11th Annual Report 2017-18

Gati-Kintetsu Express Private Limited

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NOTICE

Notice is hereby given that the 11th Annual General Meeting (AGM) of the members of Gati-Kintetsu Express Private Limited (CIN: U62200TG2007PTC056311) (the Company) will be held on Wednesday, August 8, 2018, at 10:00 a.m. at Plot No 20, Survey No 12, Kothaguda, Kondapur, Hyderabad- 500 084 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, 2018 and the Reports of the Board of Directors and Independent Auditors thereon and in this regard, pass the following resolution as an Ordinary Resolution.:

   "RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.

2. To declare dividend on the equity shares for the financial year ended March 31, 2018 and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT a dividend @ 2477.5% (i.e. ₹ 247.75 per equity share) of ₹ 10/- (Ten rupees) each fully paid-up be and is hereby declared for the financial year ended March 31, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2018."

3. To appoint a Director in place of Mr. Balasubramanian Aghoramurthy (DIN: 06960138), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

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

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

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Place: Hyderabad
Date: May 26, 2018

Registered & Corporate Office:
First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
Tel: +91 040-7120 4284, Fax: +91 040-2311 2318
CIN: U62200TG2007PTC056311
Website: www.gatikwe.com
Email: investor.services@gati.com

NOTES:

1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty Members holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy, who 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 Monday, August 6, 2018, 10:00 a.m. IST). A proxy Form is annexed to this Report. Proxies submitted on behalf of Companies, etc., must be supported by an appropriate resolution / authority letter, 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 authorized representatives to attend the Meeting, pursuant to section 113 of the Companies Act, 2013, are requested to send to the Company a certified copy of the relevant Board Resolution together with the respective specimen signature (s) of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting by not less than 48 (forty eight) hours before the commencement of the Meeting.

5) Members/Proxies/Authorized 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 Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the meeting.

7) Members holding shares in physical mode:

a) are required to submit their Permanent Account Number (PAN) and bank account details to the Investor Service Department of the Company, if not registered with the Company.

b) are requested to register / update their e-mail address with the Investor Service Department of the Company for receiving all communications from the Company electronically.

8) Members holding shares in electronic mode:

a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.

b) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

9) Non-Resident Indian members are requested to inform respective DPs, immediately of:

a) Change in their residential status on return to India for permanent settlement.

b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

10) Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Investor Service Department of the Company, in case the shares are held by them in physical form.

11) The requirement to place the matter relating to appointment of Auditors for ratification by members at every AGM is done away in accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018 by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the AGM held on August 1, 2017.

12) 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 required form with 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.

13) 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 physical copy of the same. Physical copy of the Notice of the Meeting and 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.

14) A Route Map showing direction to reach the venue of 11th AGM is given in the Annual Report as per the requirement of the Secretarial Standard – 2 on General Meeting.

15) Members may also note that the Notice of the 11th AGM and the Annual report for the FY 2017-18 will be available on the company's website i.e., www.gatikwe.com.

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

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Place: Hyderabad
Date: May 26, 2018

Registered & Corporate Office:
First Floor, Plot No.20, Survey No.12,
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Email: investor.services@gati.com

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'GKEPL'), along with the audited financial statements, for the financial year ended March 31, 2018.

Financial Highlights

(₹ in million)

Particulars	2017-18	2016-17
Total Income	11,695	11,130
Profit before Finance Cost, Depreciation & Taxation	743	759
Less : Finance cost	170	190
Less : Depreciation	172	184
Profit before Tax	**401**	**385**
Less : Total Tax Expenses	91	70
Profit/ (Loss) after Tax	**310**	**315**
Other Comprehensive Income for the year (net of tax)	0	0
Total Comprehensive Income for the year	**310**	**315**

Your Company had adopted Ind AS with effect from 1st April, 2017 pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

Your Company has published Ind AS Financials for the year ended 31st March 2018 along with comparable as on 31st March 2017 and Opening Statement of Assets and Liabilities as on 1st April 2016.

The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set out in Note 41 in the notes to accounts in the financial statement.

Dividend

Your Directors have recommended a dividend @ 2477.5% (i.e. ₹ 247.75/- per equity share) for the financial year ended March 31, 2018 (previous year @ 2960%), subject to the approval of the shareholders at the ensuing annual general meeting.

Reserves

Your directors have decided to retain the entire amount of ₹ 1,661 mn in the retained earnings.

Equity Share Capital

The authorized share capital of the Company stands at ₹ 75,00,000/- (Rupees Seventy five lakhs only) divided into 7,50,000 (Seven lakhs fifty thousand) Equity Shares of ₹ 10/- (Rupees Ten only) each. Your Company's issued, subscribed and paidup share capital stands at ₹ 50,00,000/- (Rupees fifty lakhs only) divided into 5,00,000 (Five lakhs) equity shares of ₹ 10/- (Rupees Ten only) each.

Review of Operations

During the year under review, your Company recorded revenue of ₹ 11,695 mn, EBITDA of ₹ 743 mn and PAT of ₹ 310 mn against a revenue of ₹ 11,130 mn, EBITDA of ₹ 759 mn and PAT of ₹ 315 mn in the previous year.

Express Distribution and Supply Chain (EDSC)

Your Company 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.

Your Company is India's pioneer and leader in Express Distribution and Supply Chain Solutions, and offers an unmatched service offering that brings in local experience with global expertise.

At the onset of FY 2017-18, the core B2B Surface Express volume grew at more than 5% over the same quarter of FY 2016-17. This was a reversal from the historical seasonality, where the business experienced a volume growth from Q4 FY 2016-17 to Q1 FY 2017-18. Additionally, the high-yield retail portfolio contribution crossed 25% for the first time in almost eight quarters. These were positive indicators that our business had stabilized following the implementation of the ambitious Shop-Floor automation in FY 2017. However, Q2 FY 2018 had a rather sluggish start across industry sector on account of GST roll-out on July 1st. The customer industry sectors themselves had to go through the transition. After the initial jitters, your company experienced a strong resurgence with core surface volumes showing double digit growth in second half of FY 2018. Business Development focus on Key Enterprise Accounts (KEA), Customer Service focus on organic growth, and operations focus on de-growing and lost customers helped deliver double-digit growth across customer segment. Air volumes also showed double-digit growth in fourth quarter.

Going forward, your company is encouraged by a number of factors that will contribute to the long-term growth of the GKEPL portfolio. Adapting to the changing logistics structure in the post-GST environment, your company has taken a series of major network improvisations and combined it with an enhanced product portfolio to cater to the evolving needs of its customers across industry verticals. Your company is undertaking significant expansions across eight critical logistics nodes adding up to 8 lakh square feet. This will result in the two-fold plus increase in the distribution and warehousing capacities at these vital supply chain demand points. Your company has recently purchased 125 new trucks in March and is further looking at fuel efficient electric vehicles on a pilot basis for intra-city service operations in the next quarter. Your company, now through combination of its superior ground infrastructure and air network promises next day and same day delivery to a 100 km radius around 8 metro locations. Extending its leadership as a truly multi-modal player, your company has been awarded a new train lease tender by the Indian Railways for the Kolkata – Mumbai - Kolkata rail route starting with a 700+ tonnes capacity in a round trip. The train has been flagged off on 22nd March 2018. Your company's kiosk network increased by around 50% and coupled with other measures, resulted in an increased demand in the B2C segment of the retail business.

Credit Rating

Due to consistent performance of the company, Company's current credit ratings as are as follows:

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

Future Prospects

Your Company has today emerged into a logistics powerhouse that businesses across India and outside rely on for their end to end supply chain solutions. Your Company's traditional express distribution strengths stands vastly augmented with significant portfolio expansion now covering warehousing solutions and value added transportation.

Global Macroeconomics

Economic activity in 2017 ended on a high note growth in the second half of the year was above 4 per cent, the strongest since the second half of 2010, supported by a recovery in investment. As per World Trade Organization, the recovery of 2017 seems to be extending into 2018, based on indicators like export orders, air freight and container shipping. Although, forecasters remain cautious as there are signs that escalating trade tensions may be affecting business confidence and investment decisions, which could compromise the current outlook.

Nevertheless, with broad-based momentum and expectations of a sizable fiscal expansion over this year and the next, global growth is now projected at 3.9 per cent for 2018–19, a 0.2 percentage point upgrade for both years relative to the October 2017 forecast as per World Bank.

India Outlook

Turning to the domestic economy, GDP growth in 2017-18 at 6.6 per cent was lower than 7.1 per cent in 2016-17 and the deceleration was broad-based. Private consumption growth – whose contribution to GDP growth in 2017-18 was 68 per cent – moderated in the second half. Goods and services tax (GST) implementation had an adverse, even if transient, effect on urban consumption through loss of output and employment in the labor-intensive unorganized sector.

India has been declared the sixth largest economy in the world with a GDP of 2.6 trillion in 2017, as per the recently released report by Indian Monetary Fund (IMF). Growth in India is projected to increase to 7.4% in 2018 and 7.8% in 2019, lifted by strong private consumption as well as fading transitory effects of Demonetization and implementation of GST. Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivise private investment.

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 organized logistics in India. The competitive intensity is set to increase amongst organized logistics service providers and your company is uniquely positioned and well prepared to compete and grow in such a context.

Your company's traditional express distribution strengths stands vastly augmented with significant portfolio expansion now covering warehousing solutions, value added transportation etc. In the context of changing logistics needs triggered by GST reorganization, your company has launched M-VATS (Managed – Value Added Transportation Services) as an additional service for point-to-point transportation and multi-point milk-run drop-offs. With this launch, your company is set to participate in a 5000 crore market segment of niche value added transportation in defined lanes, within the larger FTL transportation sector. Your company's vast B2B customer base now has the option of using India's most preferred logistics company for its traditional transportation requirements with the added benefit of 24x7 Customer Care, 365 Days Reliability, Real Time Tracking, Zero Transhipment | Zero Damage, Fresh Fleet with Secure Seal, Double Driver, and all of this with a Pricing which is predictable even in peak seasons.

Continuing stabilization of business environment post-GST implementation along with our strong focus on operating fundamentals has resulted in a positive growth in the third quarter. Overall underlying performance, excluding the impacts of demonetization in the prior year, is supported by good volume growth in our core Express Distribution business. Your company will continue to direct efforts towards growing market share across our portfolio and further enhancing excellence in customer service. Overall we anticipate the current momentum in the business environment to continue through to the next fiscal year.

Quality

Your company recognizes the value of quality services and emphasizes on continuous quality improvement. Your company has continued to achieve excellence through its initiatives based on KAIZEN, LEAN and 5S principles. Your company's core express distribution business has successfully maintained the ISO 9001:2015 certification in the latest quality audit. Additionally, four distribution centers that your company operates under the SCM service for a multi-national corporation have been certified with quality standards, which is the first time the standards were implemented by your company based on the customer's China model.

Branding

Your company had taken extensive internal and external branding initiatives. Your company had completed all the Line haul and Last Mile Vehicle branding with a new refreshed design. All the operating units were branded with Glow Sign Boards and New Branding Kits. Your company participated in marquee exhibition and conferences across various logistics and user industry verticals. Your company created a refreshed communication of all the key products/verticals and used multiple advertising mediums to create awareness and engagement with all existing and new customer segments.

Directors and Key Managerial Personnel (KMP)

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

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

Particulars of Employees and related Disclosures

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

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

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

Declaration on Independent Directors

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

Board Evaluation

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

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

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

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

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

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed.

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

Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on February 06, 2018, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

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

Related Party Transactions

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

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

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

Committees of the Board

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

The Company has three Board-level Committees, namely:

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

Meetings of the Board & Committees

During the financial year 2017-18, the Board met four (4) times: on May 4, 2017, Aug 21, 2017, Nov 15, 2017 and Feb 6, 2018 and all the members were present for all the meetings held.

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

a) Audit Committee – The committee met four (4) times: on May 4, 2017, Aug 21, 2017, Nov 15, 2017 and Feb 6, 2018 and all the members were present for all the meetings held.

b) Nomination & Remuneration Committee – The Committee met twice on May 4, 2017, Nov 15, 2017 and Feb 6, 2018 and all the members were present at the meeting.

c) Corporate Social Responsibility Committee – The Committee met only once on May 4, 2017 and all the members were present at the meeting.

Audit Committee

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

S. No	Name	Position
1.	Mr. R Ramachandran	Chairman
2.	Ms. Sheela Bhide	Member
3.	Mr. Kok Seng Tan	Member

Vigil Mechanism

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

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

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

Policy on prevention of Sexual Harassment at workplace

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

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

During the financial year 2017-18, no complaints of sexual harassment were received by the Company. The Company is committed to providing a safe and conducive work environment to all of its employees and associates.

Directors' Responsibility Statement

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value, the provision of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

1. That in the preparation of the Annual Accounts for the financial year ended March 31, 2018, the applicable accounting standards and schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed along with the proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit and loss of the Company for the financial year ended March 31, 2018;
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, 2018;
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 – B**.

Development and Implementation of Risk Management Policy

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

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

Internal Financial Controls

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2017-18.

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, 2018, which forms part to the Statutory Auditors Report.

Governance, Compliance and Business Integrity

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

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

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

Auditors

a) Statutory Auditors

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

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

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

The Auditors' Report for the financial year ended March 31, 2018 on the financial statement of the Company is a part of this Annual Report. The Auditors have given a qualified opinion on the financial statements of the Company, as described below:

As stated in Note 44 to the accompanying Ind AS financial statements, the Company has given operational advances aggregating to ₹ 73.2 millions which is long overdue and the full recoverability of which is doubtful. No impairment allowance for uncertainty in collectability has been recognized against above advances. Based on the information received from the management of the Company regarding the assumptions used in assessing the recoverability of this amount, we were unable to determine the impact on the financial statements, of a potential adjustment for impairment that might have been necessary in order to present the balance at its estimated recoverable value.

