particulars | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Authorised | | |
| 12,50,00,000 Equity Shares of ₹2/- each | 250.00 | 250.00 |
| 500,000 Redeemable Preference shares of ₹100/- each | 50.00 | 50.00 |
| | 300.00 | 300.00 |
| Issued, Subscribed and Paid-up : | | |
| 8,81,82,054 (Previous year 8,77,22,937) Equity Shares of ₹2/- each fully paid up | 176.36 | 175.45 |

Terms/rights attached to equity shares

The Company has only one class of equity shares of par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the shareholders, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their share holding.

Reconciliation of the number of shares outstanding

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|-----------------------|---------------|-----------------------|---------------|
| | No. of shares held | Amount | No. of shares held | Amount |
| Shares at the beginning of the year | 87,722,937 | 175.44 | 87,477,537 | 174.96 |
| Allotted under Employee Stock Option Scheme | 459,117 | 0.92 | 245,400 | 0.49 |
| Shares at the end of the year | 88,182,054 | 175.36 | 87,722,937 | 175.45 |

Details of shareholders holding more than 5 % shares

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------|-----------------------|----------------|-----------------------|----------------|
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| Neera And Children Trust | 5,599,995 | 6.35 % | 5,599,995 | 6.40 % |
| TCI Finance Ltd | 5,523,205 | 6.26 % | 8,103,205 | 9.24 % |
| New Horizon Opportunities Master Fund | 5,000,000 | 5.67% | - | - |
| Macquarie Bank Limited | - | - | 5,000,000 | 5.72 % |
| | 16,123,200 | 18.28 % | 18,703,200 | 21.36 % |

Shares reserved for issue under options and contracts/commitments

- i) 9,55,303 equity shares (435,000 options are newly added during the year) of ₹2 each are reserved under employee stock option scheme as on 31st March 2017 (Previous year 12,34,990 as on 31st Mar, 2016). Of this 4,38,553 Options, 2,12,250 Options, 174,000 options and 130,500 Options will vest in the year 2017-18, 2018-19, 2019-20, 2020-21 respectively.
- ii) On December 12, 2011, the Company issued 22,182 Zero Coupon Unsecured Foreign Currency Convertible Bonds of US\$ 1,000 each for an amount of US\$ 22.18 Mn. The Bonds are convertible at any time on and after December 31, 2012 up to the close of business on November 13, 2016 by holders of the Bonds into fully paid equity shares with full voting rights with a par value of ₹2/- each at an initial conversion price of ₹38.51 per share with a fixed rate of exchange on conversion of ₹52.2285 to US\$. Unless previously converted, redeemed or purchased and cancelled, the Bonds are due for redemption in US dollars at 132.8341 percent of principal amount on or before December 13, 2016 giving a Yield to Maturity of 5.76 percent per annum calculated on semi-annual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 | RESERVE & SURPLUS

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Capital Reserves | | |
| As per last balance sheet | 208.39 | 208.39 |
| Less: Adjusted with Special Reserve | - | - |
| | 208.39 | 208.39 |
| Securities Premium Reserve | | |
| As per last balance sheet | 1,404.82 | 1,535.40 |
| Add: Additions during the year (i) | 29.96 | 8.25 |
| Less: Deductions during the year (ii) | (114.03) | (143.25) |
| Less: Transfer to Minority Interest | 9.89 | 4.42 |
| | 1,330.64 | 1,404.82 |
| Revaluation Reserve | | |
| As per last balance sheet | 59.55 | 59.55 |
| | 59.55 | 59.55 |
| Share Option Outstanding account | | |
| As per last balance sheet | 23.41 | 27.16 |
| Additions during the year (iii) | 10.45 | - |
| Less: Transferred to Securities Premium Reserve (i) | (7.70) | (1.87) |
| Less: Deduction on cancellation of options not exercised (iii) | (2.68) | (1.88) |
| | 23.48 | 23.41 |
| Special Reserve | | |
| As per last balance sheet | 1,694.44 | 1,694.44 |
| Less: Adjustments during the year (Note 29) | (207.40) | - |
| | 1,487.04 | 1,694.44 |
| General Reserve | | |
| As per last balance sheet | 1,037.77 | 973.95 |
| Add: Transferred from statement of profit and loss | - | 63.82 |
| | 1,037.77 | 1,037.77 |
| Tonnage Tax Reserve (Utilised) | | |
| As per last balance sheet | 92.91 | 92.91 |
| | 92.91 | 92.91 |
| Foreign Currency Translation Reserve | | |
| As per last balance sheet | 6.20 | (2.54) |
| Add: Addition during the year | (3.75) | 8.74 |
| | 2.45 | 6.20 |
| Foreign Currency Monetary Item Translation Difference Account | | |
| As per last balance sheet | (80.88) | (113.96) |
| Add: Provided during the year | 33.14 | (83.01) |
| Less: Amortised during the year | 47.74 | 116.09 |
| | - | (80.88) |
| Surplus as per Statement of Profit and Loss | | |
| As per last balance sheet | 1,013.07 | 836.60 |
| Dividend distribution tax from subsidiary of previous year | 12.09 | - |
| Add: Profit for the year | 295.16 | 368.32 |
| Proposed Final dividend | - | (87.72) |
| Tax on dividend | - | (40.31) |
| Transfer of Loss to Minority Interest on dilution of Interest in Subsidiaries | - | - |
| Transferred to General Reserve | - | (63.82) |
| | 1,320.32 | 1,013.07 |
| | 5,562.55 | 5,459.67 |

(i) On allotment of 4,59,117(Previous Year 2,45,400) shares under Employee Stock Option Scheme and transferred from Stock Option Outstanding account.

(ii) Provision for Pro-rata Premium on redemption of Foreign Currency Convertible Bonds.

(iii) In respect of options granted under the Companies Employees Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options(based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Consequently employee benefit expenses includes ₹0.19 Mn (previous year ₹7.24 Mn) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunds/lapsed and re-imburement of discount on option issued to Employees of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 | LONG TERM BORROWINGS

