12th Annual Report
2018-19

Gati-Kintetsu Express Private Limited

CONTENTS

NOTICE

Notice is hereby given that the 12th Annual General Meeting (AGM) of the members of Gati-Kintetsu Express Private Limited (CIN: U62200TG2007PTC056311) (the Company) will be held on Thursday, September 19, 2019, at 12:00 Noon 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, 2019 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, 2019 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, 2019 and in this regard, pass the following resolution as an Ordinary Resolution:**

   "**RESOLVED THAT** a dividend @ 2160% (i.e. ₹216/- per equity share) of ₹10/- (Ten rupees) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2019 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, 2019."

3. **To appoint a Director in place of Mr. Mahendra Agarwal (DIN: 00179779), 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. Mahendra Agarwal (DIN: 00179779), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

Special Business:

4. **Approval of waiver of recovery of excess managerial remuneration paid to Mr. Mahendra Agarwal, Chairman and Managing Director for the Financial Year 2018-19.**

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

   "**RESOLVED THAT** pursuant to the provisions of Section 197 of the Companies Act, 2013 as amended from time to time read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the members of the Company hereby approve the waiver for recovery of excess remuneration paid, over and above the limits prescribed under the provisions of the Companies Act, 2013 amounting to ₹1,06,24,668/- (Rupees One Crore Six Lakhs Twenty Four Thousand Six Hundred and Sixty Eight only) paid to Mr. Mahendra Agarwal (DIN: 00179779), Chairman and Managing Director, during the financial year ended March 31, 2019.

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

5. **Re-appointment of Mr. R. Ramachandran as an Independent Director for a second term of five consecutive years.**

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

   "**RESOLVED THAT** pursuant to the provisions of the Section 149, 152 and other applicable provisions if any of the Companies. Act 2013 and Rules framed thereunder, read with Schedule IV of the Act as amended from time to time, Mr. R. Ramachandran (DIN: 01953653) be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) years with effect from August 04, 2019 up to August 03, 2024 as per the recommendation of Nomination & Remuneration Committee.

   RESOLVED FURTHER THAT any of the director be and are hereby severally authorized to sign necessary forms and documents to be filed with Registrar of Companies, Andhra Pradesh and Telangana, Hyderabad and to do all such acts and deeds as may be required in this connection."

6. Re-appointment of Mrs. Sheela Bhide as an Independent Director for a second term of five consecutive years.

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

"**RESOLVED THAT** pursuant to the provisions of the Section 149, 152 and other applicable provisions if any of the Companies Act 2013 and Rules framed thereunder, read with Schedule IV of the Act as amended from time to time, Mrs. Sheela Bhide (DIN: 01843547) be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) years with effect from August 04, 2019 up to August 03, 2024 as per the recommendation of Nomination & Remuneration Committee.

RESOLVED FURTHER THAT any of the director be and are hereby severally authorized to sign necessary forms and documents to be filed with Registrar of Companies, Andhra Pradesh and Telangana, Hyderabad and to do all such acts and deeds as may be required in this connection."

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

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Place: Hyderabad
Date: August 01, 2019

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 Tuesday, September 17, 2019, 12:00 Noon 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 12th AGM is given in the Annual Report as per the requirement of the Secretarial Standard – 2 on General Meeting.

15) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

16) Members may also note that the Notice of the 12th AGM and the Annual report for the FY 2018-19 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: August 01, 2019

Registered & Corporate Office:
First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
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Email: investor.services@gati.com

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

Item No. 4: Approval of waiver of recovery of excess managerial remuneration paid to Mr. Mahendra Agarwal, Chairman and Managing Director for the Financial Year 2018-19.

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

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

Further, during the Financial Year 2018-19, Mr. Mahendra Agarwal, Chairman & Managing Director was paid a total remuneration amounting to ₹3,46,24,668/- (Rupees Three Crores Forty-Six Lakhs Twenty-Four Thousand Six Hundred and Sixty-Eight Only).

The aforementioned remuneration paid to Mr. Mahendra Agarwal, Chairman & Managing Director exceeds the maximum limits prescribed under the relevant provisions of Companies Act, 2013 by ₹1,06,24,668/- (Rupees One Crore Six Lakhs Twenty-Four Thousand Six Hundred and Sixty-Eight Only). The waiver of recovery of such excess managerial remuneration paid to Mr. Mahendra Agarwal requires the approval of the Members of the Company by way of special resolution in accordance with the provisions of the Act.

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

The Board recommends the Special Resolution as set out in Item No. 4 of the Notice for approval of the members.

Item No. 5: Re-appointment of Mr. R. Ramachandran as an Independent Director for a second term of five consecutive years.

After Considering the performance evaluation of Mr. R. Ramachandran, the Board of Directors at its meeting held on May 20, 2019 re-appointed Mr. R. Ramachandran as an Independent Director for the second term of 5 (five) years with effect from August 04, 2019 to August 03, 2024.