Board's Comment:

Overdue advances of ₹ 73.2 million are under legal process of recovery and taking into consideration of financial potential of the borrower and negotiations under way, the management is hopeful of recovering the outstanding amount over a period of time and in its opinion, provision is not presently required.

Further, Independent Auditor has drawn attention in their audit report for emphasis of matter read with Note No. 43 to the Financial Statements, which is self-explanatory.

b) Secretarial Audit

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

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

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

Human Resources

Your Company strongly believes in nurturing talent and enabling growth internally both in terms of providing higher responsibilities and lateral role changes thus providing job enrichment to Gati'ites.

The entire framework of employee facing processes and systems has been redesigned to offer a positive and delightful employee experience. Many transactional HR processes and data analysis have been digitized and simplified, thereby enabling the HR team to focus on the most important aspects of human connect such as employee engagement, employee experience, assessments and development. The same philosophy will be rolled out for many other initiatives in coming years.

HR strategy has an important role to play in the success of Vision 2020. This has been the key guiding principle for attracting talent, building requisite capabilities and skills, motivating, developing, assessing at regular intervals across levels and retaining talent to help company master the dynamic market challenges and make the most of opportunities available for leveraging as well strengthening the brand and stakeholder value.

Investing in our employees continues to remain paramount. We support and encourage our people to grow in multiple dimensions enabling them to achieve all they can both professionally and personally. Lasting satisfaction is about combining the intellectual, emotional, personal and social well being of our employees.

Our L&D framework is designed to fuel future ready resources through structured 'Capability Development' initiatives based on a highly scientific approach, aiming at creating domain expertise and Leadership capabilities across levels and functions. We have initiated various learning interventions to meet talent requirement across various levels and functions such as GTRN, BDET for Associates and Executives, AMTR Program for assessing and developing the right front-line managers, Beyond Managing to Leading, a structured Leadership Development framework for our Mid-Management level and several such domain-specific interventions. 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 continuously strive 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'ites were invited and consulted to create action plans to address areas of concerns. We encourage debate and open dialogue on various processes directly impacting Gati'ites which helps us to develop and improvise our people strategy for future. This has resulted in significant improvement in Employee Engagement score vis-à-vis last year.

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 a 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 unique CSR initiatives that touch more than 15000 lives.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise;
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;
4. During the period under review, none of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);
5. The Company has complied with Secretarial Standards, i.e. SS-1 and SS-2, relating to Meetings of the Board of Directors and General Meetings, issued by the Institute of Company Secretaries of India.
6. There were no material changes commitments affecting the financial position of the Company between the end of financial year (March 31, 2018) and the date of the report (May 26, 2018);
7. During the year under review, your Company did not accept any public deposits.
8. The company does not have any subsidiaries, joint venture or associate companies.

Acknowledgement

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

For and on behalf of the Board

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Place: Hyderabad
Date: 26 May, 2018

ANNEXURE - A

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2017-18

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-KWE 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. https://www.gatikwe.com/wp-content/uploads/2018/07/Gati-KWE-CSR-Policy.pdf
2.	The Composition of the CSR Committee	1. Mr. Mineo Suzuki, Chairman 2. Ms. Sheela Bhide, Member 3. Mr. Balasubramanian Aghoramurthy, Member
3.	Average net profit of the Company for last three financial years for the purpose of computation of CSR	₹605.23 Mn
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹12.10 Mn
5.	Details of CSR spent during the financial year 2017-18:	
a.	Total amount to be spent for the financial year 2017-18.	₹16.90 Mn (Including carried forward unspent amount of ₹ 4.80 Mn of the FY 2016-17)
b.	Amount unspent, if any	₹12.22 Mn
c.	Manner in which the amount spent during the financial year is detailed below.	

(1) S. No	(2) CSR project or activity Identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or Programs wise	(6) Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or Programs (2) Overheads:	(7) Cumulative expenditure upto to the reporting period	(8) Amount spent: Direct or through implementing agency
1	Notebooks donation, Awards to Students, School Adoption, Computer Labs	Education	Chennai, Nagapattinam, Jaipur, Bengaluru, Noida, Lucknow, Gurgaon, Ahmedabad,	₹ 7.00 Mn	₹ 2.67 Mn	₹ 2.67 Mn	Direct
2	Medical Camps, Swachh Bharat Abhiyan, Maintenance of Rajoli Weavers shed	Community	Pune, Bangalore, Coimbatore, Hyderabad, Indore Kolkata, Guwahati, Jamshedpur, Mumbai, Nagpur, Gangtok.	₹ 3.00 Mn	₹ 1.40 Mn	₹ 1.40 Mn	Direct
3	Tree Plantation Drives, Chennai Flood Relief, Wildlife Conservation,	Environment Sustainability		₹ 1.85 Mn	₹ 0.03 Mn	₹ 0.03 Mn	Direct

(1) S. No	(2) CSR project or activity Identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or Programs wise	(6) Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or Programs (2) Overheads:	(7) Cumulative expenditure upto to the reporting period	(8) Amount spent: Direct or through implementing agency
4	Donations to Orphanage, Medical Research Projects	Rural Development Projects & Donations	Rudraprayg, Hyderabad	₹ 5.05 Mn	₹ 1.39 Mn	₹ 1.39 Mn	Direct
	TOTAL			**₹ 16.90 Mn**	**₹ 4.68 Mn**		

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

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

   Your company is 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 spent the allocable amount.

   As a socially responsible company, your Company is committed to increase its CSR impact over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives and moving forward the Company will endeavor to spend the complete amount on CSR activities in accordance with the statutory requirements.

   There are also certain CSR activities/initiatives undertaken by the Company for the substantial well-being of the people in the community, which are not getting covered under the above CSR report due to the specified format under the applicable Rules.

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

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Mineo Suzuki
Chairperson, CSR Committee
DIN: 07105856

Place: Hyderabad
Date: May 26 , 2018

ANNEXURE - B

FORM NO. MGT-9

Extract of Annual Return

As on the financial year ended March 31, 2018

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

I. Registration and Other Details

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

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, 52243	100.00

II. Particulars of Holding, Subsidiary and Associate Companies

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1)	Gati Ltd., Plot no.20, Sy. no.12, Kothaguda, Kondapur, Hyderabad-500084.	L63011TG1995PLC20121	Holding	70.00	2(46)

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

i) Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	3,50,000	3,50,000	70.00	-	3,50,000	3,50,000	70.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trusts)	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	**-**	**3,50,000**	**3,50,000**	**70.00**	**-**	**3,50,000**	**3,50,000**	**70.00**	**-**
(2) Foreign									
a) NRI - Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total promoter shareholding (A) =(A)(1) + (A)(2)	**-**	**3,50,000**	**3,50,000**	**70.00**	**-**	**3,50,000**	**3,50,000**	**70.00**	**-**
B Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Non-Institutional									
a) Bodies Corporate									
i) Indian	-	20,000	20,000	4.00	-	20,000	20,000	4.00	-
ii) Overseas	-	1,30,000	1,30,000	26.00	-	1,30,000	1,30,000	26.00	-
b) Individuals									

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	
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	**-**	**1,50,000**	**1,50,000**	**30.00**	**-**	**1,50,000**	**1,50,000**	**30.00**	**-**
Total Public shareholding (B) = (B)(1) + (B)(2)	**-**	**1,50,000**	**1,50,000**	**30.00**	**-**	**1,50,000**	**1,50,000**	**30.00**	**-**
C Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**5,00,000**	**5,00,000**	**100.00**	**-**	**5,00,000**	**5,00,000**	**100.00**	**-**

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	
Gati Limited	3,50,000	70.00	-	3,50,000	70.00	-	-
Total	**3,50,000**	**70.00**	**-**	**3,50,000**	**70.00**	**-**	**-**

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

There is no change in the Promoter Shareholding during the financial year 2017-18.

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

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

v) Shareholding of Directors and Key Managerial Personnel

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

V. Indebtedness

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

(₹ in mn)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial Year				
i) Principal Amount	916	500	-	1,416
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**916**	**500**	**-**	**1,416**
Change in Indebtedness during the financial year*				
Addition	386	750	-	1,136
Reduction	67	1,250	-	1,317
Net Change	**319**	**-500**	**-**	**-181**
Indebtedness at the end of the financial Year				
i) Principal Amount	1,235	-	-	1,235
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,235**	**-**	**-**	**1,235**

*Net change considered is only the Working Capital

VI. 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, Chairman and Managing Director	Mr. Bala Aghoramurthy, Dy. Manging Director	Total
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	24.86	12.45	37.31
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	2.76	2.31	5.07
	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	1.00 (0.30%)	-	1.00 (0.30%)
	- others, specify	-	-	-
5	Others, please specify –	3.27	3.09	6.36
	Total (A)	**31.89**	**17.85**	**49.74***
	Ceiling as per the Act			**45.22**

*During the FY 2017-18, the company has applied to the Central Government for the approval of the remuneration of ₹ 32.83 Mn for Mr. Mahendra Agarwal, Executive Chairman, which is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013.

B. Remuneration to other Directors

(₹ in mn)

S. No	Particular of Remuneration	Name of the Directors				Total
		Sheela Bhide	R. Ramachandran	Seng Kok Tan	Mineo Suzuki	
1	Independent Directors					
	(a) Fee for attending board/ committee meetings	0.36	0.34	-	-	0.70
	(b) Commission*	0.15	0.20	-	-	0.35
	(c) Others, please specify	-	-	-	-	-
	Total (1)	**0.51**	**0.54**	**-**	**-**	**1.05**
2	Other Non-Executive Directors					
	a) Fee for attending board / committee meetings	-	-	-	-	-
	b) Commission	-	-	0.15	0.15	0.30
	c) Others, please specify	-	-	-	-	-
	Total (2)	**-**	**-**	**0.15**	**0.15**	**0.30**
	Total B = (1+2)	**0.51**	**0.54**	**0.15**	**0.15**	**1.35**
	Total Managerial Remuneration					**0.65**
	Ceiling as per the Act					**4.52**

*Will be paid after adoption of accounts by shareholders at the ensuing Annual General Meeting to be held on August 8, 2018.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD : Not Applicable

VII. Penalties / Punishment / Compounding of Offences

There were no penalties, Punishment or Compounding of offences during the year ended March 31, 2018.

ANNEXURE - C

Secretarial Audit Report

For the financial year ended 31st March, 2018

FORM NO MR 3

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

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

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

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2018, 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, 2018("Audit Period") according to the provisions of:

1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made thereunder;

1.2. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

1.3. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.

2. The Company is engaged in the business of logistics i.e., Express Distribution and Supply Chain Solutions. Accordingly, the following Industry Specific Acts are applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI.

   i) Carriage of Goods by Air Act, 1972

   ii) Carriage of Goods by Sea Act, 1925

   iii) Railway Act, 1989

   iv) Motor Transport Workers Act, 1961

   v) Fatal Accidents Act, 1855

   vi) Control of National Highways (Land and Traffic) Act, 2002

   vii) Carriage by Road Act, 2007

   viii) Motor Vehicles Act, 1988

   ix) Multimodal Transportation of Goods Act, 1993

3. We further report that:

3.1 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.

3.2 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically to schedule the Board Meetings as per the companies' act 2013 and steps are taken to comply as per Articles of Association.

3.3 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.

3.4 Application was made to Central Government for waiver of excess remuneration paid to Mr. Mahendra Kumar Agarwal, Chairman and Managing Director, for the Financial Year 2016-17 under Section 197 read with Schedule V of the Companies Act 2013 and one other application was filed for the approval for payment of remuneration to Mahendra Kumar Agarwal, Chairman and Managing Director, for the Financial year 2017-18. Both the applications are pending for approval.

3.5 Company has informed that all the Related Party Transactions existing and entered by the Company during the Financial Year under review was at arm's length and necessary approvals as required was obtained and accordingly not disclosing the details of related parties in the Directors Report, as these are exempted under Section 188 of the Companies Act 2013.

3.6 The Company is regularly carrying its CSR activities. Company is providing reasons for not spending full amount in the Directors Report.

3.7 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously.

3.8 The Company being an un-listed company, the Regulations under Securities and Exchange Board of India Act, 1992 shall not apply.

3.9 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.

4. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except as stated above and reported in the financial audit report, if any.

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

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

Place: Hyderabad
Date: 26 May, 2018

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

Annexure

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on the random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place: Hyderabad
Date: 26 May, 2018

ANNEXURE - D

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

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

A) Conservation of Energy:

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

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

1. Vehicles were purchased in compliance with all latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. BS III models /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 organized 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 centralized 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 successfully rolled out GST across the country with zero downtime. GST is a major change as far as our industry is concerned, requiring very large amount of changes in the software and processes. The entire changes to various processes and software were done internally and on time. Similarly, E-waybill which was also a major change was rolled out very successfully by the internal team.

The IT Roadmap planning project called GEMS 2.0 was completed by the big four consulting company and presented to the management. In line with Roadmap, your company have initiated rolling out the plan with some key software modules focussing on key areas of the company as phase one being revamped in line with the latest technology stack and would go live during the first half of the coming financial year.

C) Foreign Exchange earnings and outgo:

The company did not had any Foreign exchange earnings during the year 2017-18. Further, the Foreign exchange outgo in terms of actual outflows during the year 2017-18 was ₹ 10.93 Mn.