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Secured: | | |
| Debentures | 590.00 | 590.00 |
| Term Loan | | |
| - From Banks | 1,123.87 | 1,219.05 |
| - From Others | 186.25 | 1.56 |
| | 1,900.12 | 1,810.60 |
| Unsecured | | |
| Fixed Deposits | 227.84 | 361.44 |
| Foreign Currency Convertible Bonds (Note 34) | 1,438.25 | 1,471.40 |
| | 1,666.09 | 1,832.84 |
| Less: Current Maturities of Long Term Borrowings (Note 9) | (498.15) | (740.34) |
| | 3,068.06 | 2,903.10 |

| Particulars of nature of security and terms of repayment | Terms of Repayment | (₹ in mn) | |
|--|--|------------------------|------------------------|
| | | Secured to the Extent | |
| | | As at 31 March 2017 | As at 31 March 2016 |
| Secured Debentures | | 590.00 | 590.00 |
| Gati Kausar India limited issued 590 secured rated redeemable transferable, non-convertible Debentures of face value of ₹1 Mn, each fully paid. The Debentures are secured by way of first charge on certain fixed assets present and future of Gati Kausar India Ltd. | <p>"Debentures aggregating to ₹60 Mn, ₹180 Mn. and ₹350 Mn were issued in October 2014 , January 2015 and February 2016 respectively for tenure of 60 months from the date of drawdown and will be redeemed through bullet repayment at maturity, however the company has an option to redeem the Debentures, at the end of one year from date of allotment.</p> <p>The NCDs have coupon rate of 5.65% per annum (31 March 2015: 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.</p> <p>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."</p> | | |
| Secured Loans | | | |
| From Banks | | | |
| Property situated at Kondapur village, Ranga Reddy District. | <p>a. Repayable in 16 Quarterly Installments of ₹15.63 Mn each commencing from August, 2014 after a moratorium period of 1 year</p> <p>b. Repayable in 18 Quarterly Installments of ₹8.33 Mn each starting from July 2015 after a moratorium period of 6 months</p> <p>c. ₹180 Mn - Repayable in 99 months</p> | 289.11 | 395.08 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in mn)

| Particulars of nature of security and terms of repayment | Terms of Repayment | Secured to the Extent | |
|--|--|------------------------|------------------------|
| | | As at 31 March 2017 | As at 31 March 2016 |
| Property at Peenya, Bangalore. Subservient Charge on the current and fixed assets of the company with coverage up to 100% of the loan amount. | a) Initial term loan 500 Mn. Repayable in 16 Quarterly Installments of ₹31.25 Mn starting from June 2015 after a moratorium period of 1 year. b) Initial term loan 230 Mn. Repayable in 16 Quarterly Installments of RS 14.375 Mn starting from March 2018 after a moratorium period of 1 year. | 256.52 | 213.23 |
| Property situated at Bangalore | Repayable in 16 Quarterly Instalments of ₹18.75 Mn each commencing from March 2018 after a moratorium period of 1 year | 300.00 | - |
| Property situated at Binola | Repayable in 16 Quarterly Installments of ₹15.62 Mn each commencing from September, 2015 after a moratorium period of 1 year. | - | 34.38 |
| Property situated at Bhiwandi | Repayable in 8 Quarterly Installments of ₹20 Mn each commencing from June 2016 after a moratorium period of 1 year. (Since paid) | - | 159.37 |
| Hypothecation of Trucks & Vehicles against individual loans | Repayable in monthly installments | 58.13 | 88.63 |
| Property situated at Nagpur and Bangalore | (Repayable in 16 Quarterly Installments of ₹18.75 Mn each commencing from Sep 2015 after a moratorium period of 1 year) | 168.75 | 243.75 |
| Property situated in Bangalore and Guwahati | Repayable in 36 EMI of ₹0.56 Mn each. | - | 0.08 |
| Loans are fully secured by hypothecation of specific vehicles against which loan is availed and corporate guarantee extended by Holding Company. | Repayable in monthly installments | - | 25.40 |
| Loans are fully secured by hypothecation of specific vehicles against which loan is availed. | Repayable in monthly installments | 51.36 | 59.12 |
| From Others | | | |
| Property Situated at Mahatma Gandhi Road, Secunderabad, and Property situated at Laxmi towers, chennai | Repayable as per Monthly EMI | 178.05 | - |
| Loans are fully secured by hypothecation of specific vehicles against which loan is availed. | Repayable in monthly installments | 8.20 | 1.56 |
| | | 1,900.12 | 1,810.60 |

4 | DEFERRED TAX LIABILITY

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Difference between book and tax depreciation | 111.73 | 96.63 |
| | 111.73 | 96.63 |

5 | OTHER LONG TERM LIABILITIES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|------------------|------------------------|------------------------|
| Interest accrued | 78.85 | 40.13 |
| | 78.85 | 40.13 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 | LONG TERM PROVISIONS

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Premium on redemption of Foreign Currency Convertible Bonds | 472.24 | 407.65 |
| | 472.24 | 407.65 |

7 | SHORT TERM BORROWINGS

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Secured | | |
| Working Capital Loans | | |
| From Bank | 1,364.22 | 1,371.79 |
| | 1,364.22 | 1,371.79 |
| Particulars of Nature of Security | | |
| Secured Working Capital Loan from Banks | | |
| Secured by first charge on entire current assets of the company present and future, on paripassu basis with other banks along with immovable properties situated at Bhiwandi (Maharashtra), Verna Industrial Estate (Goa) and personal guarantee of Managing Director. | 143.09 | 256.60 |
| Secured by first charge on entire book debts of the company on pari passu basis with other banks along with immovable properties in Bhiwandi and Portblair as collateral security. | 88.92 | 17.89 |
| a) Secured by hypothecation of book debts and other current assets of the company on paripassu basis with all constorium banks as primary security. | 1,096.88 | 1,076.35 |
| b) Personal guarantee of the promoter of Holding Company Corporate Guarantees of Holding Company along with immovable properties as collateral | | |
| Secured by hypothecation of specific vehicles of the Company and charge on the current assets along with the corporate guarantee extended by Gati Limited. | 7.41 | 19.92 |
| Working Capital Loan from Bank secured by first charge on entire current assets of the company and equitable mortgage of specified immovable assets as collateral | 27.92 | 1.03 |
| | 1,364.22 | 1,371.79 |

8 | TRADE PAYABLES

| | (₹ in mn) | |
|------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Acceptance (a) | 339.30 | 356.64 |
| Other Than Acceptances | 329.09 | 492.94 |
| | 668.39 | 849.58 |

(a) Under Vendor financing/discounting arrangements with the company's bankers on payment of interest and furnishing of corporate guarantee by Holding Company to the extent of ₹257.71 Mn

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 | OTHER CURRENT LIABILITIES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Current Maturities of Long Term Borrowings (Note 3) | | |
| - From Bank | 324.98 | 567.86 |
| - From Others | 173.17 | 172.48 |
| Other Liabilities | | |
| - Statutory Dues | 45.32 | 46.96 |
| - Security Deposit | 230.74 | 165.64 |
| - Others | 247.83 | 496.44 |
| - Unpaid/Unclaimed Dividend | 6.65 | 5.05 |
| (₹ NIL (Previous year ₹0.68 Mn) has been transferred to investor education and protection fund during the year.) | | |
| | 1,028.69 | 1,454.43 |