Mr. R. Ramachandran has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.

The brief profile of Mr. R. Ramachandran is given below:

Mr. R. Ramachandran, is a Post Graduate in Science, with a Post Graduate Diploma in Financial Management, from the University of Madras. A career Bank executive, with over 38 years of experience, having worked in 3 Public Sector Banks. Had over 5 years of experience, as General Manager, Indian Bank, which includes 4 years of experience as General Manager and Chief executive officer of the Bank in Singapore.

Was a Whole Time Director of 2 Public Sector Banks, for over 3 years, initially as Executive Director of Syndicate Bank and later as Chairman and Managing Director of Andhra Bank till 2011.

Post retirement, handled assignments in Non-Executive category, such as, Member, Advisory Board, Central Vigilance Commission, Director. DICGC, [a wholly owned subsidiary of RBI], Director, Small Industries Development Bank of India [SIDBI] and is presently Non-executive Independent Director in Suryoday Small Finance Bank Ltd. Navi Mumbai.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives except Mr. R. Ramachandran are in any way concerned or interested, financially or otherwise in the resolution.

The Directors recommend the resolution for approval by the members by way of special resolution.

Item No. 6: Re-appointment of Mrs. Sheela Bhide as an Independent Director for a second term of five consecutive years.

After Considering the performance evaluation of Mrs. Sheela Bhide, the Board of Directors at its meeting held on August 01, 2019 re-appointed Mrs. Sheela Bhide as an Independent Director for the second term of 5 (five) years with effect from August 04, 2019 to August 03, 2024.

Mrs. Sheela Bhide has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.

The brief profile of Mrs. Sheela Bhide is given below:

Mrs. Sheela Bhide, is a Doctorate in International Trade from the Institute of International Studies, Geneva and Master in Arts and Economics from George Mason University, USA and Master in Public Policy and Public Administration (MPA) from John F. Kennedy School of Government, Harvard University, USA and master degree in political science from Poona University and MBA Finance from IGNOU. She joined the Indian Administrative Service in 1973. In her career spanning over four decades, she had held various high ranking positions as Chairman and Managing Director of India

Trade Promotion Organization, Ministry of Commerce and Industry, Government of India (GoI), Special Secretary and Financial Advisor in Ministry of External Affairs (GoI), Additional Secretary and Financial Advisor in Ministry of Defense (GoI), Joint Secretary in Ministry of Corporate Affairs (GoI), Principal Secretary Finance, Government of AP and Principal Secretary, Industries and Commerce, Government of AP. She also serves as Senior Advisor to EU-funded project on "Sustainable Development of Foundry Clusters in India" being implemented by Foundation for MSME Clusters, Delhi, Chairperson on Task Force for Fertilizers and Pharmaceuticals, Department of Public Enterprises, Government of India. She is a USA Fellow of the Edward S. Mason Program in Public Policy Management in Developing Countries at the John F. Kennedy School of Government, Harvard University. She has been on the Board of several Public Limited Company and Public sector undertaking.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives except Mrs. Sheela Bhide are in any way concerned or interested, financially or otherwise in the resolution.

The Directors recommend the resolution for approval by the members by way of special resolution.

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

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Place: Hyderabad
Date: August 01, 2019

Registered & Corporate Office:
First Floor, Plot No.20, Survey No.12,
Kothaguda, Kondapur, Hyderabad- 500 084
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Website: www.gatikwe.com
Email: investor.services@gati.com

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'GKEPL'), along with the audited financial statements, for the financial year ended March 31, 2019.

1) Financial Highlights

(₹ in million)

Particulars	**2018-19**	**2017-18**
Total Income	12,335	11,695
Profit before Finance Cost, Depreciation & Taxation	754	743
Less : Finance cost	193	170
Less : Depreciation	180	172
Profit before Tax	**381**	**401**
Less : Total Tax Expenses	111	91
Profit/ (Loss) after Tax	**270**	**310**
Other Comprehensive Income for the year (net of tax)	7	0
Total Comprehensive Income for the year	**263**	**310**

Your Company has published Ind AS Financials for the year ended 31st March 2019 along with comparable as on 31st March 2018.

2) Dividend

Your Directors have recommended a dividend @ 2160% (i.e. ₹ 216/- per equity share) for the financial year ended March 31, 2019 (previous year @ 2477.5%), subject to the approval of the shareholders at the ensuing Annual General Meeting.

3) Reserves

Your directors have decided to retain the entire amount of ₹ 1710.43 mn in the retained earnings.

4) 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 paid-up 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.

5) Review of Operations

During the year under review, your Company recorded revenue of ₹ 12,335 mn, EBITDA of ₹ 754 mn and PAT of ₹ 270 mn against a revenue of ₹ 11,695 mn, EBITDA of ₹ 743 mn and PAT of ₹ 310 mn in the previous year.