Independent Auditor's Report

To
The Members of
Gati – Kintetsu Express Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **GATI – KINTETSU EXPRESS PRIVATE LIMITED** ('the Company'), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.We conducted our audit of the Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company'spreparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of theaccounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

5. We believe that the audit evidence obtained by usis sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

   Basis of Qualified Opinion

   As stated in Note 44 to the accompanying Ind AS financial statements, the Company has given operational advances aggregating to Rs. 73.2 millions which is long overdue and the full recoverability of which is doubtful. No impairment allowance for uncertainty incollectability has been recognized against above advances. Based on the information received from the Management of the Company regarding the assumptions used in assessing the recoverability of this amount, we were unable to determine the impact on the financialstatements, of a potential adjustment for impairment that might have been necessary in order to present the balance at its estimated recoverable value.

   Qualified Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis of Qualified opinion paragraph above, the aforesaid Ind AS 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, 2018, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

7. In Note 43 to the accompanying Ind AS financial statement regarding managerial remuneration paid to the Executive chairman of the company for the year ended March'18 and March'17 which exceeded the limit prescribed under section 197 read with Schedule V of the Companies Act, 2013 by Rs. 7.79 millions and Rs.6.30 millions for respective years. The company has filed application to the central Government for the waiver of excess remuneration and pending receipt of the approval, no adjustment to the Ind AS financial Statement has been made.

Other Matters

8. The comparative Ind AS financial information of the Company for the corresponding year ended 31st March, 2017 included in accompanying Ind AS financial Statements, are based on previously issued financial Statement prepared in accordance with the recognition and measurement principles of Accounting Standards Specified under Section 133 of Companies Act read with relevant rules issued thereunder and other accounting principles generally accepted in India ('Previous GAAP') and audited by the predecessor auditor whose report for the corresponding year ended 31st March, 2017 dated 6th May, 2017 expressed an unmodified opinion on those financial results, as adjusted for the differences in accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

10. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion, except for the matter referred to in Basis for Qualified Opinion paragraph above,proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;

    d) Except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

    e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company to the tune of Rs. 73.2 millions.

    f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    g) The qualification relating to the maintenance of accounts and other matters connected therewith isas stated in the Basis for Qualified Opinion paragraph above;

    h) With respect to the adequacy of the internal financial controls with respect to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B' to this report;

    i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements as stated in note34(a)to the Ind AS financial statements;

        ii. The Company did not have any long-term contracts 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 disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

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

(Anurag Singhi)
Partner
Membership No. 066274

Place: Kolkata
Date:26th day of May, 2018

Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 9 with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to statutory audit of Gati Kintetsu Express Private Limited for the year ended 31st March, 2018)

We report that:

i. In respect of its fixed assets:

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) As explained to us, fixed assets have been physically verified during the year by the management at reasonable intervals and no material discrepancies have been noticed on such physical verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

   c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except land and building having a gross block and net block of Rs. 272.57 million and Rs. 245.91million respectively, which were acquired from the Holding Company under a Business Transfer Agreement in the financial year 2011 - 12.

ii. The company is a service company and has no inventory,accordingly, the provisions of clause 3(ii) of the order,2016 are not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loan to parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments made and providing guarantees and securities, as applicable.

v. According to information and explanations given to us, the Company has not accepted any deposits from public during the year.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. According to the information and explanations given to us and the records of the Company examined by us:

   a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, as applicable, to the appropriate authorities.

   There are no arrears in respect of the aforesaid dues as at 31st March 2018 for a period of more than six months from the date they became payable.

b) The particulars of dues of income tax, sales tax, duty of excise, service tax, duty of customs, and value added tax have not been deposited by the Company on account of disputes are as follows:

Name of the Statute	Nature Of Dues	Amount in Millions (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act ,1961	Income Tax	140.02	2013-2014, 2014-2015 and 2015 -2016	Income tax Appellate Tribunal, Commissioner (Appeals)
Finance Act, 1994	Service Tax	0.54	2014-2015	CESTAT

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or Government. The Company had neither any outstanding debenture at the beginning of the year nor has it issued any debenture during the year.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration to Executive chairman for the year which is in excess of the limit prescribed under Schedule V of the Companies Act'2013 by Rs. 7.79 million for the year 2017 -2018, which is subject to the approval of shareholders and the Central Government in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. The company has filed application to the central Government for the waiver of excess remuneration to the tune of Rs. 14.09 Million (includes Rs. 6.30Million for 2016-17).

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

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

(Anurag Singhi)
Partner
Membership No. 066274

Place: Kolkata
Date:26th day of May, 2018

Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 10(h) with the heading 'Report on Other Legal and Regulatory Requirements 'section of our report of even datein respect to statutory audit of Gati Kintetsu Express Private Limited for the year ended 31st March 2018)

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

1. We have audited the internal financial controls over financial reporting of Gati Kintetsu Express Private Limited ('the Company') as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 itsbusiness, 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.

Auditor's Responsibility

3. 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls .Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

6. 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 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 statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. 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

8. 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 2018, 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 **Singhi & Co.**,
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No. 066274

Place: Kolkata
Date:26th day of May, 2018

Balance Sheet

as at March 31, 2018

(₹ in Mn)

	Notes	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Assets				
Non Current Assets				
Property, plant and equipment	4	1,936.10	1,963.84	1,986.54
Goodwill	5	1,250.59	1,250.59	1,250.59
Intangible Assets	6	32.13	32.69	31.88
Intangible Assets under Development	7	4.42	4.42	3.32
Financial Assets				
Other Financial Asset	8	166.12	144.75	182.86
Deferred tax Assets (Net)	9	24.62	81.83	61.16
Non Current Tax Asset (Net)	10	366.12	178.92	80.99
Other non-current assets	11	62.33	62.45	68.14
		3,842.43	**3,719.49**	**3,665.48**
Current Assets				
Financial assets				
Trade receivables	12	2,089.08	1,557.97	1,958.82
Cash and cash equivalents	13	45.47	81.05	35.51
Bank Balances other than above	14	95.25	93.91	82.53
Other financial assets	15	118.52	91.06	81.11
Other current assets	16	268.55	249.48	265.75
		2,616.87	**2,073.47**	**2,423.72**
Total Assets		**6,459.30**	**5,792.96**	**6,089.20**
Equity And Liabilities				
Equity				
Equity Share Capital	17	5.00	5.00	5.00
Other Equity	18	3,616.77	3,484.57	3,407.93
Total Equity		**3,621.77**	**3,489.57**	**3,412.93**
Liabilities				
Non-Current Liabilities				
Financial liabilities				
Borrowings	19	215.41	252.65	75.96
Provisions	20	63.09	45.49	35.03
		278.50	**298.14**	**110.99**
Current Liabilities				
Financial liabilities				
Borrowings	21	930.14	1,096.88	1,076.35
Trade payables	22	910.17	484.72	722.61
Other financial liabilities	23	446.93	273.73	558.65
Other current liabilities	24	260.34	140.59	200.57
Provisions	25	11.45	9.33	7.10
		2,559.03	**2,005.25**	**2,565.28**
Total equity and liabilities		**6,459.30**	**5,792.96**	**6,089.20**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration No: 302049E

For and on behalf of the Board of Directors

Anurag Singhi
Partner
Membership No: 066274

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

Place:
Date: 26th May, 2018

Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Mn)

		Notes	Year Ended 31 March 2018	Year Ended 31 March 2017
(I)	**Income**			
	Revenue from Operations	26	11,663.00	11,102.81
	Other Income	27	31.69	27.65
	Total Income (I)		**11,694.69**	**11,130.46**
(II)	**Expenses**			
	Operating Expenses	28	8,056.45	7,597.88
	Employee benefits expense	29	1,534.32	1,439.28
	Finance Costs	30	170.53	189.57
	Depreciation and amortization expense	31	172.04	183.90
	Other expenses	32	1,360.81	1,334.55
	Total Expenses (II)		**11,294.15**	**10,745.18**
(III)	**Profit before Taxation (I-II)**		**400.54**	**385.28**
(IV)	**Tax Expenses**	33		
	Current Tax		33.98	90.51
	Deferred Tax		56.87	(20.50)
	Total Tax Expenses (IV)		**90.85**	**70.01**
(V)	**Profit for the year (III-IV)**		**309.69**	**315.27**
(VI)	**Other Comprehensive Income (OCI)**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	Re-Measurement gains/(losses) on defined benefit plans		0.99	(0.49)
	Income tax effect on above		(0.34)	0.17
	Other Comprehensive Income for the year (net of tax)		**0.65**	**(0.32)**
(VII)	**Total Comprehensive Income for the year (V+VI)**		**310.34**	**314.95**
	Earnings per equity share [nominal value per share ₹10/- (March 31, 2017: ₹10/-)]			
	Basic		619.39	630.54
	Diluted		619.39	630.54

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration No: 302049E

For and on behalf of the Board of Directors

Anurag Singhi
Partner
Membership No: 066274

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

Place:
Date: 26th May, 2018

Statement of Changes in Equity

for the year ended March 31, 2018

A) Equity Share Capital

(₹ in Mn)

	No of Shares	Amount
Balance as at 1st April, 2016	500,000	5.00
Add/(Less): Changes in Equity Share Capital during the year	-	-
Balance at March 31, 2017	**500,000**	**5.00**
Add/(Less): Changes in Equity Share Capital during the year	-	
Balance as at March 31, 2018	**500,000**	**5.00**

B) Other Equity

(₹ in Mn)

Particulars	Reserves and Surplus			Item of other Comprehensive Income	Total
	Securities Premium Account	General Reserve	Retained Earnings	Re-Measurement of defined benefit plans	
Balance as at April 1, 2016	1,783.60	172.02	1,452.30	-	3,407.92
Profit for the year	-	-	315.27	-	315.27
Final Dividend on Equity Shares	-	-	(198.00)	-	(198.00)
Tax on Dividend on Equity Shares	-	-	(40.31)	-	(40.31)
ReMeasurement Gain/(Loss) (Net of Deferred Tax)	-	-		(0.32)	(0.32)
Balance as at March 31, 2017	**1,783.60**	**172.02**	**1,529.26**	**(0.32)**	**3,484.56**
Balance as at April 1, 2017	1,783.60	172.02	1,529.26	(0.32)	3,484.56
Profit for the year			309.69		309.69
Final Dividend on Equity Shares			(148.00)		(148.00)
Tax on Dividend on Equity Shares			(30.13)		(30.13)
ReMeasurement Gain/(Loss) (Net of Deferred Tax)				0.65	0.65
Balance as at March 31, 2018	**1,783.60**	**172.02**	**1,660.82**	**0.33**	**3,616.77**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration No: 302049E

For and on behalf of the Board of Directors

Anurag Singhi
Partner
Membership No: 066274

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

Place:
Date: 26th May, 2018

Cash Flow Statement

for the year ended March 31, 2018

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
	(₹ in Mn)	
(I) Cash flows from Operating Activities		
Net profit before tax as per statement of Profit and loss	400.54	385.28
Adjustment for:		
Depreciation & Amortization	172.04	183.90
Interest on borrowings (Net)	170.53	189.57
(Profit) / Loss on sale of Property, Plant and Equipment (Net)	(6.46)	(2.99)
Interest Received	(8.73)	(9.31)
Fair valuation Gain on Security deposits	(13.90)	(13.41)
Allowances for bad & doubtful debts	2.91	68.40
Bad Debts & Advances written off (includes Rs. 1.34 Mn as advances adjusted with Other current financial assets, in FY 2017-18)	245.56	40.38
Allowances for doubtful receivables - written back	(244.22)	-
Operating profits before working capital changes	**718.27**	**841.82**
(Increase) / Decrease in Trade Receivables (Net)	(534.02)	292.07
(Increase) / Decrease in Other current Assets	(19.07)	16.27
(Increase) / Decrease in Other Current financial assets	(36.27)	41.57
Increase / (Decrease) in Other Liabilities	119.75	(59.98)
Increase / (Decrease) in Trade payables	425.45	(237.89)
Increase / (Decrease) in Short term Provisions	3.11	1.74
(Increase) / Decrease in Other Current financial liabilities	173.20	(284.92)
Increase / (Decrease) in Non Current Provisions	17.60	10.46
Cash generated from operations	**868.02**	**621.14**
(Income tax paid) Net tax refund received	(221.19)	(188.44)
Net Cash from Operating Activities	**646.83**	**432.70**
(II) Cash Flow from Investing Activities		
Interest Received	8.73	9.31
(Purchase) / Sale of Property Plant and Equipment (Net)	(137.28)	(160.12)
(Increase)/Decrease in Capital Advances(Other Non current Assets)	0.12	5.69
Investment in Bank Fixed Deposits (Net)	(1.34)	(11.38)
Net Cash from Investing Activities	**(129.77)**	**(156.50)**

Cash Flow Statement

for the year ended March 31, 2018

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
		(₹ in Mn)
(III) Cash Flow from Financing Activities		
Increase / (Decrease) in Short term Borrowings	(166.74)	20.53
Movement of Long Term Borrowing	(37.24)	176.69
Dividend Paid (including dividend tax)	(178.13)	(238.31)
Interest on loans paid	(170.53)	(189.57)
Net Cash from Financing Activities	**(552.64)**	**(230.66)**
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	**(35.58)**	**45.54**
Cash and Cash equivalents in the beginning of the year	81.05	35.51
Cash and Cash equivalents in the end of the year	45.47	81.05
Cash & Cash Equivalent comprises of the following: -		
Cash on Hand	5.13	13.57
Balances with Banks	40.34	67.48
Cash & Cash Equivalent as per Balance sheet	**45.47**	**81.05**

Notes :

1. The above Statement of Cash Flow has prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash flow as notified under Companies (Accounts) Rules, 2015.
2. The previous GAAP figuers have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.
3. The above Statement of Cash flows should be read in conjunction with the accompanying notes.