10 | SHORT TERM PROVISIONS

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------|------------------------|------------------------|
| Provision for Employee Benefits | 98.50 | 136.99 |
| Others | | |
| - Taxation | 799.71 | 689.38 |
| - Proposed Final Dividend (Note 44) | - | 87.72 |
| - Tax on Dividend | - | 40.31 |
| | 898.21 | 954.41 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 | NON CURRENT INVESTMENTS

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Long Term Investment (At Cost) | | |
| Non - Trade | | |
| Fully Paid Equity Shares of Joint Stock Companies | | |
| Quoted | | |
| 1,600,300 shares of TCI Finance Ltd. of ₹10/- each. (Market Value - ₹39.77 Mn ; previous year - ₹31.04 Mn) | 14.39 | 14.39 |
| 100 shares of SBI of ₹100/- each. (Market Value - ₹0.03 Mn; previous year ₹0.01 Mn) | 0.01 | 0.01 |
| Unquoted | | |
| 18,750,000 shares of Amrit Jal Ventures Pvt. Ltd. of ₹10/- each. *(pledge with Institution for providing Financial Assistance to Amrit Jal Ventures Pvt. Ltd.) | 187.50 | 187.50 |
| 18,000 shares of ITAG Infrastructure Ltd. of ₹10/- each. | 0.18 | 0.18 |
| 14,451 shares of Browntape Technologies Private Limited ₹10/- each | 42.49 | - |
| Preference Shares | | |
| 4,256 0.001% Series D Compulsory Convertible Cumulative Preference shares of Browntape Technologies Private Limited of ₹20/- each | 12.51 | - |
| Debentures | | |
| 34,57,236 14.5% Unsecured Optionally Convertible Debentures of Amrit Jal Ventures Pvt. Ltd. of ₹100/- each. (Issued in the year 2013-14 in repayment of loan of an equivalent amount) | 345.72 | 345.72 |
| 9,93,354 14.5% Unsecured Optionally Convertible Debentures of Gati Infrastructure Sada Mangder Power Pvt. Ltd. of ₹100/- each. | 99.34 | 99.34 |
| (Issued during the year 2014-15 in repayment of loan and interest thereon of an equivalent amount granted by Gati Limited in earlier years to Gati Infrastructure Sada - Mangder Power Private Limited on the terms of subscription , redemption or conversion and other conditions as per Investment Agreement dated 6th May 2014.) | | |
| | 702.14 | 647.14 |

*(These shares are invoked by the institution and held in institution's name. The matter is under litigation in a court of law and the company has been legally advised that the beneficial interest in such shares continues with the company.)

13 | LONG TERM LOANS AND ADVANCES

(₹ in mn)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Considered Good | | |
| - Capital Advances | 35.48 | 67.66 |
| - Advances and Rental Deposits | 247.11 | 225.26 |
| - Earnest Money & Security Deposits | 17.06 | 10.44 |
| - Other Deposits | 81.71 | 93.19 |
| Considered Doubtful | | |
| - Capital Advances | 5.90 | 5.90 |
| - Less: Provision for Doubtful Advances | (5.90) | (5.90) |
| | 381.36 | 396.55 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 | OTHER NON CURRENT ASSETS

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Pre Operative Expenses | 0.42 | 0.31 |
| Deferred Employees Stock Option Compensation | 10.32 | 7.66 |
| | 10.74 | 7.97 |

15 | CURRENT INVESTMENTS (Non-trade, Unquoted, valued at cost)

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| 1,236,820 units in ICICI Prudential Flexible income - daily dividend fund | - | 130.77 |
| 100,458 units in Franklin India Treasury Management Account - Super Institutional Plan | - | 100.53 |
| 1,104,213 units in Birla Sun Life - Cash Plus - Daily Dividend Regular Plan - Reinvestment | - | 110.64 |
| 10,071 units in Birla Sun Life - Cash Plus - Daily Dividend Direct Plan - Reinvestment | - | 1.01 |
| | - | 342.95 |

16 | INVENTORIES

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| (As taken, valued and certified by the Management) | | |
| Stores and Spare Parts | 3.40 | 1.79 |
| Diesel Petrol, lubricants etc | 14.72 | 13.08 |
| Trading Goods | 47.94 | 36.58 |
| (At lower of cost and net relisable value) | | |
| | 66.06 | 51.45 |

17 | TRADE RECEIVABLES (Unsecured)

| | (₹ in mn) | |
|--|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Outstanding for more than six months from due date | | |
| - Considered Good | 74.60 | 98.65 |
| - Considered Doubtful | 117.12 | 83.78 |
| | 191.72 | 182.44 |
| Less: Provision for doubtful debts | (117.12) | (83.78) |
| | 74.60 | 98.65 |
| | 2,611.79 | 2,813.73 |
| | 2,686.39 | 2,912.39 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 | CASH AND BANK BALANCES

| | (₹ in mn) | |
|---------------------------------------|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Cash in Hand | 39.80 | 61.25 |
| Balances with Bank | | |
| In Current Accounts | 289.41 | 89.92 |
| In Deposit Accounts | 293.76 | 297.79 |
| In Unpaid/Unclaimed Dividend Accounts | 6.65 | 5.05 |
| | 629.62 | 454.01 |

19 | SHORT TERM LOANS AND ADVANCES

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| Unsecured and Considered Good | | |
| Prepaid Expenses | 46.83 | 62.48 |
| Cenvat Credit Receivable | 25.01 | 19.85 |
| Loans and Advances to Other Parties | 205.91 | 587.55 |
| Operational Advances | 108.83 | 129.01 |
| Advances to Employees | 5.62 | 5.34 |
| Interest Accrued | 206.31 | 208.71 |
| Tax Deduction at Source/Advance Tax | 1,284.35 | 1,040.71 |
| Others | 173.93 | 141.65 |
| Considered doubtful | 150.00 | - |
| Less: Provision for doubtful Loans and Advances | (150.00) | - |
| | 2,056.79 | 2,195.30 |

In the opinion of the Board, all the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 | REVENUE FROM OPERATIONS

| | (₹ in mn) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Freight, Demurrage and Miscellaneous Charges | 13,540.67 | 13,896.67 |
| Warehousing, Logistics & Other Services | 440.96 | 441.99 |
| Other Operating Income | 187.23 | 104.65 |
| Sale of Products | 2,741.07 | 2,226.95 |
| | 16,909.93 | 16,670.26 |

21 | OTHER INCOME

| | (₹ in mn) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Rent | 13.40 | 4.77 |
| Profit on Sale of Fixed Asset (Net) | 3.04 | 19.90 |
| Dividends from Mutual Funds | 3.69 | 3.35 |
| Interest | 105.91 | 108.58 |
| Liabilities no longer required written back | 0.76 | 4.53 |
| Miscellaneous Income | 4.34 | 6.67 |
| | 131.14 | 147.80 |