6) Express Distribution and Supply Chain (EDSC)

GKEPL for the last 3 decades, is India's proven leader in imparting Express Distribution and Supply Chain Solutions and offers an unmatched service offering that blends local experience with global expertise. During the year under review, GKEPL recorded revenue of ₹ 12,335 mn, EBITDA of ₹ 754 mn and PAT of ₹ 270 mn against a revenue of ₹ 11,695 mn, EBITDA of ₹ 743 mn and PAT of ₹ 310 mn in the previous year.

GKEPL for the 1st three Quarters of FY 2019 had registered a good growth across its service segments and customer verticals. In Q4 the market was sluggish, particularly, the automobile, pharmaceutical, computers & electronics and textiles segment, which are some of the key verticals that your company operates in. The economic slowdown and consequentially the reduced business of customers had a direct impact on your company's performance in the last quarter of FY 2019.

Your company has been significantly driving strategic actions to re-position its growth by focusing on Key Enterprise accounts (KEA), Industry diversification and driving end-to-end solutions for the customers. Also, there is a significant drive on the part of your company for cost reduction & operational efficiency improvement. With the objective of inculcating the thought of 'Quality is Everyone's Shared Responsibility', there has been a continuous quality specific trainings and KAIZEN projects across the organization. With regard to the latest regulations relating to pollution control, your company has plans to purchase vehicles in compliance with the Bharat Stage (Euro) norms, i.e. BS IV Version for long haul and Electric vehicles and CNG for last mile delivery. On the operations front, your company is planning to further increase its capacity and capability by adding more pin codes & operating units to serve a larger customer base efficiently.

7) 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

8) Future Prospects

Your Company has embarked towards its vision 2022 of becoming an end to end logistics powerhouse. Your company has identified Key initiatives covering internal capabilities, winning customer confidence, handling ever changing market dynamics, continuous improvement and innovation. FY19 saw significance progress in these programs with many successful rollouts. We look forward to all these progressive and step changes to further enhance the customer satisfaction and our competitive edge in the market.

Marco-economic factors like GST, E-way Bill, Infrastructure status of Logistics, Integrated logistics Need, Technological advancement will work in the favour of organized players and Your company is geared to benefit for its growth.

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

9) Global Macroeconomics

Global economic activity continued to soften at the start of 2019, with trade and manufacturing showing signs of marked weakness. Heightened policy uncertainty, including a recent re-escalation of trade tensions between major economies, has been accompanied by a deceleration in global investment. Global growth in 2019 has been downgraded to 2.7 percent—0.3 percentage point below previous projections—reflecting the broad-based weakness observed during the first half of the year. This highlights the need for policy actions to undertake reforms to boost private investment and productivity growth.

Across both developed and developing countries, growth projections for 2019 have been downgraded. Following an expansion of 3.0 per cent in 2018, world gross product growth is now projected to moderate to 2.7 per cent in 2019 and 2.9 per cent in 2020

10) India Outlook

India economic growth with GDP growth hitting a 5-year low of 6.8 per cent in 2018-19. The slowdown over the past year has been driven by steadily cooling activity in the manufacturing sector and, to a lesser extent, agriculture. Weaker momentum has been mainly domestically driven, though export growth has also faltered more recently

The Indian economy is the fastest growing major economy and is projected to grow faster in the coming years. However, India's economy appears to have slowed down slightly in 2018-19. The proximate factors responsible for this slowdown include declining growth of private consumption, tepid increase in fixed investment, and muted exports. India's economy is projected to grow at 6.6 percent in fiscal year 2020 and 7.1 per cent per cent in fiscal year 2021 on the back of strong domestic consumption and investment. Consumption and investment are continuing to support the economy, even though India is not as deeply integrated into the impacted global supply chains - it is integrated into the world economy and so any dramatic slowdown in world trade will have at least some impact on the (Indian) economy.

11) India Logistics Sector

Indian logistics sector is presently estimated to be worth around $160 billion and is poised to grow phenomenally over the next two years and reach a size of $215 billion by 2020, logging 10.5 per cent compounded annual growth rate (CAGR) over 2017. The logistics sector earned the 'infrastructure' status in 2017 when its market size was estimated at $160 billion. Between 2018 and 2020, the warehousing segment is poised to receive ₹ 50,000 crore investments. Currently, India is ranked 35th in the World Bank's Logistics Performance Index (LPI).

In India, the logistics industry continues to grow and prosper due to the improvement in retail, e-commerce, manufacturing and various other sectors. The rise in e-commerce consumption, as well as domestic logistics, also adds to an improvement in the Indian logistics market 2019.

12) Quality

Your company recognizes the value of quality services and emphasizes on continuous quality improvement. Your company has continued to achieve excellence through its initiatives based on KAIZEN, LEAN, 5S principles and BPR (Business Process Re-engineering). As a result of these, your company got several appreciations from customers for quality of services. Your company's core express distribution business is maintaining the ISO 9001:2015 certification and further got re-certified in the latest audit for next 3 years till 2022.