4. Amendment to Ind AS 7 :

	Borrowings Non Current	Borrowings Current
		(₹ in Mn)
31st March 2017	252.65	1,096.88
Foreign exchange movement	-	-
cash outflow	(37.24)	(166.74)
31st March 2018	**215.41**	**930.14**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration No: 302049E

For and on behalf of the Board of Directors

Anurag Singhi
Partner
Membership No: 066274

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

Place:
Date: 26th May, 2018

Notes to Financial Statements

for the year ended 31st March, 2018

Significant Accounting Policies

1) Corporate and general information:

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

2) Basis of Accounting

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate affairs pursuant to Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements upto year ended March 31, 2017 were prepared in accordance with earlier Generally Accepted Accounting Principles (GAAP) in India, which includes the accounting standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

These financial statements for the year ended 31st March, 2018 are the first Ind AS financial statements with comparatives prepared under Ind AS. Accordingly, the transition to Ind AS has been carried out in accordance with Ind AS 101-'First time adoption' of Indian Accounting Standards with date of transition being 1st April, 2016. An explanation of how the transition to Ind AS has affected the Company's equity and its net profit is provided in Note 41. Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as at April 1,2016 in accordance with Ind-AS.

2.2 Basis of Measurement

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

- Financial Instruments - Measured at Fair value/ Amortised cost;
- Plan Assets under defined benefit plans–Measured at fair value;
- Employee Share based payments- Measured at fair value

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgements

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

Critical accounting estimates and judgments used are as below:

(i) Defined benefit obligation

(ii) Recognition of current tax and deferred tax

(iii) Recognition and measurement of provisions and contingencies

(iv) Fair value measurement of Financial instruments

(v) Provision for Doubtful Debts and advances

(vi) Revaluation of Land

2.5 Current Vs Non-Current Classification

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

All the other assets are classified as non-current.

A liability is current when:

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

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

Recent accounting pronouncements - Standard issued but not yet effective

The standard issued but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The company intends to adopt this standard when it becomes effective.

a. IndAS 115-Revenue from Contracts with Customers- The Ministry of Corporate Affairs (MCA) on March 28, 2018 has notified new Indian Accounting Standard as mentioned above .The new standard will come into force from accounting period commencing on or after April 01, 2018. It replaces existing recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction contract. The standard is likely to affect the measurement, recognition and disclosure of revenue. The Company has evaluated and there is no material impact of this amendment on the Financial Statement of the Company except disclosure. The Company will adopt the Ind AS 115 on the required effective date.

b. Amendments to other Ind AS

The Companies (Indian Accounting Standards) Amendment Rules, 2018 has also made amendments to:

Ind AS 12 - Income Taxes,

These rules come into force from 1st April, 2018. The Company has evaluated these amendments and as per assessment impact of amendment to Ind AS 12 will not have any material impact on the financial statement of the company. The Company will adopt above amendments from required effective date.

Significant Accounting Policies:

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

3.1 Property, plant and equipment

Recognition and Measurement:

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

Capital work in progress and Capital Advances:

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production. Capital advances given towards purchase/ acquisition of PPE outstanding at each balance sheet date are disclosed separately as Other Non current Assets or Other Current Asset.

Subsequent Expenditure:

- Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.
- Items such as spare parts, stand by equipment's and servicing equipment's that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.
- Cost in nature of repair and maintenance expenses are charged to the statement of profit or loss during the reporting period in which they are incurred.

Notes to Financial Statements

for the year ended 31st March, 2018

Depreciation and Amortization:

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

De-recognition Assets:

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

3.2 Intangible Assets:

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

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

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

3.3 Lease

Finance Lease:

Lease where the company has substantially transferred all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance leases are capitalized at lower of fair value or the present value of the minimum lease payments at the inception of the lease term and a liability is created for an equivalent period. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. The finance cost is charged to the statement of profit and loss.

Operating Lease:

The Lease which is not classified as finance lease are operating leases. Payments made under operating lease are charged to Statement of Profit and Loss on straight-line-basis over the period of the lease, except where scheduled increase in rent compensates the Company with expected inflationary costs.

3.4 Impairment of Tangible or Intangible assets:

- The Company assesses at each reporting date whether there is any indication that an asset (tangible or intangible), may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) net selling price and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased and such reversal is recorded in the Statement of Profit and Loss.
- Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.
- An entity shall test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment, irrespective of whether there is any indication of impairment. This impairment test may be performed at any time during the year, provided it is performed at the same time every year.

3.5 Foreign currency Transactions:

a) The financial statements are presented in Indian Rupee (INR), which is the functional and presentation currency of the Company.

b) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.

c) At each balance sheet date, foreign currency monetary items are restated using the closing exchange rate.

d) Any exchange difference on account of settlement of foreign currency transactions and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the Statement of Profit and Loss.

Notes to Financial Statements

for the year ended 31st March, 2018

e) Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.6 Revenue Recognition:

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

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

i. Income is recognised on accrual basis and provision is made for all known losses and liabilities.

ii. Service charges for transportation of shipments are recognised when shipments are delivered to the customers/nearest destination operating unit/nearest transhipment points.

iii. Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer, while the Company retains neither continuing managerial involvement nor effective control over the products sold.

iv. Rent income is recognised on a straight-line basis over the period of the lease.

3.7 Financial instruments:

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

(i) Financial assets:

a) Initial recognition and measurement:

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

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

Financial asset are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial asset. In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

- Financial assets at amortized cost:

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

(a) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

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

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

All financial assets which are not classified/ measured at amortized cost or FVOCI as described above

Notes to Financial Statements

for the year ended 31st March, 2018

are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Subsequent measurement

For purposes of subsequent measurement:

Category	Subsequent measurement and gains and Losses
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of Profit and Loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method (EIR). The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Any gain or loss on de-recognition is recognized in Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to Statement of Profit and Loss.

(ii) **Financial Liability:**

Financial liabilities are classified and measured at amortized cost or FVTPL

a) Initial Recognition & Subsequent measurement:

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

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

- Financial liabilities at amortized cost:

  Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss.

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

b) Financial guarantee liability:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value net off transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cummulative amortization.

(iii) **Impairment of Financial Assets:**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

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

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

(iv) De-recognition:

a) Financial Assets:

The Company derecognizes a financial asset only

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

b) Financial liabilities:

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

(v) Offsetting:

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

3.8 Fair Value measurement:

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

3.9 Employee benefits:

a) Defined contribution plan:

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

b) Defined benefit plan:

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

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

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

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

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

c) Compensated absences:

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

The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

d) Short-term employee benefit:

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

3.10 Income taxes :

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

a) Current tax:

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

b) Deferred tax:

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

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

3.11 Cash and cash equivalents:

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

3.12 Provisions and Contingencies:

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to Financial Statements

for the year ended 31st March, 2018

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

3.13 Borrowing cost:

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

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

3.14 Earnings per share:

(i) Basic earnings per share

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

(ii) Diluted earnings per share:

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

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

Notes to Financial Statements
for the year ended 31st March, 2018

4. Property, plant and equipment

Tangible Assets

(₹ in Mn)

Particulars	Cost				Depreciation				Net Carrying Value
	As at 1 April, 2017	Additions	Sale/ Disposal	As at 31 March, 2018	As at 1 April, 2017	For the year	Disposal/ Adjustment during the year	As at 31 March, 2018	As at 31 March, 2018
Freehold Land	888.51	-	-	888.51	-	-	-	-	888.51
Buildings	455.75	-	-	455.75	40.04	8.31	-	48.35	407.40
Plant & Machinery	308.02	34.67	-	342.69	97.75	25.17	-	122.92	219.77
Vehicles	329.98	17.19	15.28	331.89	176.79	37.30	(5.90)	208.19	123.70
Vehicles taken on finance lease	-	15.91	-	15.91	-	0.43	-	0.43	15.48
Furniture And Fittings	236.69	24.32	0.03	260.98	103.35	22.88	-	126.23	134.75
Computer	320.08	13.64	14.03	319.69	206.44	47.94	(7.23)	247.15	72.54
Computers taken on finance lease	-	22.03	-	22.03	-	1.01	-	1.01	21.02
Office Equipment	165.96	18.49	0.04	184.41	116.78	14.72	(0.02)	131.48	52.93
Grand Total	**2,704.99**	**146.25**	**29.38**	**2,821.86**	**741.15**	**157.76**	**(13.15)**	**885.76**	**1,936.10**

(₹ in Mn)

Particulars	Cost				Depreciation				Net Carrying Value
	As at 1 April, 2016	Additions	Sale/ Disposal	As at 31 March, 2017	As at 1 April, 2016	For the year	Disposal/ Adjustment during the year	As at 31 March, 2017	As at 31 March, 2017
Freehold Land	888.51	-	-	888.51	-	-	-	-	888.51
Buildings	454.87	0.88	-	455.75	31.83	8.21	-	40.04	415.71
Plant & Machinery	281.64	29.52	3.14	308.02	71.65	27.93	(1.83)	97.75	210.27
Vehicles	328.31	15.29	13.62	329.98	138.01	41.37	(2.59)	176.79	153.19
Furniture And Fixtures	201.51	38.34	3.16	236.69	81.24	22.21	(0.10)	103.35	133.34
Computers	265.64	55.31	0.87	320.08	144.79	61.94	(0.29)	206.44	113.64
Office Equipment	136.98	31.34	2.36	165.96	103.40	13.55	(0.17)	116.78	49.18
Total	**2,557.46**	**170.68**	**23.15**	**2,704.99**	**570.92**	**175.21**	**(4.98)**	**741.15**	**1,963.84**

Notes to Financial Statements

for the year ended 31st March, 2018

5. Goodwill

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
	1,250.59	1,250.59	1,250.59
	1,250.59	**1,250.59**	**1,250.59**

6. Intangible Assets

(₹ in Mn)

Particulars	Cost				Depreciation			Net Carrying Value	
	As at 1 April, 2017	Additions	Sale/ Disposal	As at 31 March, 2018	As at 1 April, 2017	For the year	Disposal/ Adjustment during the year	As at 31 March, 2018	As at 31 March, 2018
Computer Software	41.39	13.71	-	55.10	8.69	14.28	-	22.97	32.13
Total	**41.39**	**13.71**	**-**	**55.10**	**8.69**	**14.28**	**-**	**22.97**	**32.13**

(₹ in Mn)

Particulars	Cost				Depreciation			Net Carrying Value	
	As at 1 April, 2016	Additions	Sale/ Disposal	As at 31 March, 2017	As at 1 April, 2016	For the year	Disposal/ Adjustment during the year	As at 31 March, 2017	As at 31 March, 2017
Computer Software	70.45	9.50	-	79.95	38.57	8.69	-	47.26	32.69
Total	**70.45**	**9.50**	**-**	**79.95**	**38.57**	**8.69**	**-**	**47.26**	**32.69**

a) The amount of Contractual commitments for acquisition of property, plant and equipment is disclosed in Note. 34(II)(a)

b) Refer Note 19 and Note 21 for information on Property, Plant and Equipments pledged as securities by the Company.

c) Refer to Note 41A(i) for exemptions / options availed for deriving deemed cost on Transition date.

d) As on the date of transition the Company has adopted fair valuation of its free hold land in order to bring its value to the current replacement cost as deemed cost .The total fair valuation carried out by the independent approved valuer`s amounting to ₹882.47 Mn agianst the book value ₹49.97 Mn has been accounted at the transition date, 1.4.2016 and the incremental value ₹838.54 Mn generated there from has been included in Retained Earnings contained in Note 41E.

Notes to Financial Statements

for the year ended 31st March, 2018

7. Intangible Assets under Development

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
	4.42	4.42	3.32
	4.42	**4.42**	**3.32**

8. Other Financial Asset

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(Unsecured, Considered Good)			
Security Deposit with Holding company	32.80	30.34	24.65
Security Deposit with Others	133.32	114.41	158.21
	166.12	**144.75**	**182.86**

9. Deferred tax Assets (Net)

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Deferred Tax Assets (Net)	7.68	81.83	61.16
MAT Credit Entitlement	16.94	-	-
	24.62	**81.83**	**61.16**

9.1 Movement in Deferred Tax Assets and Liabilities during the year ended 31st March '17 and 31st March'18

(₹ in Mn)

Deferred Tax Balance in relation to	Opening Balance as on 1st April, 2016	Recognised In Statement of Profit & Loss	Recognised In Other Comprehensive Income(OCI)	As at 31 March, 2017
Deferred Tax Assets/(Liabilities)				
Property, plant and equipment	(68.67)	(5.91)	-	(74.59)
Allowances for Doubtful Receivables	119.08	23.90	-	142.99
Employee benefits - Gratuity and Leave Encashment	14.72	4.27	0.17	19.16
Other temporary Differences	(3.97)	(1.76)	-	(5.73)
Deferred Tax Assets/(Liabilities)	**61.16**	**20.50**	**0.17**	**81.83**

(₹ in Mn)

Deferred Tax Balance in relation to	Opening Balance as at 31st March, 2017	Recognised In Statement of Profit & Loss	Recognised In Other Comprehensive Income(OCI)	As at 31 March, 2018
Deferred Tax Assets/(Liabilities)				
Property, plant and equipment	(74.59)	2.14	-	(72.44)
Allowances for Doubtful Receivables	142.99	(84.32)	-	58.66
Employee benefits - Gratuity and Leave Encashment	19.16	7.23	(0.34)	26.05
Other temporary Differences	(5.73)	1.14	-	(4.59)
MAT Credit Entitlement (Net)	-	16.94	-	16.94
Deferred Tax Assets/(Liabilities)	**81.83**	**(56.87)**	**(0.34)**	**24.62**

Notes to Financial Statements

for the year ended 31st March, 2018

10. Non Current Tax Asset (Net)

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Tax Deducted at Source	950.17	728.99	541.60
Advance Tax	121.08	121.08	120.03
	1,071.25	**850.07**	**661.63**
Less : Provision for Income Tax	(705.13)	(671.15)	(580.64)
	366.12	**178.92**	**80.99**