22 | PURCHASE OF STOCK IN TRADE

| | (₹ in mn) | |
|--------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Diesel, Petrol, Lubricants etc | 2,091.94 | 1,825.18 |
| Others | 567.50 | 357.01 |
| | 2,659.44 | 2,182.19 |

23 | CHANGES IN INVENTORIES OF STOCK-IN-TRADE

| | (₹ in mn) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Inventories at the beginning of the year | 49.66 | 30.14 |
| Inventories at the end of the year | (62.66) | (49.67) |
| | (13.00) | (19.53) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 | OPERATING EXPENSES

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Freight | 8,264.23 | 8,358.25 |
| Vehicles' trip Expenses | 326.18 | 341.76 |
| Tyres and Tubes | 6.99 | 8.98 |
| Warehouse Rent | 128.42 | 100.20 |
| Other Operating Expenses | 886.94 | 905.16 |
| Claims for Loss & Damages (Net) | 212.46 | 234.04 |
| Commission | - | 0.88 |
| Vehicles' taxes | 5.35 | 6.78 |
| Vehicles' and ships Insurance | 2.67 | 2.88 |
| Transport and Warehousing | 0.83 | 0.76 |
| | 9,834.07 | 9,959.69 |

25 | EMPLOYEE BENEFIT EXPENSES

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Salaries, Wages and Bonus | 1,727.76 | 1,682.59 |
| Gratuity | 18.72 | 18.00 |
| Contribution to Provident and Other Funds | 62.66 | 57.65 |
| Contribution to Employees' State Insurance | 8.68 | 6.41 |
| Other Expenses | 24.54 | 32.31 |
| | 1,842.36 | 1,796.96 |

26 | FINANCE COSTS

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------|-----------------------------|-----------------------------|
| Interest | 390.71 | 418.99 |
| Other Borrowing Costs | 8.71 | 5.83 |
| | 399.42 | 424.82 |

27 | DEPRECIATION AND AMORTISATION EXPENSE

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Depreciation for the year | 300.03 | 267.11 |
| Add: Amortisation of Foreign Currency Monetary Item Translation Difference Account | 47.73 | 116.09 |
| | 347.76 | 383.20 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 | OTHER EXPENSES

| | (₹ in mn) | |
|---|------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| A. Administrative Expenses | | |
| Rent | 497.54 | 476.37 |
| Rates and Taxes | 25.56 | 29.92 |
| Insurance | 14.03 | 12.54 |
| Telephone Expenses | 40.93 | 44.01 |
| Printing and Stationery | 29.38 | 33.33 |
| Travelling Expenses | 84.16 | 80.08 |
| Legal Expenses | 50.32 | 64.32 |
| Advertisement Expenses | 29.66 | 34.30 |
| Office Maintenance and Repairs | 175.78 | 208.07 |
| Electricity Expenses | 94.55 | 90.01 |
| Remuneration to Directors | 3.44 | 3.43 |
| Commission to Non-Whole-Time Directors | 0.76 | 3.12 |
| Remuneration to Auditors: | | |
| Audit Fees | 3.19 | 2.60 |
| Tax Audit Fees | 1.35 | 1.29 |
| Bad Debts and irrecoverable balances written off (Net) (a) | 103.38 | 60.03 |
| Difference in Exchange (Net) | 0.82 | - |
| IT Network Expenses | 51.38 | 54.43 |
| Charity and Donations | 15.49 | 12.99 |
| Miscellaneous Expenses (b) | 177.80 | 178.10 |
| (a) Includes provision for doubtful debts ₹58.27 Mn (Previous year ₹35.21 Mn) | | |
| (b) Includes expense for CSR activities ₹8.48 Mn (Previous year ₹13.28 Mn) | | |
| | 1,399.52 | 1,388.94 |
| B. Repairs & Maintenance | | |
| Other Vehicles | 11.32 | 11.03 |
| Plant and Equipments | 8.54 | 6.52 |
| Computers | 48.19 | 35.69 |
| Buildings | 1.08 | 0.37 |
| | 69.13 | 53.61 |
| | 1,468.65 | 1,442.55 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 |

The Hon'ble Andhra Pradesh High Court, approved the Scheme of Arrangement for amalgamation. (The Scheme) vide its order dated 19th March, 2013 which interalia, permits creation of a capital reserve to be called Special Reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation of the subsidiaries amounting to ₹5555.4 Mn to be utilised by the Company to adjust therefrom any capital losses arising from transfer of assets and certain other losses, any balance remaining in the Special Reserve shall be available for adjustment against any future permanent diminution in the value of assets and exceptional items etc. as specified in the scheme as the Board of directors may deem fit. In accordance with the Scheme an aggregate sum of ₹3034.1 Mn has been adjusted with the Special Reserve till the year 2015-16

In accordance with the scheme, On professional advice, the Board of Directors carried out the following adjustments against Special Reserve during the year 2016-17

- i) Irrecoverable and other advances made to third parties made in earlier years aggregating to ₹207.4 Mn
- ii) The above adjustments otherwise, required to be debited to the Statement of Profit and loss and adjusted against Special Reserve are not in accordance with Accounting Standard(AS) 5 'Net Profit or Loss for the period, prior period items and changes in accounting policies' and Accounting Standard(AS) 13 'Accounting for Investments'. Had the Scheme not prescribed the above accounting treatment the accounts would have reflected as follows:

| Statement of Profit and Loss | (₹ in mn) | |
|---|-----------|----------|
| | Increase | Decrease |
| Profit before tax | | 207.4 |
| Profit for the year | | 207.4 |
| Balance Sheet | | |
| Special Reserve | 207.4 | |
| Surplus in Statement of Profit and Loss | | 207.4 |

30 |

The step-down overseas subsidiary, a) Gati Hong Kong Limited has capital deficiency and has incurred net loss of ₹2.01Mn (HK\$ 0.24 Mn) during the year and has total liabilities exceeding the total assets as at 31st March, 2017 by ₹24.10 Mn (HK\$ 2.89 Mn) and b) the overseas subsidiary Gati Asia Pacific Pte Ltd has incurred net loss of ₹0.42 Mn (SG\$ 0.009 Mn) during the year and has total liabilities exceeding the total assets as at 31st March, 2017 by ₹64.05 Mn (SG\$1.38 Mn), which indicate the existence of a material uncertainty giving rise to significant doubt as the two company's ability to continue as a going concern. The ultimate parent company undertakes to provide continuing financial support to the above subsidiaries to meet their liabilities when they fall due. Accordingly, the financial statements do not require any adjustments relating to realisation of the value of assets and to provide for any further liabilities.

31 |

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 29th December 2011 on Accounting Standard 11, the company has opted to adjust the carrying cost of depreciable fixed assets to amortise the exchange differences on the Long term Foreign Currency Monetary Items over their tenure and the year ended balance in the account has been carried forward from year to year in the "Foreign Exchange Monetary Items Translation Difference Account" (FCMITDA). FCMITDA has been fully amortised during the year.