13) Branding

Your company focused on showcasing it strengths in the end to end logistics space amongst its existing customers and potential market. There was an increase in the number of new counters and the marketing support to the channel partners. We participated in various logistics industry & consumer vertical conferences and received numerous awards from industry bodies and esteemed customers. Your company also achieved a critical milestone in by opening the first ever kiosk by a logistics company at the Chennai Airport for the Excess Baggage services for airline passengers.

14) Directors and Key Managerial Personnel (KMP)

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Mahendra Agarwal (DIN: 00179779), Director who retires by rotation and being eligible, has offered himself for re-appointment.

During the year under review, KWE – Kintetsu World Express (S) Pte Ltd ("KWE Singapore") changed their one representative on the board of your Company by withdrawing the name of Mr. Mineo Suzuki w.e.f July 06, 2018 as the nominee director, In his place KWE Singapore nominated Mr. Kazuhisa Kawamura as the nominee director on the board of your Company. Mr. Kazuhisa Kawamura was appointed as the Nominee Director w.e.f July 07, 2018.

Further, Mr. Amit Pathak, Company Secretary of the holding Company i.e. Gati Limited was also appointed as the Company Secretary of the Company w.e.f July 07, 2018. He resigned as the Company Secretary of the Company w.e.f December 31, 2018.

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

15) Particulars of Employees and related Disclosures

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

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

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

16) Declaration on Independent Directors

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

17) Board Evaluation

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

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

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

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.

18) Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on 20th February, 2019, 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.

19) Particulars of Loans, Guarantees and Investments

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

20) Corporate Social Responsibility (CSR)

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

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

21) Related Party Transactions

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

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

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

22) Committees of the Board

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

The Company has three Board-level Committees, namely:

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

23) Meetings of the Board & Committees

During the financial year 2018-19, the Board met eight (8) times: on 11th April, 2018, 23rd May, 2018, 26th May, 2018, 6th July, 2018, 8th August, 2018, 3rd November, 2018, 24th January, 2019 and 20th February, 2019. The below table gives the attendance of the Directors in the board meetings.

S. No	Name of the Director	No. of Board meetings entitled to attend	No. of Board meetings attended
1	Mr. Mahendra Kumar Agarwal	8	8
2	Ms. Sheela Bhide	8	6
3	Mr. Ramachandran Rajaraman	8	8
4	Mr. Seng Kok Tan	8	8
5	Mr. Kazuhisa Kawamura	4	4
6	Mr. Balasubramanian Aghoramurthy	8	7
7	Mr. Mineo Suzuki	4	3

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

a) Audit Committee – The committee met six (6) times: on 23rd May, 2018, 26th May, 2018, 8th August, 2018, 3rd November, 2018, 24th January, 2019 and 22nd March, 2019.

b) Nomination & Remuneration Committee – The Committee met thrice on 6th July, 2018, 8th August, 2018, 24th January, 2019.

c) Corporate Social Responsibility Committee – The Committee met only once on 23rd May, 2018 and all the members were present at the meeting.

24) Audit Committee

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

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

25) Vigil Mechanism

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

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

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

26) Policy on prevention of Sexual Harassment at workplace

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

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

During the financial year 2018-19, 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.

27) Directors' Responsibility Statement

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

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

1. That in the preparation of the Annual Accounts for the financial year ended March 31, 2019, 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, 2019 and of the profit and loss of the Company for the financial year ended March 31, 2019;

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, 2019;

5. That the Company, had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively;

6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

28) Extract of Annual Return

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

29) Development and Implementation of Risk Management Policy

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

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

30) Internal Financial Controls

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2018-19.

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, 2019, which forms part to the Statutory Auditors Report.

31) Governance, Compliance and Business Integrity

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

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

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

32) Auditors

a) Statutory Auditors

M/s. Singhi & Co., Chartered Accountants, (Firm Registration No. 302049E), 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, 2019 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:

Note 43 to the financial statements, which states that the Company has given operational advances to few parties aggregating ₹43.88 millions which is long overdue and the full recoverability of which is doubtful. As set out in the aforesaid note, the management is making necessary efforts to ensure collection of dues from those parties. 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 ₹ 43.88 millions are under legal process of recovery and taking into consideration of financial potential of the borrower, 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. 42 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**.

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

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

34) Human Resources

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 Gati 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 (Graduate Trainee) Program, BDET (Business Development Executive Trainee) Program, Back2Basics and PDW (Professional Development Workshop) Program for Associates and Executives; AMTR (Assistant Manager Trainee) Program for assessing and developing the right Front-line Managers with the Framework being named as Discovering the Manager in You; Beyond Managing to Leading, a structured Leadership Development Framework for our Mid-Management level, Coaching on Leadership for Senior Leaders and several such domain-specific and behavioural 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."