11. Other non-current assets

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Capital Advances			
Unsecured, considered good	11.79	11.96	8.18
Unsecured, considered doubtful	5.90	5.90	5.90
	17.69	17.86	14.08
Less: Provision for doubtful advances	5.90	5.90	5.90
	11.79	11.96	8.18
Total (A)	**11.79**	**11.96**	**8.18**
Prepaid Expenses	50.54	50.49	59.96
Total (B)	**50.54**	**50.49**	**59.96**
Total (A) + (B)	**62.33**	**62.45**	**68.14**

12. Trade receivables

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Unsecured, considered good (Including from Holding Company ₹286.47 Mn, 31st March-17 - ₹103.05 Mn, 1st April, 2016 - ₹212.99 Mn)	2,089.08	1,557.97	1,958.82
Unsecured, considered doubtful	167.88	409.19	340.79
Total	**2,256.96**	**1,967.16**	**2,299.61**
Less: Allowances for Doubtful Receivables	167.88	409.19	340.79
Total Trade Receivables	**2,089.08**	**1,557.97**	**1,958.82**

i) No Trade receivables are due from directors and other officers of the company either severally or jointly with any other person.

ii) For Details of debts due from firms or private companies in which any director is a partner, a director or a member, refer Note 45 of related party transactions.

iii) The Carrying amount of trade receivables is pledged as security for liability. (Refer Note 21)

Notes to Financial Statements

for the year ended 31st March, 2018

13. Cash and cash equivalents

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Cash on hand	5.13	13.57	16.95
Balance with Banks:			
- In Current Accounts	40.34	67.48	18.56
- Deposits with less than 3 months initial maturity	-	-	-
	45.47	**81.05**	**35.51**

14. Bank Balances other than above

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Balances with Bank held as margin money/ security	5.55	9.68	4.99
Deposit with Banks with original maturities more than 3 months but less than 12 months*	89.70	84.23	77.54
	95.25	**93.91**	**82.53**

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

15. Other financial assets

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance to Employees	3.07	4.50	3.76
Interest Accrued on Deposit/ Investment	1.08	1.41	1.58
Earnest Money Deposits	3.35	5.38	5.83
Security Deposits	75.42	67.10	-
Other Receivables	35.60	12.67	69.94
(Including from Holding Company ₹0.09 Mn, 31st March-17 - ₹ Nil , 1st April, 2016 - ₹63.33 Mn)			
	118.52	**91.06**	**81.11**

16. Other current assets

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(Unsecured, Considered Good unless Otherwise Stated)			
Advance against supply of Goods & Services	220.35	199.92	204.55
Prepaid Expenses	48.20	49.56	61.20
	268.55	**249.48**	**265.75**

Notes to Financial Statements

for the year ended 31st March, 2018

17. Equity Share Capital

(₹ in Mn)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorized:						
Equity Shares of ₹10/- each	750,000	7.50	750,000	7.50	750,000	7.50
		7.50		**7.50**		**7.50**
Issued:						
Equity Shares of ₹10/- each fully paid up	500,000	5.00	500,000	5.00	500,000	5.00
		5.00		**5.00**		**5.00**
Subscribed and Paid-up:						
Equity Shares of ₹10/- each fully paid up	500,000	5.00	500,000	5.00	500,000	5.00
	500,000	**5.00**	**500,000**	**5.00**	**500,000**	**5.00**

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

b) Terms /Rights attached to Shareholders

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

c) Gati Limited is the Holding Company of this Company.

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

(₹ in Mn)

Equity Shares of Rs. 10 each fully paid	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Shares at the beginning of the year	500,000	5.00	500,000	5.00	500,000	5.00
Shares at the end of the year	500,000	5.00	500,000	5.00	500,000	5.00

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

(₹ in Mn)

Equity Shares of Rs. 10 each fully paid held by Name of the Shareholders	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Gati Limited	350,000	70%	350,000	70%	350,000	70%
Kintetsu World Express (S) Pte. Ltd.	130,000	26%	130,000	26%	130,000	26%

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

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

18. Other Equity

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Securities Premium Account	1,783.60	1,783.60	1,783.60
General Reserve	172.02	172.02	172.02
Retained Earnings	1,660.82	1,529.27	1,452.31
Other Comprehensive Income	0.33	(0.32)	-
	3,616.77	**3,484.57**	**3,407.93**

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

Securities Premium Reserve

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

General Reserve

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

Retained Earnings

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

Other Comprehensive Income:

Remeasurement of Defined benefit plans comprises of Actuarial losses/ (gains) during the reporting period.

19. Long Term Borrowings

(₹ in Mn)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Non - Current	Current Maturities	Non - Current	Current Maturities	Non - Current	Current Maturities
Secured						
i) Term Loan From Banks	157.77	57.40	215.37	42.52	26.52	218.86
ii) Vehicle Loan From Banks	19.87	22.70	33.62	23.55	49.11	38.11
iii) Vehicle Loan from Others	6.27	2.80	3.66	1.34	0.33	1.23
iv) Finance lease Obligation (Refer Note 35)	31.50	6.28	-	-	-	-
	215.41	**89.18**	**252.65**	**67.41**	**75.96**	**258.20**
Amount disclosed under the head "Other Current Financial Liabilities" (Refer Note 23)		(89.18)		(67.41)		(258.20)
	215.41	**-**	**252.65**	**-**	**75.96**	**-**

Particulars of Nature of Security

a) Rupee Term Loan from Syndicate Bank limited is repayable in 15 quarterly installment of ₹1,43,75,000/- between April 2018 to December 2021.The primary security being subservient charge on current assets and fixed assets of the company to the extent of 100% coverage on loan amount and collateral being a property at Peenya, Bangalore. The Holding company, Gati Limited has also extended a Corporate Guarantee for the same The Rate of Interest is 9.90%

b) Vehicles are hypothecated against the Vehicle loans from Banks & Others.

c) Finance lease obligation is secured by hypothecated against the leased vehicles and due for repayment over a period of 5 years.

Notes to Financial Statements

for the year ended 31st March, 2018

20. Provisions

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Employee Benefits			
Gratuity (Refer Note 36)	39.41	34.25	25.49
Leave Encashment	23.68	11.24	9.54
	63.09	**45.49**	**35.03**

21. Borrowings

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Secured			
i) Working Capital facilities from Banks			
- Cash Credit	930.14	596.88	376.35
- Commercial Paper	-	500.00	700.00
	930.14	**1,096.88**	**1,076.35**

Particulars of Nature of Security

a) Working Capital Borrowings in rupees is secured by book debts and other current assets of the company on pari-passu charge with all working capital lenders under multiple banking arrangement as primary secuirty ,on transition from consortium Banking.

22. Trade payables

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
For Goods and Services			
Dues of micro enterprises and small enterprises (Refer Note 37)	-	-	-
Dues of creditors other than micro enterprises and small enterprises*	910.17	484.72	722.61
* Including acceptances			
	910.17	**484.72**	**722.61**

23. Other financial liabilities

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Current Maturities of Long-term borrowing - Term Loan (Refer Note 19)	82.90	67.42	258.21
Current Maturities of Finance lease obligation (Refer Note 19)	6.28	-	-
Employee Related Liabilities	156.10	46.19	162.29
Security Deposits	201.65	160.12	138.15
	446.93	**273.73**	**558.65**

Notes to Financial Statements

for the year ended 31st March, 2018

24. Other current liabilities

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Statutory dues	44.38	26.53	28.44
Others	215.96	114.06	172.13
	260.34	**140.59**	**200.57**

25. Provisions

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Employee Benefits			
Gratuity (Refer Note 36)	6.36	2.76	1.93
Leave Encashment	5.09	6.57	5.17
	11.45	**9.33**	**7.10**

26. Revenue from Operations

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of Services		
Freight and other service charges	11,308.50	10,643.03
[(including from Holding Company ₹: 505.53 Mn (Previous year ₹: 520.03 Mn)]		
Supply Chain Management services	334.53	429.38
	11,643.03	**11,072.41**
Other Operating Revenue		
Miscellaneous Income	19.97	30.40
Total	**11,663.00**	**11,102.81**

27. Other Income

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest Income		
on Bank Deposits	8.73	9.31
Other Non Operating Income		
Rent	2.60	1.94
Fair valuation Gain on Security deposits	13.90	13.41
Profit on disposal of Property, Plant and Equipment (Net)	6.46	2.99
	31.69	**27.65**

Notes to Financial Statements

for the year ended 31st March, 2018

28. Operating Expenses

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Freight (Including to Holding Company ₹0.48 Mn, Previous year ₹0.60 Mn)	7,130.74	6,561.48
Vehicles' trip expenses	285.39	326.09
Vehicles' taxes	6.35	5.25
Vehicles' Insurance	3.46	2.67
Tyres and Tubes	5.90	6.99
Warehouse rent	106.84	128.42
Claims for Loss & Damages (Net)	81.28	123.24
Other Operating Expenses	436.49	443.74
	8,056.45	**7,597.88**

29. Employee benefits expense

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, Wages & Bonus	1,419.33	1,343.51
Contribution to Provident and Other Funds	63.77	57.17
Gratuity	22.26	19.18
Staff Welfare Expenses	28.96	19.42
	1,534.32	**1,439.28**

30. Finance Costs

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest Expenses		
On Term Loans	28.82	29.50
On Working Capital Loans	131.99	152.47
On Finance lease Obligations	1.08	-
Other Borrowing cost	8.64	7.60
	170.53	**189.57**

31. Depreciation and amortization expense

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on Tangible Assets	157.76	175.21
Amortisation of Intangible Assets	14.28	8.69
	172.04	**183.90**

Notes to Financial Statements
for the year ended 31st March, 2018

32. Other expenses

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Administrative Expenses		
Rent	593.92	524.58
(Including to Holding Company ₹51.30 Mn, Previous year ₹46.24 Mn)		
Rates and Taxes	25.83	19.84
Insurance	10.59	12.40
Telephone expenses	32.29	31.87
Printing and Stationery	24.61	25.22
Travelling expenses	72.75	65.85
Professional and Legal expenses	35.84	36.17
Advertisement Expenses	45.50	26.41
Office Maintenance and Repairs	185.69	156.99
Electricity Expenses	89.86	92.70
Automation Network Expenses	53.91	51.38
Miscellaneous Expenses	99.95	96.85
Directors' Sitting fees	0.70	0.76
Commission to Non-Whole-Time Directors	0.65	1.30
Remuneration to Auditors (Note 32.1)	2.92	2.28
Allowance for Bad and Doubtful debts	2.91	68.40
Bad debts and Advances written off	245.56	40.38
Less: - Allowance made in the earlier years	(244.22)	-
CSR Expenditure (Refer Note 32.2)	4.68	8.05
Donations	3.80	7.44
	1,287.74	**1,268.87**
Repairs & Maintenance		
Vehicles	13.73	11.31
Plant and Equipment	8.20	8.47
Buildings	1.62	1.08
Computers	49.52	44.82
	73.07	**65.68**
	1,360.81	**1,334.55**

32.1 Payment to auditor

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Statutory Audit fees	1.30	1.20
Taxation matters	0.55	1.00
Other matters	1.07	0.08
	2.92	**2.28**

32.2 CSR Expenditure

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Gross amount required to be spent by the company during the year	**12.10**	**12.85**

Notes to Financial Statements

for the year ended 31st March, 2018

32.2 CSR Expenditure (contd..)

(₹ in Mn)

	In Cash	Yet to be paid in Cash	Total
Amount Spent during the year ended on 31st March 2018			
i) Construction/Acquisition of any asset	1.12	-	1.12
ii) On purpose other than (i) above	3.56	-	3.56
	4.68	**-**	**4.68**

(₹ in Mn)

	In Cash	Yet to be paid in Cash	Total
Amount Spent during the year ended on 31st March 2017			
i) Construction/Acquisition of any asset	3.38	-	3.38
ii) On purpose other than (i) above	4.67	-	4.67
	8.05	**-**	**8.05**

33. Tax Expenses

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Income Tax recognised in Statement of Profit and Loss		
Current Tax	33.98	90.51
Deferred Tax	47.05	(20.67)
MAT Credit reversal/Utilisation	10.16	-
	91.19	**69.84**

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

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before Tax	400.54	385.29
Applicable Tax Rate	34.61%	34.61%
Tax Expense	138.62	133.34
Tax Effect of :		
Expenses non-deductible for tax purposes	74.67	91.86
Corporate social responsibility expenditure not allowable for Tax purpose	1.62	2.79
Incremental deductions allowed u/s.35(1)(ii) of the Income Tax Act	(1.87)	(2.18)
Expenses allowable for tax purposes	(135.40)	(73.31)
Depreciation on Intangible assets	(25.68)	(34.24)
Incomes allowance for tax purposes	(7.82)	(1.03)
Minimum Alternate Tax(MAT) utilised	(10.16)	(26.72)
	(0.34)	0.17
Current Tax provision (A)	**33.64**	**90.68**
Deferred Tax provision (B)	**57.21**	**(20.67)**
Tax Expense in Statement of Profit and Loss (A+B)	**90.85**	**70.01**

Notes to Financial Statements

for the year ended 31st March, 2018

34. Contingent liabilities and commitments

(to the extent not provided for)

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(I) (a) Claim against the Company not acknowledged as debt			
(i) Income tax Demand disputed in appeals	162.72	15.04	23.69
(ii) Pending Litigations	19.00	-	-
(iii) Service Tax demand disputed in appeals	0.54	-	-
Total	**182.26**	**15.04**	**23.69**
(b) Bank Guarantee (*)	33.10	35.31	41.58

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

(II) Commitments

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(a) Commitment for acquisition of Property, Plant & Equipment (Net of advances)			
Towards Property, plant & Equipment	11.36	4.17	25.50
Towards intangible Assets	8.32	-	-
	19.68	**4.17**	**25.50**

(b) For lease commitments Refer Note 35

35. Leases

Operating Leases: Company as Lessee

The company has taken certain assets such as vehicles, office premises, warehouses etc., on operating lease. There are no transaction in the nature of sublease. Periods of arrangements are generally up to 5 years and renewable at the option of both the lessor and lessee. Rental expenses under those lease were Rs. 593.92 Mn, Previous year - 524.58 Mn.