32 |

Loans and Advances includes ₹41 Mn due from Air India Limited. The matter was referred to arbitration of the Arbitral Tribunal appointed by the parties and the Arbitral tribunal passed an Award dated 17th September 2013, directing Air India Limited to pay an amount of ₹268.2 Mn to the Company and to pay interest @18% per annum on the awarded amount. Air India preferred an application before the Hon'ble Delhi High Court seeking setting aside of the Award which directed Air India to deposit ₹220 Mn. Pending disposal of the appeal the amount of ₹220 Mn has been made over to the company pursuant to the order of the division bench of the Honorable High Court of Delhi. In the circumstances, the dues from Air India Limited of ₹41 Mn included in Loans and Advances, are considered good for recovery by the management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 |

The Board of Directors of the company has allotted 3,63,117 equity shares on exercise of options by the employees under the employee stock option scheme and 96,000 equity shares to Non-Executive Directors at a premium of ₹26 per share. Consequently the Equity Share Capital of the company increased from 8,77,22,937 equity shares of ₹2/- each to equity shares 8,81,82,054 of ₹2/- each during the year.

34 |

- (a) The Trustee of the bondholders (FCCBs) had filed a Civil Suit in the Secunderabad Court for specific performance for conversion of bonds into equity and the matter is still pending adjudication. The FCCB redemption has fallen due on 13th December 2016.
- (b) In accordance with the terms of issue of Foreign Currency Convertible Bonds (FCCB) an amount of ₹1438.2 Mn together with the premium on redemption thereof of ₹472.2 Mn are due for redemption to the bond holders in December, 2016. The classification of the same as Long Term Liabilities/Provisions has been continued as in earlier years because of the pending litigation as explained in note 34(a) above.

35 |

- a) In the assessment for the accounting year ended 31st March 2012, the surplus on transfer of Express Distribution & Supply Chain business of ₹1240.6 Mn to a subsidiary has been treated as income and raised demand of ₹511.3 Mn. On appeal, the Commissioner (Appeals) has deleted the addition. The Company has paid ₹126 Mn and also refunds due was adjusted to the tune of ₹140.5 Mn under protest which is treated as recoverable in books. Since the addition has deleted by the Commissioner Appeals, the said amount to be receivable from Income tax department. Against the order of Commissioner (Appeals), the income tax department has preferred an appeal with Income Tax Appellate Tribunal.
- b) Income tax assessment for the accounting year ended 31st March 2014 was completed during the previous quarter resulting in disallowance of significant amount of advances written off during the accounting year against which an appeal has been filed. Such disallowances have been adjusted against business losses during the year.

36 |

The managerial remuneration paid to Executive chairman for the year is in excess of the limit of 5% prescribed under the Companies Act 2013 by ₹6.29 Mn which is subject to the approval of the shareholders and the central government.

37 |

Details of Loans Given, Investments made and Guarantee given covered u/s 186 (4) of the Companies Act, 2013

Investments made are given under the respective heads (Refer Note 12)

Corporate Guarantee given by the company in respect of loans availed as at 31st March, 2017

| Sl No. | Name of the company | (₹ in mn) | |
|--------------|---------------------------------------|------------------------|------------------------|
| | | As at 31 March 2017 | As at 31 March 2016 |
| 1 | Gati Kintetsu Express Private limited | 835.1 | 868.2 |
| 2 | Gati Infrascture Private limited | 236.0 | 236.0 |
| 3 | Gati KausarIndia limited | 8.6 | 45.3 |
| Total | | 1079.7 | 1149.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 | Segment wise revenue, results and capital employed

Primary Business Segment

Express Distribution and Supply Chain: Covers Integrated cargo Services - Road, Rail and Air Transportation

Fuel Stations : Covers Fuel Stations dealing in petrol, diesel and lubricants etc.

| Particulars | (₹ in mn) | |
|---|------------------|------------------|
| | 31 March 2017 | 31 March 2016 |
| 1. Segment Revenue (Net Sale / Income from each Segment) | | |
| a) Express Distribution & Supply Chain | 14,187.34 | 14,445.39 |
| b) Fuel Sales | 2,149.48 | 1,872.09 |
| c) Other Sales | 592.18 | 355.93 |
| Total | 16,929.01 | 16,673.41 |
| Less: Inter Segment Revenue | 19.08 | 3.15 |
| Net Sales / Income from Operations | 16,909.93 | 16,670.26 |
| 2. Segment Results (Profit (+) / Loss (-) before tax and interest from each Segment) | | |
| a) Express Distribution & Supply Chain | 850.90 | 1,030.37 |
| b) Fuel Sales | 50.47 | 43.32 |
| c) Other Sales | 0.42 | (0.67) |
| Total | 901.79 | 1,073.02 |
| Less: Interest Expenses | 399.42 | 424.82 |
| Total Profit before tax and Exceptional Items | 502.37 | 648.20 |
| 3. Capital Employed | | |
| Segment Assets | | |
| a) Express Distribution & Supply Chain | 11,792.56 | 11,967.74 |
| b) Fuel Stations | 210.45 | 159.36 |
| c) Unallocated/ Corporate/ Inter Segment | 2,310.07 | 2,413.60 |
| Total Assets | 14,313.08 | 14,540.69 |
| Segment Liabilities | | |
| a) Express Distribution & Supply Chain | 1,331.43 | 1,809.33 |
| b) Fuel Stations | 4.78 | 4.17 |
| c) Unallocated/ Corporate/ Inter Segment | 7,296.07 | 7,156.03 |
| Total Liability | 8,632.28 | 8,969.53 |
| Capital Employed | 5,680.80 | 5,571.17 |

Secondary Business Segment

| Particulars | (₹ in mn) | |
|---|------------------|------------------|
| | 31 March 2017 | 31 March 2016 |
| 1. Segment Revenue (Net Sale/Income) | | |
| a) India | 16,510.17 | 16,385.98 |
| b) International | 444.84 | 354.13 |
| Total | 16,955.01 | 16,740.11 |
| Less: Inter Segment Revenue | 45.08 | 69.85 |
| Net Sales/Income from Operations | 16,909.93 | 16,670.26 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Secondary Business Segment (Contd...)