35) General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise;
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;
4. During the period under review, none of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);
5. The Company has complied with Secretarial Standards, i.e. SS-1 and SS-2, relating to Meetings of the Board of Directors and General Meetings, issued by the Institute of Company Secretaries of India.
6. There were no material changes commitments affecting the financial position of the Company between the end of financial year (March 31, 2019) and the date of the report (May 21, 2019);
7. During the year under review, your Company did not accept any public deposits.
8. The company does not have any subsidiaries, joint venture or associate companies.
9. Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013.

Acknowledgement

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

For and on behalf of the Board

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Place: Hyderabad
Date: May 21, 2019

ANNEXURE - A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FY 2018-19

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., http://www.gatikwe.com/wp-content/uploads/2018/07/Gati-KWE-CSR-Policy.pdf
2.	The Composition of the CSR Committee	1. Mr. Kazuhisa Kawamura, Chairman 2. Ms. Sheela Bhide, Member 3. Mr. Balasubramanian Aghoramurthy, Member
3.	Average net profit of the Company for last three financial years for the purpose of computation of CSR	₹502.82 Mn
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹10.06 Mn
5.	Details of CSR spent during the financial year 2018-19:	
	a. Total amount to be spent for the financial year 2018-19.	₹22.28 Mn (Including carried forward unspent amount of ₹12.22 Mn of the FY 2017-18)
	b. Amount unspent, if any	₹0.92 Mn

c. Manner in which the amount spent during the financial year is detailed below.

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity Identified.**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or Programs wise**	**Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or Programs. (2) Overheads:**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency**
1.	School adoption, computer lab, renovation/painting of schools and sports Kits, Swacch Bharat and school programmes, Rudragprayag Utility center maintenanace	Education	Nagapattinam, Banjara Hills, Hyderabad, Swach Bharat PAN India	₹60,56,445	₹56,19,202	₹56,19,202	Direct
2.	EUA Surgeries by LVPEI	Medical	Hyderabad	₹10,25,000	₹10,25,000	₹10,25,000	LVPEI Implementing agency
3.	Driver Trainings at SBT	Community	Hyderabad	₹1,00,000	₹70,748	₹70,748	Direct

(Amount in ₹)

(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.	Ear Reconstruction and Microtia	Medical	Hyderabad	₹19,80,000	₹17,95,947	₹17,95,947	Basava Tarakam Cancer Hospital
5.	Restoration of Weavers community Kerala	Community	Kuriapilly	₹6,30,000	₹5,97,878	₹5,97,878	Kuriapilly weavers society Kuriappilly
6.	Renovation of Cottages	Community	Coimbatore, Hyderabad & Sikkim	₹3,00,000	₹2,72,000	₹2,72,000	Lepcha, ISHA and KGNMT
	TOTAL			**₹1,00,91,445**	**₹93,80,775**	**₹93,80,775**	

7. 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. The 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.

   We had plans to spend this money in this financial year, their implementation of project got delayed at CSR partners end. Due to which CSR Committee could not go ahead in detailed evaluation process and approving the same. Hence such gap has occurred. Since these projects are still live, we shall have this executed by End of H1 cycle.

   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.

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

Place: Hyderabad
Date: May 21, 2019

Mahendra Agarwal
Chairman and Managing Director
DIN: 00179779

Kazuhisa Kawamura
Chairperson, CSR Committee
DIN: 03487832

ANNEXURE - B

FORM NO. MGT-9

Extract of Annual Return

As on the financial year ended March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U62200TG2007PTC056311
ii)	Registration Date	November 14, 2007
iii)	Name of the Company	Gati-Kintetsu Express Private Limited
iv)	Category / Sub-Category of the Company	Company limited by shares, Indian Non-Government Company.
v)	Address of the Registered Office and Contact details	First Floor, Plot No. 20, Sy. 12, Kothaguda, Kondapur, Hyderabad - 500 084. Tel. No. 040 – 71204284, Fax No. 040-2311 2318 Email id: investor.services@gati.com Website: www.gatikwe.com
vi)	Whether listed Company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	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 & air transport	52241, 52243	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1)	Gati Ltd., Plot No.20, Sy. No.12, Kothaguda, Kondapur, Hyderabad-500084.	L63011TG1995PLC20121	Holding	70	2(46)

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

i) Category-wise shareholding

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

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	
b) Individuals									
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 2018-19.

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	1,235	-	-	1,235
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,235**	**-**	**-**	**1,235**
Change in Indebtedness during the financial year*				
Addition	461.48	-	-	461.48
Reduction	128.37	-	-	128.37
Net Change	**333.11**	-	-	**333.11**
Indebtedness at the end of the financial Year				
i) Principal Amount	1568	-	-	1568
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	0	-	-	0
Total (i+ii+iii)	**1568**	**-**	**-**	**1568**

*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.	27.47	19.68	47.15
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	2.66	1.14	3.8
	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	0.75	-	0.75
	- others, specify	-	-	-
5	Others (Car and other related expenses, Insurance, Club, etc. and retiral benefits)	3.74	1.98	5.72
	Total (A)	**34.62**	**22.80**	**57.42***
	Ceiling as per the Act			**48.00**

*During the FY 2018-19, the company paid ₹34.62 Mn to 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. The approval for waiver of recovery for excess remuneration to an amount of ₹10.62 Mn is being sought from the members at the ensuing Annual General Meeting of the Company.