Finance Leases: Company as Lessee

The Lease payment made during the year amounts to ₹2.62 Mn (Previous year ₹: Nil) out of which ₹1.53 Mn (Previous year: ₹ Nil) has been adjusted against principle and ₹1.08 Mn (Previous year ₹: Nil) has been shown as interest expense. The interest rate on secured/ unsecured finance lease ranging from 7 - 10.30 % p.a. There are no sub- lease. The lease term is for 5 years. Secured finance lease obligation is hypothecated against the leased vehicles.

Finance Lease - Future minimum Lease payments are as follows:

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(a) Minimum Lease Payment			
i) Not later than one year	9.49	-	-
ii) Later than one year but not later than five years	36.90	-	-
iii) Later than five years	0.56	-	-
Total (a)	**46.95**	**-**	**-**
(b) Finance Lease Charges			
i) Not later than one year	3.21	-	-
ii) Later than one year but not later than five years	5.95	-	-
iii) Later than five years	0.01	-	-
Total (b)	**9.17**	**-**	**-**

Notes to Financial Statements

for the year ended 31st March, 2018

35. Leases (contd..)

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(c) Net Principal Component			
i) Not later than one year	6.28	-	-
ii) Later than one year but not later than five years	30.95	-	-
iii) Later than five years	0.55	-	-
Total (c) = (a-b)	**37.78**	**-**	**-**

36. Disclosure as required under Ind As - 19 on employee benefits

(₹ in Mn)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Statement of Assets and Liabilities for defined benefit obligation			
Net defined benefit obligation - Gratuity Plan	(84.49)	(74.22)	(49.08)
Net defined benefit asset - Gratuity Plan	38.71	37.22	36.69
Total employee benefit liabilities	**(45.78)**	**(37.00)**	**(12.39)**

Defined contribution

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Provident/Pension fund	49.02	45.88
Superannuation fund	4.47	4.67
Employee state insurance	10.27	6.62
	63.76	**57.17**

Defined benefits - Gratuity

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

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

The Company expects to contribute ₹12.5 Mn to Gratuity Fund in the next year.

Inherent risk

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

36. Disclosure as required under Ind As - 19 on employee benefits (contd..)

Reconciliation of the net defined benefit (asset)/ liability:

(₹ in Mn)

	As at 31 March 2018	As at 31 March 2017
(I) Reconciliation of present value of defined benefit obligation		
(a) Balance at the beginning of the year	74.22	64.12
(b) Current service cost	13.22	4.40
(c) Interest cost	6.03	5.21
(d) Past Service Cost	5.76	-
(e) Benefits paid	(12.59)	(12.00)
(f) Actuarial (gains)/ losses recognised in other comprehensive income	-	-
change in financial assumptions	(30.04)	12.49
experience adjustments	27.89	-
Balance at the end of the year	**84.49**	**74.22**
(II) Reconciliation of present value of plan assets		
(a) Balance at the beginning of the year	37.21	36.69
(b) Actual return on plan assets	1.59	2.69
(c) Contributions by the employer	12.50	9.84
(d) Benefits paid	(12.59)	(12.00)
Balance at the end of the year	**38.71**	**37.22**
(III) Net asset/ (liability) recognised in the Balance Sheet		
(a) Present value of defined benefit obligation	(84.49)	(74.22)
(b) Fair value of plan assets	38.71	37.22
Net defined benefit obligations in the Balance Sheet	**(45.78)**	**(37.00)**
(IV) Expense recognised in Statement of Profit or Loss		
(a) Current service cost	13.22	4.40
(b) Past service cost	5.76	-
(c) Interest cost	6.03	5.21
(d) Interest income	(3.01)	
Amount charged to Profit or Loss	**22.00**	**9.61**
(V) Remeasurements recognised in Other Comprehensive Income		
(a) Actuarial gain / (loss) on defined benefit obligation	(2.15)	0.49
(b) Return on plan asset excluding interest income	1.16	
Amount recognised in Other Comprehensive Income	**(0.99)**	**0.49**
(VI) Plan assets		
Plan assets comprise of the following:		
(a) Investments with LIC	100%	100%
(VII) Actuarial assumptions		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
(a) Discount rate	7.65%	8.13%
(b) Future salary growth	3.00%	3.00%
(c) Retirement age (years)	58	58
(d) Withdrawal rates	9.00%	9.00%

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

Notes to Financial Statements

for the year ended 31st March, 2018

36. Disclosure as required under Ind As - 19 on employee benefits (contd..)

(IX) Sensitivity analysis

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

(₹ in Mn)

	As at March 31, 2018		As at March 31, 2017	
	Increase	Decrease	Increase	Decrease
(a) Discount rate (1% movement)	79.58	89.98	66.57	83.33
(b) Future salary growth (1% movement)	90.02	79.48	85.95	64.76
(c) Attrition Rate (1% movement)	85.86	82.97	66.57	83.33

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

37. Due to Micro, Small and Medium enterprises

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year :	-	-	-
Principal amount due to micro and small enterprises	-	-	-
Interest due on above	-	-	-
Total	**-**	**-**	**-**
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-	-

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. There is no dues unpaid to Micro and Small Enterprises as on March 31 , 2018 (Previous year March 31, 2017)

38. Distribution made and proposed dividend

A dividend of ₹247.75 per equity share of ₹10 each for the year ended 31 March 2018, amounting ₹149.09 Mn including Dividend Distribution Tax, has been proposed, subject to necessary approval from the Shareholders at the forthcoming Annual General Meeting.

Notes to Financial Statements

for the year ended 31st March, 2018

39. Financial instruments - fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2018, including their levels in the fair value hierarchy.

(₹ in Mn)

Particulars	Carrying amount					Fair value			
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Other financial assets	-	-	284.64	-	284.64	-	-	-	-
Trade receivables	-	-	2,089.08	-	2,089.08	-	-	-	-
Cash and cash equivalents	-	-	45.47	-	45.47	-	-	-	-
Other bank balances	-	-	95.25	-	95.25	-	-	-	-
	-	-	**2,514.44**	-	**2,514.44**	-	-	-	-
Financial liabilities not measured at fair value						-	-	-	-
Borrowing	-	-	-	1,145.55	1,145.55	-	-	-	-
Trade payables	-	-	-	910.17	910.17	-	-	-	-
Other financial liabilities	-	-	-	446.93	446.93	-	-	-	-
	-	-	-	**2,502.65**	**2,502.65**	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2017, including their levels in the fair value hierarchy.

(₹ in Mn)

Particulars	Carrying amount					Fair value			
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Other financial assets	-	-	235.81	-	235.81	-	-	-	-
Trade receivables	-	-	1,557.97	-	1,557.97	-	-	-	-
Cash and cash equivalents	-	-	81.05	-	81.05	-	-	-	-
Other bank balances	-	-	93.91	-	93.91	-	-	-	-
	-	**-**	**1,968.74**	**-**	**1,968.74**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value						-	-	-	-
Borrowing	-	-	-	1,349.53	1,349.53	-	-	-	-
Trade payables	-	-	-	484.72	484.72	-	-	-	-
Other financial liabilities	-	-	-	273.73	273.73	-	-	-	-
	-	**-**	**-**	**2,107.98**	**2,107.98**	**-**	**-**	**-**	**-**

Notes to Financial Statements
for the year ended 31st March, 2018

39. Financial instruments - fair values and risk management (contd..)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 1 April 2016, including their levels in the fair value hierarchy.

(₹ in Mn)

Particulars	Carrying amount					Fair value			
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Other financial assets	-	-	263.97	-	263.97	-	-	-	-
Trade receivables	-	-	1,958.82	-	1,958.82	-	-	-	-
Cash and cash equivalents	-	-	35.51	-	35.51	-	-	-	-
Other bank balances	-	-	82.53	-	82.53	-	-	-	-
	-	**-**	**2,340.83**	**-**	**2,340.83**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value						-	-	-	-
Borrowing	-	-	-	1,152.31	1,152.31	-	-	-	-
Trade payables	-	-	-	722.61	722.61	-	-	-	-
Other financial liabilities	-	-	-	558.65	558.65	-	-	-	-
	-	**-**	**-**	**2,433.57**	**2,433.57**	**-**	**-**	**-**	**-**

The fair value of non current financial assets and financial liabilities carried at amortised cost is substantially same as their carrying amount.

Notes to Financial Statements

for the year ended 31st March, 2018

39. Financial instruments - fair values and risk management (contd..)

B. Financial risk management

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

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Risk management framework

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

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

(i) Credit risk

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

Trade receivables and loans

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

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

(₹ in Mn)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 April 2016
Trade Receivables (Gross)	2,256.96	1,967.16	2,299.61
Less: Expected Credit Loss	167.88	409.19	340.79
Trade Receivables (Net)	**2,089.08**	**1,557.97**	**1,958.82**

Reconciliation of loss allowance provision	(₹ in Mn) **Trade Receivables**
Loss Allowance on 1st April 2016	340.79
Change in Loss allowance	68.40
Loss Allowance in 31st March 2017	409.19
Change in Loss allowance	(241.31)
Loss Allowance in 31st March 2018	167.88

Notes to Financial Statements

for the year ended 31st March, 2018

39. Financial instruments - fair values and risk management (contd..)

(ii) Liquidity risk

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

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

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

(₹ in Mn)

31 March 2018	Contractual cash flows				
	Carrying amount	Total	Less than 1 year	1 to 5 years	More than 5 years
Borrowings (including estimated interest)	1,145.55	1,145.55	930.14	215.41	-
Trade payables	910.17	910.17	910.17	-	-
Other financial liabilities	446.93	446.93	446.93	-	-
	2,502.65	**2,502.65**	**2,287.24**	**215.41**	**-**

(₹ in Mn)

31 March 2017	Contractual cash flows				
	Carrying amount	Total	Less than 1 year	1 to 5 years	More than 5 years
Borrowings (including estimated interest)	1,349.53	1,349.53	1,096.88	252.65	-
Trade payables	484.72	484.72	484.72	-	-
Other financial liabilities	273.73	273.73	273.73	-	-
	2,107.98	**2,107.98**	**1,855.33**	**252.65**	**-**

(₹ in Mn)

1 April 2016	Contractual cash flows				
	Carrying amount	Total	Less than 1 year	1 to 5 years	More than 5 years
Borrowings (including estimated interest)	1,152.31	1,152.31	1,076.35	75.96	-
Trade payables	722.61	722.61	722.61	-	-
Other financial liabilities	558.65	558.65	558.65	-	-
	2,433.57	**2,433.57**	**2,357.61**	**75.96**	**-**

Notes to Financial Statements

for the year ended 31st March, 2018

39. Financial instruments - fair values and risk management (contd..)

(iii) Market risk

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

Interest rate risk

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

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

(₹ in Mn)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 April 2016
Fixed rate instruments			
Financial assets	-	-	-
Financial liabilities			
Vehicle Loan From Banks	42.57	57.17	87.22
Vehicle Loan from Others	9.07	5.00	1.56
Finance lease Obligation	37.78	-	-
Commercial Paper	-	500.00	700.00
	89.42	**562.17**	**788.78**
Variable rate instruments			
Financial assets	-	-	-
Financial liabilities			
Term Loan From Banks	215.17	257.89	245.38
Cash Credit	930.14	596.88	376.35
	1,145.31	**854.77**	**621.73**
	1,234.73	**1,416.94**	**1,410.51**

Sensitivity analysis

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

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

(₹ in Mn)

Particulars	Profit or loss		Effect on Equity	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Variable rate instruments - increase by 100 basis points	11.45	8.55	11.45	8.55
Variable rate instruments - decrease by 100 basis points	(11.45)	(8.55)	(11.45)	(8.55)

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

Notes to Financial Statements

for the year ended 31st March, 2018

40. Capital management

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

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

(₹ in Mn)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 April 2016
Total debt (Bank and other borrowings)	1,228.45	1,416.95	1,410.52
Equity	3,621.77	3,489.57	3,412.93
Debt to equity ratio	0.34	0.41	0.41

41. Explanation of Transition to IND AS

As stated in note 2, the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

(i) Property, plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:

- fair value
- or cost or depreciated cost under Ind AS adjusted to reflect.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

As permitted by Ind AS 101, The company has elected to measure certain items of propety,plant and equipment at its fair value and use that value as it deemed cost at the date of transition to Ind As. Others items of propety,plant and equipment and other intangible assets have been measured as per Ind As 16 and Ind As 38 respectively.

Notes to Financial Statements

for the year ended 31st March, 2018

41. Explanation of Transition to IND AS (contd..)

(ii) Fair value measurement of financial assets or liabilities at initial recognition

The Company has applied the requirements of Ind AS 109, "Financial Instruments: Recognition and Measurement", wherever applicable.