| Particulars | (₹ in mn) | |
|--------------------------------------|------------------|------------------|
| | 31 March 2017 | 31 March 2016 |
| 2. Segment Results | | |
| a) India | 906.52 | 1,093.30 |
| b) International | (4.73) | (20.28) |
| Total | 901.79 | 1,073.02 |
| Less: Interest | 399.42 | 424.82 |
| Total profit before tax | 502.37 | 648.20 |
| 3. Capital Employed | | |
| Segment Assets | | |
| a) India | 11,890.37 | 12,011.27 |
| b) International | 112.64 | 115.84 |
| c) Unallocated Corporate Assets | 2,310.07 | 2,413.59 |
| Total Assets | 14,313.08 | 14,540.70 |
| Segment Liabilities | | |
| a) India | 1,211.69 | 1,698.90 |
| b) International | 124.51 | 114.60 |
| c) Unallocated Corporate Liabilities | 7,296.07 | 7,156.03 |
| Total Liabilities | 8,632.28 | 8,969.53 |
| Capital Employed | 5,680.80 | 5,571.17 |

39 | Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates / Joint Ventures.

| Name of the Enterprise | (₹ in mn) | | | |
|--|---|----------|---|---------|
| | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | |
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| Parent | | | | |
| Gati Limited | 94.90% | 6,285.15 | 100.83% | 297.61 |
| Subsidiaries | | | | |
| Indian | | | | |
| 1. Gati-Kintetsu Express Pvt. Ltd. | 43.31% | 2,868.21 | 111.34% | 328.64 |
| 2. Gati Kausar India Ltd. | 1.20% | 79.31 | -35.30% | -104.19 |
| 3. Gati Import Export Trading Ltd. | 0.69% | 45.59 | -0.53% | -1.56 |
| 4. Zen Cargo Movers Pvt. Ltd. | -0.10% | -6.30 | 0.12% | 0.36 |
| 5. Gati Logistics Parks Pvt. Ltd. | 0.00% | 0.10 | 0.00% | - |
| 6. Gati Projects Pvt. Ltd. | 0.00% | 0.10 | 0.00% | - |
| Foreign | | | | |
| 1. Gati Asia Pacific Pte Ltd. | -0.18% | -11.87 | -3.17% | -9.35 |
| Minority interest in all subsidiaries | 13.34% | 883.78 | 26.34% | 77.75 |
| Associates | | | | |
| Indian | | | | |
| 1. Gati Ship Ltd. | 0.54% | 35.91 | -104.23% | -307.65 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 | Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

| Sl. No. | Name of the subsidiary | The date since when subsidiary was acquired | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | Share capital | Reserves & surplus | Total assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding |
|---------|--|---|---|--|---------------|--------------------|--------------|-------------------|-------------|-----------|------------------------|------------------------|-----------------------|-------------------|-----------------------|
| 1 | Gati Asia Pacific Pre Ltd. | 23.09.2005 | April-March | SGD = INR 46.3979 | 337.18 | -401.23 | 2.20 | 66.24 | - | 29.28 | -0.42 | - | -0.00 | - | 100% held by Parent |
| 2 | Gati Hong Kong Ltd. | 12.04.2005 | April-March | HKD = SGD 0.1795 | 28.69 | -52.78 | 3.92 | 28.02 | - | 5.80 | -2.01 | - | -0.00 | - | 100% held by GAP |
| 3 | Gati Cargo Express (Shanghai) Co. Ltd. | 02.11.2006 | April-March | RMB = SGD 0.2024 | 87.90 | -81.14 | 83.54 | 76.78 | - | 329.32 | -3.12 | - | -0.00 | - | 100% held by GAP |
| 4 | Gati (Thailand) Co. Ltd. | 02.10.2006 | April-March | THB = SGD 0.0404 | 9.37 | -47.60 | 26.59 | 64.82 | - | 59.29 | -3.53 | - | -0.00 | - | 49% held by GAP |
| 5 | Gati-Kintetsu Express Pvt. Ltd. | 14.11.2007 | April-March | INR | 5.00 | 2863.21 | 5821.78 | 2,953.57 | - | 11,117.05 | 426.31 | 97.67 | 0.00 | 198.00 | 70% held by Parent |
| 6 | Gati Kausar India Ltd. | 14.12.2007 | April-March | INR | 74.58 | 4.73 | 840.44 | 761.13 | - | 440.62 | -104.19 | - | -0.00 | - | 79.86% held by Parent |
| 7 | Gati Import-Export Trading Ltd. | 16.05.2008 | April-March | INR | 23.00 | 22.59 | 201.85 | 156.26 | - | 592.85 | -1.49 | 0.07 | -0.00 | - | 100% held by Parent |
| 8 | Zen Cargo Movers Pvt Ltd. | 25.06.2008 | April-March | INR | 3.62 | -9.93 | 7.64 | 13.95 | - | 4.05 | 0.95 | 0.59 | 0.00 | - | 100% held by Parent |
| 9 | Gati Logistics Parks Pvt. Ltd. | 30.06.2011 | April-March | INR | 0.10 | - | 190.14 | 190.04 | - | - | - | - | - | - | 100% held by Parent |
| 10 | Gati Projects Pvt. Ltd. | 30.06.2011 | April-March | INR | 0.10 | - | 0.22 | 0.12 | - | - | - | - | - | - | 100% held by Parent |

1. Names of the subsidiaries which are yet to commence operations

| Sl. No. | Name of the companies |
|---------|--------------------------------|
| 1 | Gati Logistics Parks Pvt. Ltd. |
| 2 | Gati Projects Pvt. Ltd. |

PART "B": ASSOCIATES AND JOINT VENTURES

| Sl. No. | Name of the Associate/ Joint Venture | Date on which the associate or Joint Venture was associated or acquired | Latest audited Balance Sheet date | Shares of Associate/ Joint Ventures held by the company on the year end | | Description of how there is a significant influence | Reason why the associate/joint venture is not consolidated | Networth attributable to Shareholding as per latest audited Balance Sheet | | Profit/loss for the year | |
|---------|--------------------------------------|---|-----------------------------------|---|----------------------|---|---|---|-----------------------------|---------------------------------|---------|
| | | | | No. of shares | Amount of Investment | | | Extent of holding % | Considered in consolidation | Not considered in consolidation | |
| 1 | Gati Ship Ltd. | 16.05.2014 | 31st March, 2017 | 4,800,000 | 862.30 | 47.95% | The company ceases to have significant control after the sale of stake of 12.09% on 16th May, 2014. Hence the same is not considered in consolidation as per AS 23. | 35.91 | - | - | -307.65 |