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^	Kazuhisa Kawamura^^	
1	Independent Directors						
	(a) Fee for attending board / committee meetings	0.43	0.56	-	-	-	0.99
	(b) Commission*	0.15	0.20	-	-	-	0.35
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	**0.58**	**0.76**	**-**	**-**	**-**	**1.34**
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)	**-**	**-**	**-**	**-**	**-**	**-**
	Total B = (1+2)	**0.58**	**0.76**	**0.15**	**-**	**0.15**	**1.64**
	Total Managerial Remuneration						**-**
	Ceiling as per the Act						4.39

^Ceased to be a director w.e.f 06.07.2018

^^Appointed as a Director w.e.f 07.07.2018

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

S. No	Particular of Remuneration	Amit Pathak, Company Secretary ^
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961	--
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--
2	Stock Option (nos.)	---
3	Commission	---
4	- as % of profits	---
5	- others, specify	--
	Total	**--**

^Mr. Amit Pathak, Company Secretary of the Holding Company i.e. Gati Limited was appointed w.e.f 06.07.2018 and he resigned w.e.f 31.12.2018.

D. Penalties / Punishment / Compounding of Offences

There were no penalties, Punishment or Compounding of offences during the year ended March 31, 2019.

ANNEXURE - C

Secretarial Audit Report

For the Financial Year Ended 31st March, 2019

FORM NO MR 3

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

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

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

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended **on 31st March, 2019,** 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, 2019** ("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 With reference to the 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, Central Government has directed the Company to comply with the amended provisions of Section 197 notified on 12.09.2018

3.5 Further, company has initiated the process to obtain shareholders consent for the waiver of excess remuneration paid for 2016-17 and for the approval for payment of remuneration for the Financial year 2017-18 paid to Mahendra Kumar Agarwal, Chairman and Managing Director, through postal ballot but did not receive the requisite shareholders' approval for the same.

3.6 The managerial remuneration paid to the Executive chairman of the company for the year ended March 31, 2019 has exceeded the limit prescribed under section 197 read with Schedule V of the Companies Act, 2013, the Company has informed that it is in the process of obtaining the necessary approvals for the excess remuneration.

3.7 The Company is of the view that, being a deemed public company, the provisions of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules 2014 to obtain the International security Identification Number (ISIN) from the depository and facilitate dematerialisation of all its existing securities is not applicable.

3.8 Company has informed that all the Related Party Transactions and operational advances existing and entered by the Company during the Financial Year under review was at arm's length and necessary approvals as required was obtained and accordingly not disclosing the details of related parties in the Directors Report, as these are exempted under Section 188 of the Companies Act 2013. We further relied on the legal opinion obtained from M/s. DVAK & Co., Chartered Accountant, to substantiate the same.

3.9 The Company is regularly carrying its CSR activities. However for the Financial Year Company could not spend full amount for the CSR activities and the reasons for not spending full amount will be provided in the Directors Report.

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

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

3.12 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and advised the company to ensure the compliance of Secretarial Standards with true spirit.

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 also reported in the financial audit report, if any.

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

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

Place: Hyderabad
Date: 21.05.2019

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: 21.05.2019

ANNEXURE - D

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

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

A) Conservation of Energy:

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

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

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

B) Technology Absorption:

Your company has initiated project GEMS 2.0 (Gati Enterprise Management System), this project aims at revamping the entire custom developed ERP at Gati to a state of art technology platform, which is highly scalable, redundant, cloud and mobile native, future ready. We have taken a modular, micro-services based approach to revamp GEMS,

As part of the plan, two key large modules have been taken up for complete revamp, redesign, and re-implement. The custom development has been completed successfully and has been moved for testing and would be rolled out shortly. Also, the base framework for various modules has been put in place. Other key modules will be taken up in phases; the same would be developed and rolled out during the coming year.

C) Foreign Exchange earnings and outgo:

The company did not have any Foreign exchange earnings during the year 2018-19. Further, the Foreign exchange outgo in terms of actual outflows during the year 2018-19 was ₹32.20Mn.