B. Mandatory Exceptions

(i) Estimates

As per Ind AS 101, an entity's estimates at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C. Reconciliation of Balance Sheet

(₹ in Mn)

Particulars	Notes	As at 31 March 2017			As at 1 April 2016		
		Previous GAAP *	Effect of Transition to Ind AS	Ind AS	Previous GAAP *	Effect of Transition to Ind AS	Ind AS
Assets							
1) Non Current Assets							
Property, plant and equipment	41A(i)	1,125.30	838.54	1,963.84	1,148.00	838.54	1,986.54
Goodwill		1,250.59	-	1,250.59	1,250.59	-	1,250.59
Other intangible Assets		32.69	-	32.69	31.88	-	31.88
Intangible Assets under Development		4.42	-	4.42	3.32	-	3.32
Financial Assets		-	-	-	-	-	-
Other Financial Asset	2	216.16	(71.41)	144.75	267.72	(84.86)	182.86
Deferred tax Assets	3	(63.08)	144.91	81.83	(55.93)	117.09	61.16
Non Current Tax Asset (Net)		178.92	-	178.92	80.99	-	80.99
Other non-current assets		12.65	49.80	62.45	9.06	59.08	68.14
		2,757.65	**961.84**	**3,719.49**	**2,735.63**	**929.85**	**3,665.48**
2) Current Assets							
Financial assets							
Trade receivables	6	1,890.88	(332.91)	1,557.97	2,253.93	(295.11)	1,958.82
Cash and cash equivalents		81.05	-	81.05	35.51	-	35.51
Bank Balances other than above		93.91	-	93.91	82.53	-	82.53
Other financial assets		95.66	(4.60)	91.06	81.11	-	81.11
Other current assets	1&2	234.27	15.21	249.48	251.33	14.42	265.75
		2,395.77	**(322.30)**	**2,073.47**	**2,704.41**	**(280.69)**	**2,423.72**
Total Assets		**5,153.42**	**639.54**	**5,792.96**	**5,440.04**	**649.16**	**6,089.20**

Notes to Financial Statements

for the year ended 31st March, 2018

41. Explanation of Transition to IND AS (contd..)

(₹ in Mn)

Particulars	Notes	As at 31 March 2017			As at 1 April 2016		
		Previous GAAP *	Effect of Transition to Ind AS	Ind AS	Previous GAAP *	Effect of Transition to Ind AS	Ind AS
Equity and Liabilities							
1) Equity							
Equity Share Capital		5.00		5.00	5.00		5.00
Other Equity		2,863.21	621.36	3,484.57	2,534.58	873.35	3,407.93
Total Equity		**2,868.21**	**621.36**	**3,489.57**	**2,539.58**	**873.35**	**3,412.93**
2) Liabilities							
i) Non-Current Liabilities							
Financial liabilities							
Borrowings	1	252.65		252.65	75.96		75.96
Provisions		29.84	15.65	45.49	20.24	14.79	35.03
Other Non-current liabilities		-		-	-		-
		282.49	15.65	298.14	96.20	14.79	110.99
ii) Current Liabilities							
Financial liabilities							
Borrowings		1,096.88	-	1,096.88	1,076.35	-	1,076.35
Trade payables		484.72	-	484.72	722.61	-	722.61
Other financial liabilities	1	272.37	1.36	273.73	560.86	(2.22)	558.64
Other current liabilities		140.59	-	140.59	200.58	-	200.58
Provisions	4&5	8.16	1.17	9.33	243.86	(236.76)	7.10
		2,002.72	**2.53**	**2,005.25**	**2,804.26**	**(238.98)**	**2,565.28**
Total Liabilities		**2,285.21**	**18.18**	**2,303.39**	**2,900.46**	**(224.19)**	**2,676.27**
Total Equity And Liabilities		**5,153.42**	**639.54**	**5,792.96**	**5,440.04**	**649.16**	**6,089.20**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

D. Reconciliation of total comprehensive income for the year ended 31 March 2017

(₹ in Mn)

Particulars	Notes	Year ended 31 March 2017		
		Previous GAAP *	Effect of Transition to Ind AS	Ind AS
I) Income				
Revenue from Operations		11,102.81	-	11,102.81
Other Income	2	14.24	13.41	27.65
Total Income (I)		**11,117.05**	**13.41**	**11,130.46**
II) Expenses				
Operating Expenses		7,597.88	-	7,597.88
Employee benefits expense	5	1,439.30	(0.01)	1,439.28
Finance Costs	1	186.50	3.07	189.57
Depreciation and amortization expense		183.90	-	183.90
Other expenses	2&6	1,283.18	51.37	1,334.55
Total Expenses (II)		**10,690.76**	**54.43**	**10,745.18**
III) Profit before Taxation (I-II)		**426.29**	**(41.02)**	**385.28**
IV) Tax Expenses				
Current Tax		90.51		90.51
Deferred Tax	3	7.16		(20.50)
Total Tax Expenses (IV)		**97.67**	**-**	**70.01**
V) Profit for the year (III-IV)		**328.62**	**(41.02)**	**315.27**

Notes to Financial Statements

for the year ended 31st March, 2018

41. Explanation of Transition to IND AS (contd..)

(₹ in Mn)

Particulars	Notes	Year ended 31 March 2017		
		Previous GAAP *	Effect of Transition to Ind AS	Ind AS
VI) Other Comprehensive Income (OCI)				
Items not to be reclassified to profit or loss :				
a) Remeasurement gains/(losses) on defined benefit plans	5	-	(0.49)	(0.49)
b) Equity investments through OCI		-		-
c) Income tax effect on above items		-	0.17	0.17
Other Comprehensive Income for the year, net of tax		**-**	**(0.32)**	**(0.32)**
VII) Total Comprehensive Income for the year (V+VI)		**328.62**	**(41.34)**	**314.95**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

E. Reconciliation of Total Equity as at March 31, 2017 and April 1, 2016

(₹ in Mn)

Particulars	Note to First Time Adoption	As at March 31, 2017 (End of Last Period presented under previous GAAP)	As at April 1 , 2016 (Date of Transition)
Equity under Previous Indian GAAP		**2,868.21**	**2,539.58**
On account of Fair valuation of Rental Deposit	2	(8.12)	(7.96)
On account of ECL of Trade Receivables	6	(332.91)	(295.11)
On account of Amortization of Processing Fees on Long-Term Borrowings as per EIR Method	1	(4.24)	(1.18)
On Account of Revaluation of Land			
Reversal of Proposed Dividend & Corporate Dividend Tax		-	238.31
Fair valuation Gratuity and EL Encashment	5	(16.82)	(16.34)
Deferred Tax Impact on the above	3	144.91	117.09
Total Adjustment to Equity		**621.36**	**873.35**
Total Equity under Ind-AS		**3,489.57**	**3,412.93**

F. Effect of IND AS adoption on the Statement of Cash flows for the year ended 31st March, 2017

(₹ in Mn)

Particulars	Year ended 31 March 2017		
	Previous GAAP	Effect of Transition to Ind AS	Ind AS
Net Cash flow from Operating Activities	679.65	(246.95)	432.70
Net Cash flow from Investing Activities	(180.24)	23.74	(156.50)
Net Cash flow from Financing Activities	(442.49)	211.83	(230.66)
Net increase in Cash and Cash Equivalents	**56.92**	**(11.38)**	**45.54**
Cash and Cash Equivalents at the beginning of the year	118.04	(82.53)	35.51
Cash and Cash Equivalents at the end of the year	174.96	(93.91)	81.05

Notes to Financial Statements

for the year ended 31st March, 2018

41. Explanation of Transition to IND AS (contd..)

G. Notes to the reconciliations of equity as at 1 April 2016 and 31 March 2017 and total comprehensive income for the year ended 31 March 2017

1) Borrowings

The Company recognised the transaction costs pertaining to the borrowings on a straight line basis over the term of the loan under IGAAP. The unamortised portion of such cost was recognised as part of ' Prepaid expense' which amounted to ₹3.40 Mn on the date of transition to IND AS. As per IND AS 109, borrowings are measured at amortised cost (EIR Method) and hence, unamortised portion of transaction costs has been adjusted against the amount of borrowings.

2) Discounting of financial asset

Under IGAAP, the Company accounted for Security deposit and other receivable balances as Loans and advances measured at cost. Under IND AS, such balances are classified and measured at amortised cost using effective interest rate method. At the date of transition to IND AS, the difference between amortised cost and the IGAAP carrying amount has been recognised in other equity (net of related deferred tax).

3) Deferred tax

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. IND AS 12 requires entities to account for deferred tax using balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. This has resulted in recognition of deferred tax on new temporary difference which was not required under IGAAP. In addition, the various transitional adjustments leads to temporary differences. According to the accounting policies, the Company has to account for such differences.

4) Provisions

Under IGAAP, proposed dividends including dividend distribution tax (DDT) are recognised as liability in the period in which they relate, irrespective of when they are declared. Under IND AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid

In case of the Company, the declaration of final dividend occurs after the period end. Therefore, the liability of ₹238.31 Mn for the year ended March 31, 2016 recorded for dividend including DDT thereon has been derecognised against other equity on April 1, 2016. Proposed dividend including DDT liability amounting ₹238.31 Mn which was derecognised as on the transition date has been recognised in other equity during the year ended March 31, 2017 as declared and paid.

5) Defined benefit liabilities

Both under IGAAP and IND AS, the Company recognised costs related to its post employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under IND AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset cieling, excluding amounts included in net interest on the net defined benfit laibility and the return on plan assets excluding amounts in net interest on the net defined benefit laibility) are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income (OCI).

6) Trade Receivables

Under IGAAP, the Company has created provisions for impairment of receivables which consist only in respect of specific amount for probabale losses. Under IND AS 109, requires to recognise allowance on trade receivables and other financial assets of the company ,at an amount equal to the life time expected credit loss or the 12 months expected credit loss based on increase in credit risk. On transition date, impairment for trade receivables made as per Expected credit loss method (ECLM) is 295.11 Mn has been adjusted against retained earnings.

7) Other Comprehensive Income

Under IND AS, all items of income and expenses recognised in a period should be included in profit or loss for the period, unless a standard require or permits otherwise. Items of income and expenses that are not recognised in the statement of Profit or loss but are shown in the Statement of Profit or loss as "Other Comprehensive Income". Net profit along with Other Comprehensive Income constitutes Total Comprehensive Income. The concept of Other Comprehensive Income did not exist under the IGAAP.

Notes to Financial Statements
for the year ended 31st March, 2018

41. Explanation of Transition to IND AS (contd..)

8) Impact on Cash flows

The Transition from previous GAAP to IND AS has no material impact on the statement of cash flows.

42. Earnings per Share

(₹ in Mn)

	Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year	309.69	315.27
Weighted average number of shares (Nos.)	500,000	500,000
Basic and Diluted Earnings Per Share (In ₹)	619.39	630.54
Nominal value of shares outstanding (In ₹)	10	10

43. 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 ₹7.79 Mn, which is subject to the approval of the shareholders and the Central Government. (previous year - ₹6.30 Mn)

44. Overdue advances aggregating of ₹73.2 Mn (31st March-17 - ₹73.2 Mn, 1st April, 2016 - ₹73.2 Mn) are under legal process of recovery and taking into consideration of financial potential of the borrower and negotiations under way, the management is hopeful of recovering the outstanding amount over a period of time and in its opinion, provision is not presently required.

45. Related party disclosures

(a) Names of related parties and description of relationship

i) Holding Company

Gati Limited

ii) Fellow Subsidiaries

i) Gati Kausar India Ltd
ii) Gati Import Export Trading Ltd

iii) Entities in which Significant Influence Exists

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

Entities under common influence /control with the company

i) Kintetsu World Express (India) Pvt. Ltd.
ii) TCI Telenet Solutions Pvt Ltd
iii) Fozal Power Private Limited

Notes to Financial Statements

for the year ended 31st March, 2018

45. Related party disclosures (contd..)

List of Key Managerial Personnel:

Whole-time directors

i) Mr. Mahendra Agarwal

ii) Mr. Bala Subramanian Aghoramurthy

Non Whole-time directors

i) Mr. R Ramachandran

ii) Ms. Sheela Bhide

iii) Mr. Kok Seng Tan

iv) Mr. Mineo Suzuki (appointed effective April 26, 2016)

v) Mr. Kazuhisa Kawamura (resigned effective April 26, 2016)

Relative of KMP

i) Mr. Dhruv Agarwal

Notes to Financial Statements

for the year ended 31st March, 2018

45. Related party disclosures (contd..)

(b) Summary of the transactions with related parties:

(₹in Mn)

Sl. No.	Nature of transactions	Key Managerial Personnel & Relatives		Entities in which Significant Influence Exists		Entities under common influence / control with the company		Holding Company		Fellow Subsidiaries		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2017-18
(i)	**Expenditure**												
	a) Rent												
	TCI Finance Ltd	-	-	0.26	0.26	-	-	-	-	-	-	0.26	0.26
	Giri Roadlines & Commercial Trading Pvt Ltd	-	-	6.06	5.52	-	-	-	-	-	-	6.06	5.52
	Jaldi Traders & commerce house Pvt Ltd	-	-	14.30	13.64	-	-	-	-	-	-	14.30	13.64
	P.D.Agarwal Foundation	-	-	0.72	0.40	-	-	-	-	-	-	0.72	0.40
	TCI Telenet Solutions Pvt Ltd	-	-	-	-	3.60	3.56	-	-	-	-	3.60	3.56
	Gati Limited	-	-	-	-	-	-	51.30	46.24	-	-	51.30	46.24
												76.24	69.62
	b) Remuneration												
	Mahendra Agarwal	31.89	33.87	-	-	-	-	-	-	-	-	31.89	33.87
	Bala Aghoramurthy	15.54	17.32	-	-	-	-	-	-	-	-	15.54	17.32
	Sitting Fees											-	-
	Sheela Bhide	0.36	0.37	-	-	-	-	-	-	-	-	0.36	0.37
	R Ramachandran	0.34	0.39	-	-	-	-	-	-	-	-	0.34	0.39
	Commission paid to Directors											-	-
	Sheela Bhide	0.15	0.30	-	-	-	-	-	-	-	-	0.15	0.30
	R Ramachandran	0.20	0.40	-	-	-	-	-	-	-	-	0.20	0.40
	Mineo Suzuki	0.15	-	-	-	-	-	-	-	-	-	0.15	-
	Kok Seng Tan	0.15	0.30	-	-	-	-	-	-	-	-	0.15	0.30
	Kazuhisa Kawamura	-	0.30	-	-	-	-	-	-	-	-	-	0.30
	Relative			-	-	-	-	-	-	-	-	-	-
	Dhruv Agarwal	5.83	5.95	-	-	-	-	-	-	-	-	5.83	5.95
												54.61	59.20
	c) Fuel Expenses	-	-	-	-	-	-	0.48	0.60	-	-	0.48	0.60
	d) Freight Expenses												
	TCI Hi-Ways Pvt Ltd	-	-	78.13	68.14	-	-	-	-	-	-	78.13	68.14
	Gati Kausar India Ltd	-	-	-	-	-	-	-	-	4.71	1.36	4.71	1.36