Note: The accounts of the Subsidiary Companies have been audited by the respective statutory auditors and the financial statements of these Companies have been considered in the consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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a) Contingent Liability not provided for in respect of

| Sl No. | Particulars | ₹ in mn) | |
|--------|--|------------------------|------------------------|
| | | As at 31 March 2017 | As at 31 March 2016 |
| 1) | Bank Guarantees | 74.64 | 45.68 |
| 2) | Guarantees and Counter Guarantees outstanding | 1,079.72 | 1,149.50 |
| 3) | Income Tax demands disputed in appeals | 15.04 | 308.94 |
| 4) | Estimated amount of contracts remaining to be executed on capital account and not provided for | 36.65 | 103.77 |
| 5) | Lease Obligation | 275.40 | 150.32 |
| 6) | Arrears of dividend on CCCPS excluding dividend distribution tax | 0.47 | 0.28 |
| | | 1,481.92 | 1,758.49 |

b) Earnings per share

| Sl No. | Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--------|--|------------------------|------------------------|
| 1 | Net profit after tax available for equity shareholders - for Basic and Diluted EPS (₹ in Mn) | 295.16 | 368.33 |
| 2 | Weighted average no. of ordinary shares for Basic EPS (Nos.) | 88,182,054 | 87,722,937 |
| | Add: Adjustments for Foreign Currency Convertible Bonds and Stock Options | 30,517,708 | 30,845,999 |
| 3 | Weighted average no. of ordinary shares for Diluted EPS (Nos.) | 118,699,762 | 118,568,936 |
| 4 | Nominal value of Ordinary Shares (₹) | 2.00 | 2.00 |
| 5 | Basic Earning per Ordinary Share (₹) | 3.35 | 4.21 |
| 6 | Diluted Earning per Ordinary Share (₹) | 2.49 | 3.11 |

42 | Related Party Disclosures

a) Related parties with whom transactions have taken place during the period

i. Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)
 Mr Bala Aghoramurthy (Whole Time Director)
 Mr Sanjeev Kumar Jain (Director - Finance) (Resigned w.e.f 31.10.2016)
 Mr V S N Raju (Company Secretary - Resigned w.e.f 28.04.2016)
 Mr Amit Pathak (Company Secretary- Appointed w.e.f 04.08.2016)

ii. Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother of Mr. Mahendra Agarwal)
 Mr. Dhruv Agarwal (Son of Mr. Mahendra Agarwal)
 Mr. Manish Agarwal (Son of Mr. Mahendra Agarwal)

iii. Associates

1. Gati Ship Ltd. (formerly known as Gati Ship Pvt. Ltd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

iv. Others

1. Gati Intellect Systems Ltd.
2. TCI Finance Ltd.
3. Giri Roadlines & Commercial Trading Pvt. Ltd.
4. TCI Hi-ways Pvt. Ltd.
5. Amrit Jal Ventures Pvt. Ltd.
6. Gati Academy
7. Kintetsu World Express (India) Pvt. Ltd.
8. TCI Telenet Solutions Pvt Ltd
9. Share India
10. Mandala Agribusiness Investment II Ltd
11. TCI Infrastructure Finance Limited
12. Jaldi Traders & Commerce House Pvt Limited
13. PD Agarwal Foundation
14. Solaflex Solar Energy Private Limited
15. Gati Infrastructure Sada Mangdar Power Pvt Limited

b) Transactions carried out with related parties referred in (a) above, in ordinary course of business.

| (₹ in mn) | | | | | |
|-----------|---------------------------------------|-----------------------|---------------------|---------------------|---------------------|
| SI No. | Nature of Transaction | KMP & Relative of KMP | Associates & Others | As at 31 March 2017 | As at 31 March 2016 |
| A | Expenditure | | | | |
| | Rent | - | 23.38 | 23.38 | 9.51 |
| | Freight and Other Charges | - | 70.74 | 70.74 | 66.95 |
| | Manpower expenses | - | 274.12 | 274.12 | 356.16 |
| | Interest Expenses | - | 33.34 | 33.34 | 15.35 |
| | Premium on redemption of debenture | - | 49.44 | 49.44 | 22.12 |
| | Commitment Charges | - | 4.58 | 4.58 | 6.27 |
| | Others | - | 0.12 | 0.12 | - |
| | Donation | - | 3.60 | 3.60 | 3.60 |
| | Directors Sitting Fee | - | - | - | 2.47 |
| B | Key Management Personnel | | | | |
| | Remuneration | 70.83 | - | 70.83 | 70.66 |
| | Revenue | | | | |
| | Freight and Other Charges | - | 44.20 | 44.20 | 103.12 |
| | Warehouse income | - | 39.64 | 39.64 | 24.57 |
| | Interest | - | 98.98 | 98.98 | 64.59 |
| | Rent & Management Fee | - | 1.60 | 1.60 | 1.34 |
| C | Dividend paid | - | 7.92 | 7.92 | 4.80 |
| D | Transaction during the period | | | | |
| | Investments made | - | 32.00 | 32.00 | 350.00 |
| | Investments sold | - | - | - | - |
| E | Balance at the year end | | | | |
| | Investments | - | 1,314.46 | 1,314.46 | 1,237.55 |
| | Sundry Debtors | - | 229.34 | 229.34 | 206.15 |
| | Other Receivables | - | 20.07 | 20.07 | 17.67 |
| | Loans & Advances | - | 207.54 | 207.54 | 234.15 |
| | Diminution in the Value of Investment | - | - | - | - |
| | Sundry Creditors | - | 2.71 | 2.71 | 11.91 |
| | Deposits and Advances (Taken) | - | 14.20 | 14.20 | 31.21 |
| | Corporate Guarantee | - | 236.00 | 236.00 | 236.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 | Disclosure on Specified Bank Notes(SBNs)

Details of specified Bank Notes(SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 as per the MCA notification G.S.R.308(E) dated 31 March 2017 is given below:

| Particulars | (₹ in mn) | | |
|---|-----------|--------------------------|----------|
| | SBNs* | other denomination notes | Total |
| Closing cash in hand as on 8th November 2016 | 101.62 | 4.84 | 106.46 |
| (+) Permitted receipts | 86.20 | 710.85 | 797.05 |
| (-) Permitted payments | - | (16.93) | (16.93) |
| (-) Amount deposited in banks | (187.82) | (638.03) | (825.85) |
| Closing cash in hand as on 30 December 2016 | - | 60.73 | 60.73 |

*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 8 November 2016.

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The Board of Directors have recommended a dividend of ₹0.80/- (40%) per equity share for the Financial year ended 31st March 2017, which upon approval by the shareholders at the ensuing Annual General Meeting will be met out of the reserves of the Company.

45 | Significant Accounting Policies:

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

Recognition of Income & Expenditure

- Income and expenditure are generally recognised on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.
- Freight Income is accounted when goods are delivered by the Company to customers.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- Having regard to the size of operations and the nature and complexities of the company's business, freight received/paid in advance is accounted as income/expenses on payment and interdivisional transfers are eliminated.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents.