INDEPENDENT AUDITOR'S REPORT

To
the Members of
Gati Kintetsu Express Private Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Gati Kintetsu Express Private Limited. ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the indeterminate effect of the matter described in Basis for Qualified Opinion paragraph of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw your attention to:

Note 43 to the financial statements, which states that the Company has given operational advances to few parties aggregating ₹43.88 millions which is long overdue and the full recoverability of which is doubtful. As set out in the aforesaid note, the management is making necessary efforts to ensure collection of dues from those parties. 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

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter

We draw your attention to Note 42 of the financial statement regarding managerial remuneration paid to the Executive chairman of the company for the year ended March 31, 2019 which exceeded the limit prescribed under section 197 read with Schedule V of the Companies Act, 2013 by ₹ 10.60 millions. Pending necessary approvals for the excess remuneration from members of the company, no adjustment to the financial statements has been made.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Sr. No.	Key Audit Matter	How our audit addressed the key audit matters
1	**Impairment of Goodwill (See Note 5 to the Financial Statements)**	
	The Company holds goodwill of ₹ 1250.59 million on the statements of financial position. The determination of the recoverable amount of goodwill is a key judgment area as small changes in assumptions made, notably in respect of the future performance of the business and the discount rates applied to future cash flows projections can result in material different outcomes.	Our audit with respect to impairment testing of goodwill included the following: • Engaging internal fair valuation experts to challenge management's underlying assumptions and appropriateness of the valuation model used. • Comparing the Company's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates. • Assessing the appropriateness of the forecasted cash flows within the budgeted period based on their understanding of the business and sector experience.
2	**Recoverability of Trade Receivable (See Note 12 to the Financial Statements)**	
	The gross balance of trade receivables as at March 31, 2019 amounted to ₹ 2391.92 million. Due to the inherent subjectivity that is involved in making judgments in relation to credit risk exposures to determine the recoverability of trade receivables, recoverability of trade receivables is considered a key audit matter.	**Our audit included the following:** • Evaluating the Company's processes and controls relating to the monitoring of trade receivables and review of credit risks of customers. • Examination of management's assessment of the credit review procedures of trade receivables, obtaining trade receivable confirmations, and mapping receipts from the trade receivables after the year end on test basis. • Evaluation of management's assumptions used to determine the expected credit loss on the trade receivables, through detailed analyses of ageing of receivables to historical patterns of receipts, assessment of material overdue individual trade receivables and risks specific to the trade receivable.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error and estimation to determine the likelihood and/or timing of cashflows and the interpretation of preliminary and pending court rulings.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

2. As required by section 143 (3) of the Act, based on our Audit, we report that:

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

   (b) In our opinion, except for matter described in Basis for Qualified Opinion 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, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) Except for the indeterminate effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the relevant rules thereon.

   (e) The outcome of the matter described in Basis for Qualified Opinion above in our opinion, may have an adverse effect on the functioning of the company.

   (f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

(g) The reservation relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

(h) With respect to the adequacy of the internal financial controls over financial reporting with respect to standalone financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except managerial remuneration paid to an Executive chairman of the Company for the year which is in excess of the limit prescribed under Schedule V of the Companies Act, 2013 by ₹ 10.60 Millions for the year 2018 -2019, which is subject to the approval of shareholders in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Note 34 (I) to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company, and;

iv. The reporting on disclosure relating to the Specified Bank Note is not applicable to the Company for the year ended March 31, 2019.

For **Singhi & Co.**
Chartered Accountants
(ICAI Firm's Registration No. 302049E)

(Anurag Singhi)
Partner
Membership No. 066274

Date: May 21, 2019
Place: Kolkata

ANNEXURE – A to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to statutory audit of Gati Kintetsu Express Private Limited for the year ended March 31, 2019)

We report that:

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) As per the information and explanations given to us, physical verification of property, plant and equipment have been carried out in terms of the phased program of its verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except land and building having a gross block and net block of ₹ 272.57 million And ₹ 230.66 million respectively, which were acquired from the Holding Company under a Business Transfer Agreement in the financial year 2011-12.

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

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii), 3(iii) (a) to 3(iii) (c) of the said Order are not applicable.

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

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered under sections 73 to 76 of the Companies Act and the rules framed there under with regard to deposits accepted from the public during the year. Accordingly, paragraph 3(v) of the order is not applicable.

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

vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the company examined by us, the company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues, as applicable, to the appropriate authorities.

There are no arrears in respect of the aforesaid dues as at March 31, 2019 for a period of more than six months from the date they became payable except professional tax of ₹0.69 millions and provident fund of ₹ 0.27 million which are due for more than 6 months.

b). According to the information and explanations given to us, the dues outstanding in respect of dues of income tax, sales tax, duty of excise, service tax, duty of customs, value added tax and goods and services tax has not been deposited by the Company on account of disputes are as follows:

Name of the Statute	Nature Of Dues	Amount in Millions (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act ,1961	Income Tax	139.61	2013-2014, 2014-2015, 2015-2016 & 2016-2017	Income Tax Appellate Tribunal, Commissioner (Appeals)

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

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.