Notes to Financial Statements

for the year ended 31st March, 2018

45. Related party disclosures (contd..)

(₹in Mn)

Sl. No.	Nature of transactions	Key Managerial Personnel & Relatives		Entities in which Significant Influence Exists		Entities under common influence / control with the company		Holding Company		Fellow Subsidiaries		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2017-18
												82.84	69.50
e)	**Management Fees**	-	-	-	-	-	-	17.30	16.73	-	-	17.30	16.73
f)	**Manpower Expenses**												
	Gati Academy	-	-	69.73	126.46	-	-	-	-	-	-	69.73	126.46
g)	**Donation**												
	Share India	-	-	3.60	3.60	-	-	-	-	-	-	3.60	3.60
h)	**Employees Compensation Cost**							5.36	4.75			5.36	4.75
i)	**Electricity Expenditure**												
	Solaflex Solar Energy Private Limited	-	-	1.26	0.12	-	-	-	-	-	-	1.26	0.12
(ii)	**Income**												
a)	**Freight**												
	Kintentsu World Express (India) Pvt Limited	-	-	-	-	33.09	40.57	-	-	-	-	33.09	40.57
	Gati Limited	-	-	-	-	-	-	505.54	520.03	-	-	505.54	520.03
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	47.66	15.78	47.66	15.78
	Gati Kausar India Ltd	-	-	-	-	-	-	-	-	-	0.33	-	0.33
												586.29	576.71
b)	**Warehouse Income**												
	Gati Academy	-	-	1.23	1.23	-	-	-	-	-	-	1.23	1.23
	TCI Hi-Ways Pvt Ltd	-	-	0.37	0.37	-	-	-	-	-	-	0.37	0.37
	Kintentsu World Express (India) Pvt Limited	-	-	-	-	31.06	38.04	-	-	-	-	31.06	38.04
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	0.88	0.90	0.88	0.90
	Fozal Power Private Limited	-	-	-	-	0.25	-	-	-	-	-	0.25	-
												33.79	40.54
(iii)	**Dividend Paid**												
	Kintetsu World Express (India) Pvt. Ltd	-	-	-	-	5.92	7.92	-	-	-	-	5.92	7.92
	Gati Limited	-	-	-	-	-	-	103.60	138.60	-	-	103.60	138.60
												109.52	146.52

Notes to Financial Statements

for the year ended 31st March, 2018

45. Related party disclosures (contd..)

(c) Summary of closing balances with related parties:

(₹in Mn)

Sl. No.	Nature of transactions	Entities in which Significant Influence Exists			Entities under common influence /control with the company			Holding Company			Fellow Subsidiaries			Total		
		As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016
(iv) a)	**Sundry Debtors**															
	Tci Hi Ways Pvt Ltd	0.04	0.04	-	-	-	-	-	-	-	-	-	-	0.04	0.04	-
	Gati Academy	0.33	-	3.97	-	-	-	-	-	-	-	-	-	0.33	-	3.97
	Solaflex Solar Energy Private Ltd	1.23	0.40	-	-	-	-	-	-	-	-	-	-	1.23	0.40	-
	Kintentsu World Express (India) Pvt Limited	-	-	-	23.92	12.44	23.95	-	-	-	-	-	-	23.92	12.44	23.95
	Gati Limited	-	-	-	-	-	-	286.47	103.05	276.31	-	-	-	286.47	103.05	276.31
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	-	11.65	4.29	0.04	11.65	4.29	0.04
														323.64	120.22	304.27
b)	**Deposits**															
	Solaflex Solar Energy Pvt Ltd	2.00	2.00	-	-	-	-	-	-	-	-	-	-	2.00	2.00	-
	Jaldi Traders & Commerce House Pvt Ltd	15.87	15.87	15.87	-	-	-	-	-	-	-	-	-	15.87	15.87	15.87
	TCI Telenet Solutions Pvt Ltd	-	-	-	1.80	1.80	1.80	-	-	-	-	-	-	1.80	1.80	1.80
	Gati Limited	-	-	-	-	-	-	65.35	65.35	60.61	-	-	-	65.35	65.35	60.61
														85.02	85.02	78.28
c)	**Sundry Creditors**															
	TCI Hi-Ways Pvt Ltd	4.69	2.33	9.69	-	-	-	-	-	-	-	-	-	4.69	2.33	9.69
	Share India	0.30	-	-	-	-	-	-	-	-	-	-	-	0.30	-	-

Notes to Financial Statements

for the year ended 31st March, 2018

45. Related party disclosures (contd..)

(₹in Mn)

Sl. No.	Nature of transactions	Entities in which Significant Influence Exists			Entities under common influence /control with the company			Holding Company			Fellow Subsidiaries			Total		
		As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016
	TCI Finance Ltd	0.10	-	-	-	-	-	-	-	-	-	-	-	**0.10**	**-**	**-**
	Giri Road lines and Commercial Trading Pvt Ltd	0.13	-	-	-	-	-	-	-	-	-	-	-	**0.13**	**-**	**-**
	Gati Limited	-	-	-	-	-	-	7.04	5.39	0.70	-	-	-	**7.04**	**5.39**	**0.70**
	Gati Kausar India Ltd	-	-	-	-	-	-	-	-	-	1.46	0.33	0.15	**1.46**	**0.33**	**0.15**
														13.72	**8.05**	**10.54**
d)	**Other Operational Advances**															
	TCI Hi-Ways Pvt Ltd	73.24	73.24	73.24	-	-	-	-	-	-	-	-	-	**73.24**	**73.24**	**73.24**
														73.24	**73.24**	**73.24**
e)	**Corporate Guarantee taken**	-	-	-	-	-	-	517.50	608.95	868.17	-	-	-	**517.50**	**608.95**	**868.17**

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

The Management confirms that requisite test to determine the arms length has been done and documented and where required confirmation from the external experts has been obtained for such determination. In case of other Operational Advances, the same is in the process of being regularized.

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

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given.

For Financial year 17-18 ,the statement has been prepared as per the disclosure requirements laid down in Ind AS.with provision for Estimated Credit loss .

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

Notes to Financial Statements

for the year ended 31st March, 2018

46. Previous GAAP figures have been reclassified/ regrouped to conform to the presentation requirements under IND AS and the requirements laid down in Division-II to the Schedule-III of the Companies Act, 2013

47. The financial statement are approved for issue by the Audit Committee at its meeting held on May 26, 2018 and by the Board of Directors at its meeting held on May 26, 2018.

As per our report of even date

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration No: 302049E

Anurag Singhi
Partner
Membership No: 066274

Place:
Date: 26th May, 2018

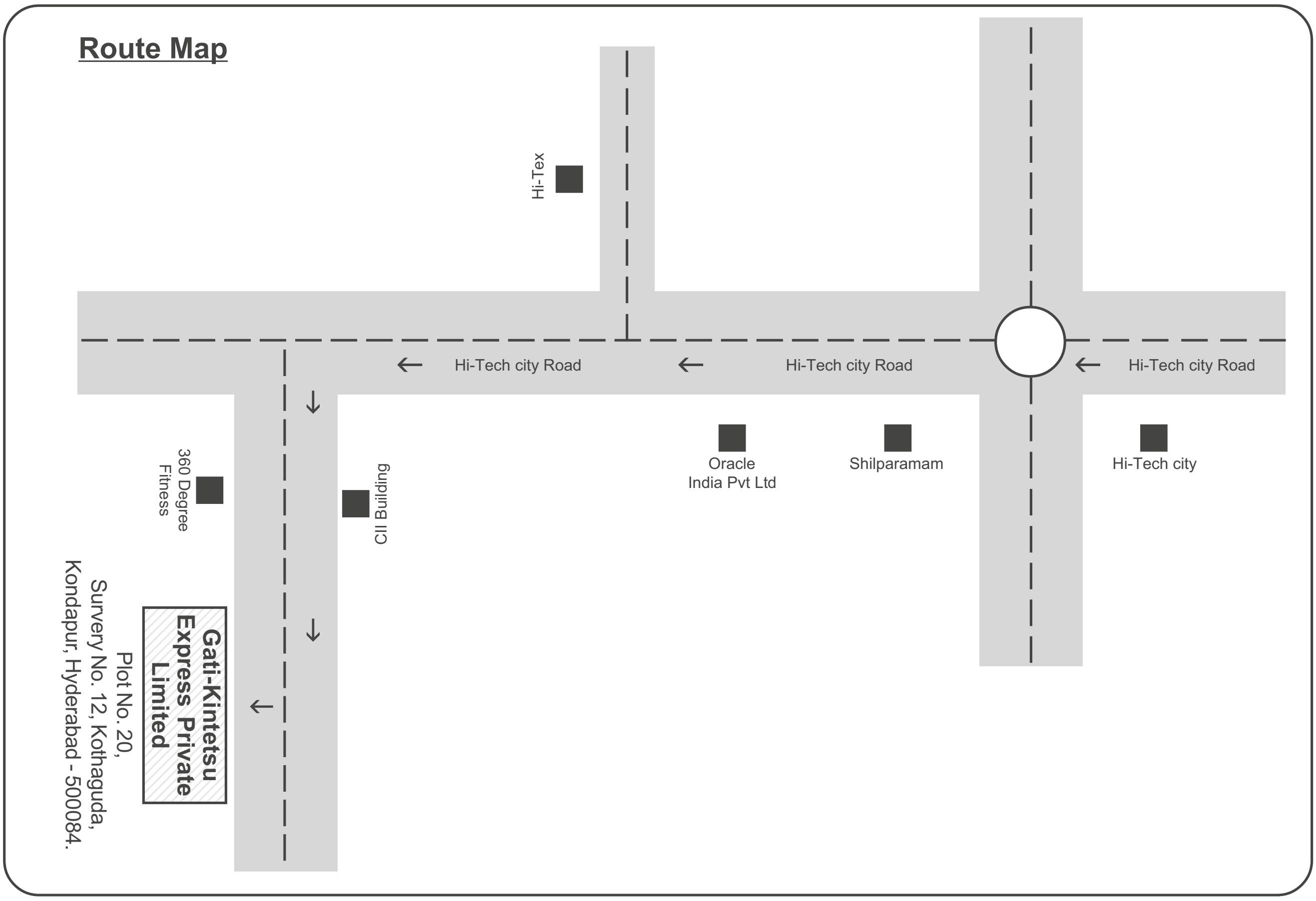
For and on behalf of the Board of Directors

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

Notes

Route Map



If undelivered please return to :

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

ATTENDANCE SLIP

Gati-Kintetsu Express Private Limited

CIN: U62200TG2007PTC056311

Reg. & Corp. Office: First floor, Plot no. 20, Survey no.12, Kothaguda, Kondapur, Hyderabad – 500 084.

Email: investor.services@gati.com, Website: www.gati.com, Tel:040 71204284, Fax:040 23112318

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRACE OF THE MEETING HALL

Joint shareholders may obtain slip at the venue of the meeting.

DP id*		Folio No.	
Client id*		No. of shares	

NAME AND ADDRESS OF THE SHAREHOLDER / PROXY ______________________________

____

I/we hereby record my presence at the 11th Annual General Meeting of the Company, to be held on Wednesday, August 8, 2018, at 10:00 a.m. at the registered office of the Company at First floor, Plot no. 20, Survey no.12, Kothaguda, Kondapur, Hyderabad – 500 084.
*Applicable for investors holding shares in electronic form

____

Signature of Shareholder/proxy

PROXY FORM

Gati-Kintetsu Express Private Limited

CIN: U62200TG2007PTC056311

Reg. & Corp. Office: First floor, Plot no. 20, Survey no.12, Kothaguda, Kondapur, Hyderabad – 500 084.

Email: investor.services@gati.com, Website: www.gati.com, Tel:040 71204284, Fax:040 23112318

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):		E Mail Id	
Registered Address		Folio No/Client ID	
DP ID			

I/We, being the member(s) of______________________ shares of Gati-Kintetsu Express Private Limited, hereby appoint:

Name of the Proxy	
Address	
E Mail Id	
Signature	
or failing him/her	

Name of the Proxy	
Address	
E Mail Id	
Signature	
or failing him/her	

Name of the Proxy	
Address	
E Mail Id	
Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf on 11th Annual General Meeting of the Company, to be held on Wednesday, August 8, 2018, at 10:00 a.m. at the registered office of the Company at First floor, Plot no. 20, Survey no.12, Kothaguda, Kondapur, Hyderabad – 500 084 and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against	Abstain
Ordinary Business:			
1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 and the Reports of the Board of Directors and Independent Auditors thereon.			
2. To declare dividend on the equity shares for the financial year ended March 31, 2018.			
3. To appoint a Director in place of Mr. Balasubramanian Aghoramurthy (DIN: 06960138), who retires by rotation and being eligible, offers himself for re-appointment.			

Signed this______day of______2018

Affix
Revenue
Stamp

Signature of shareholder

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.

(2) A Proxy need not to be a member of the Company.

(3) Please put a 'X' in the Box in the appropriate column against the respective resolution. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she think appropriate.