Gratuity and Leave Encashment

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund and a provision for leave encashment is made on the basis of actuarial valuation. The Principal assumption used in determining gratuity and leave encashment for the company's plan are shown below:

| Particulars | March 2017 | March 2016 |
|--|------------|------------|
| Discount Rate | 9% | 9% |
| Future Salary Increase | 8% | 8% |
| Employee Turnover | 9% | 9% |
| Average Balance Service (For Gratuity) | 28.32 Yrs | 28.09 Yrs |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

- a) Fixed assets are stated at cost and / or at revaluation. Cost includes borrowing cost and indirect expenditure capitalised to the extent it relates to the construction activity or incidental thereto.
- b) Depreciation is provided on straight line method at rates specified in Schedule II to the Companies Act, 2013. Depreciation on addition/ deductions is calculated prorata from/to the date of addition/deduction. Individual assets costing upto ₹5,000/- are depreciated fully in the year of acquisition.

Investments

1. Investments are stated at cost or at the fair values
2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

Inventories

Petroleum products are valued at lower of cost and net realisable value.

Foreign Exchange Transaction

- a) Foreign currency transactions are recorded at average rate for the month.
- b) Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates. In terms of the amendments to Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:
 - i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.
 - ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance life of the long-term monetary item, not beyond 31 March 2020.
- c) Any income or expense on account of exchange difference either on settlement or translation is recognised in the Statement of Profit & Loss.
- d) In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

Taxation

Income Tax

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected.

Impairment of Assets

Impairment of Assets are assessed at each balance sheet date and loss is recognised whenever the recoverable amount of an asset is less than its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements have been prepared on the following principles:

- a) In respect of subsidiary company, the financial statements have been consolidated on line by line basis by adding together the book values of like items of Assets, Liabilities, Income and expenditure, after fully eliminating intra-group balances and intragroup transactions resulting in unrealised profits/losses, as per Accounting Standard 21 "Consolidated Financial statement", notified by Companies (Accounts) Rules, 2014.
- b) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All the assets and liabilities are converted at the rate prevailing at the end of the period. Any exchange difference arising on consolidation is recognised in the "Translation reserve".
- c) The excess of cost to the company of its investment in Subsidiary and Associate is recognized in the financial statement as Goodwill, which is tested for impairment on every Balance Sheet date. The excess of company's share of equity and reserves of the Subsidiary and Associate companies over the cost of acquisition is treated as Capital Reserve.
- d) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- f) Minority's share of assets, liabilities, related reserves and profit/loss during the period have been consolidated together and has been shown under Minority interest with corresponding deduction from the respective line items of financials.

Signature to notes "1 to 45"

In terms of our report of even date

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No. : 05534

Camp: Hyderabad
Date: May 6, 2017

For and on the behalf of the board

K L Chugh

Chairman
DIN: 00140124

Manoj Gupta

Chief Financial Officer

N. Srinivasan

Director
DIN: 00004195

Amit Pathak

Company Secretary
M NO. A19971

Mahendra Agarwal

Founder & CEO
DIN: 00179779

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2017

(₹ in mn)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| (I) CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Profit After Tax But Before Minority Interest | 372.91 | 492.35 |
| Add : | | |
| Provision For Tax | 129.46 | 155.85 |
| Net Profit Before Taxation And Exceptional Items | 502.37 | 648.20 |
| Non-Cash Adjustment To Reconcile Profit Before Tax To Net Cash Flows: | | |
| Depreciation And Amortisation Expense | 347.76 | 383.20 |
| Interest Expense On Borrowings (Net) | 399.42 | 424.82 |
| Profit On Sale Of Fixed Assets (Net) | (3.04) | (19.91) |
| Interest Income | (105.91) | (108.58) |
| Dividend Income From Mutual Fund Investments | (3.69) | (3.35) |
| Rental Income | (13.40) | (4.77) |
| Operating Profits Before Working Capital Changes | 1,123.51 | 1,319.62 |
| Changes In Assets And Liabilities | | |
| (Increase)/Decrease In Trade Receivables (Net Of Provision For Doubtful Debt) | 226.00 | (243.53) |
| (Increase)/Decrease In Inventories | (14.61) | (16.61) |
| (Increase)/Decrease In Loans & Advances And Other Current Assets | 394.57 | (289.49) |
| Increase/(Decrease) In Short Term Borrowings | (7.57) | 128.45 |
| Increase/(Decrease) In Trade Payables | (181.19) | 41.67 |
| Increase/ (Decrease) In Other Liabilities | (371.92) | 255.55 |
| Increase/ (Decrease) In Provisions | 26.10 | 44.46 |
| Cash Generated From Operations | 1,194.89 | 1,240.12 |
| Income Tax Paid | (243.64) | (260.19) |
| Net Cash Generated From Operating Activities | 951.25 | 979.92 |
| (II) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment Towards Capital Expenditure, net of sale proceeds | 114.26 | (171.85) |
| Investment/Disposal of Mutual Fund Units | 342.95 | (317.64) |
| Interest Income Received | 105.91 | 108.58 |
| Dividend Income Received From Mutual Fund Investments | 3.69 | 3.35 |
| Rent Income Received | 13.40 | 4.77 |
| Payment Towards Acquisition Of Fixed Assets (Net) | (645.60) | (234.23) |
| Investments made/Sale proceeds | (55.00) | - |
| Net Cash From Investing Activities | (120.39) | (607.03) |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2017

| | (₹ in mn) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| (III) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issuance Of Share Capital (Inclusive Of Securities Premium) | (85.36) | 6.87 |
| Increase / (Decrease) in Special Reserve | (207.40) | - |
| Proceeds From Issuance Of Deposits | (133.60) | (114.37) |
| Proceeds From Issuance Of Debentures And Long Term Borrowings From Banks And Others (Net) | 298.56 | 115.40 |
| Dividend Paid (Including Dividend Tax) | (128.03) | (93.97) |
| Interest Paid On Loans | (399.42) | (424.82) |
| Net Cash from Financing Activities | (655.25) | (510.89) |
| Net Increase / (Decrease) in cash and cash equivalents (I + II + III) | 175.61 | (138.00) |
| Cash And Cash Equivalents In The Beginning Of The Year | 454.01 | 592.01 |
| Cash And Cash Equivalents In The End Of The Year | 629.62 | 454.01 |
| Cash flow from activities during the period/year | 175.61 | (138.00) |

Notes :

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped / reclassified, where ever necessary.

In terms of our report of even date

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No. : 05534

Camp: Hyderabad
Date: May 6, 2017

For and on the behalf of the board

K L Chugh

Chairman
DIN: 00140124

Manoj Gupta

Chief Financial Officer

N. Srinivasan

Director
DIN: 00004195

Amit Pathak

Company Secretary
M NO. A19971

Mahendra Agarwal

Founder & CEO
DIN: 00179779



Registered Office and Corporate Office

Gati Limited

Plot No. 20, Sy. No. 12, Kothaguda, Kondapur,
Hyderabad - 500 084, Telangana, India.

Tel: (040) 7120 4284, Fax: (040) 2311 2318

Email: investor.services@gati.com

Website: www.gati.com

CIN: L63011TG1995PLC020121