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

xi. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except managerial remuneration paid to an Executive chairman of the Company for the year which is in excess of the limit prescribed under Schedule V of the Companies Act, 2013 by ₹ 10.60 millions for the year 2018 -2019, which is subject to the approval of shareholders in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the order is not applicable to the company.

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

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the order is not applicable to the company.

For **Singhi & Co.**
Chartered Accountants
(ICAIFirm's Registration No. 302049E)

(Anurag Singhi)
Partner
Membership No. 066274

Date: May 21, 2019
Place: Kolkata

ANNEXURE – B to the Independent Auditor's Report

(Referred to in paragraph 2 (h) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to statutory audit of Gati Kintetsu Express Private Limited for the year ended March 31, 2019)

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

We have audited the internal financial controls over financial reporting of Gati Kintetsu Express private limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2019, 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 ICAI. However financial control over contract revenue mapping in information technology system need to be further strengthened.

For **Singhi & Co.**
Chartered Accountants
(ICAI Firm's Registration No. 302049E)

(Anurag Singhi)
Partner
Membership No. 066274

Date: May 21, 2019
Place: Kolkata

BALANCE SHEET
as at March 31, 2019

(₹ in Mn)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	4	2,117.13	1,936.10
Capital Work-in-Progress	4	46.01	-
Goodwill	5	1,250.59	1,250.59
Other Intangible Assets	6	28.84	32.13
Intangible Assets under Development	7	-	4.42
Financial Assets			
Other Financial Asset	8	148.00	166.12
Deferred Tax Assets (Net)	9	40.33	24.62
Non Current Tax Asset (Net)	10	536.24	366.12
Other Non-Current Assets	11	120.22	62.33
		4,287.36	**3,842.43**
CURRENT ASSETS			
Financial Assets			
Trade Receivables	12	2,242.59	2,089.08
Cash and Cash Equivalents	13	10.89	45.47
Bank Balances other than above	14	101.99	95.25
Other Financial Assets	15	195.29	118.52
Other Current Assets	16	244.41	268.55
		2,795.17	**2,616.87**
TOTAL ASSETS		**7,082.53**	**6,459.30**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	5.00	5.00
Other Equity	18	3,666.05	3,616.77
TOTAL EQUITY		**3,671.05**	**3,621.77**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	19	428.03	215.41
Provisions	20	73.92	63.09
		501.95	**278.50**
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	21	971.98	930.14
Trade Payables	22		
(a) Total outstanding dues of Micro and Small Enterprises		-	-
(b) Total outstanding dues of creditors other than Micro and Small Enterprises		1,087.36	910.17
Other Financial Liabilities	23	538.66	446.93
Other Current Liabilities	24	291.19	260.34
Provisions	25	20.34	11.45
		2,909.53	**2,559.03**
TOTAL LIABILITIES		**3,411.48**	**2,837.53**
TOTAL EQUITY AND LIABILITIES		**7,082.53**	**6,459.30**

The accompanying significant accounting policies and notes form 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: Kolkata
Date: May 21, 2019

Place: Hyderabad
Date: May 21, 2019

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Mn)

		Note	Year Ended March 31, 2019	Year Ended March 31, 2018
(I)	**INCOME**			
	Revenue from Operations	26	12,288.03	11,663.00
	Other Income	27	47.18	31.69
	TOTAL INCOME (I)		**12,335.21**	**11,694.69**
(II)	**EXPENSES**			
	Operating Expenses	28	8,662.28	8,056.45
	Employee Benefits Expense	29	1,500.09	1,534.32
	Finance Costs	30	193.26	170.53
	Depreciation and Amortization Expense	31	179.58	172.04
	Other Expenses	32	1,418.62	1,360.81
	TOTAL EXPENSES (II)		**11,953.83**	**11,294.15**
(III)	**PROFIT BEFORE TAX (I-II)**		**381.38**	**400.54**
(IV)	**TAX EXPENSES**	33		
	Current Tax		97.80	33.98
	Deferred Tax		13.47	56.87
	TOTAL TAX EXPENSES		**111.27**	**90.85**
(V)	**PROFIT FOR THE YEAR (III-IV)**		**270.11**	**309.69**
(VI)	**OTHER COMPREHENSIVE INCOME (OCI)**			
	Items not to be reclassified to profit or loss in subsequent periods:			
	a) Re-Measurement gains/(losses) on defined benefit plans		(10.54)	0.99
	b) Income tax effect on above item		3.65	(0.34)
	OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)		**(6.89)**	**0.65**
(VII)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (V+VI)**		**263.22**	**310.34**
	EARNINGS PER EQUITY SHARE [Nominal value per share ₹ 10/- (March 31, 2018: ₹ 10/-)]			
	Basic		540.23	619.39
	Diluted		540.23	619.39

The accompanying significant accounting policies and notes form 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: Kolkata
Date: May 21, 2019

Place: Hyderabad
Date: May 21, 2019

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

A) Equity Share Capital

		(₹ in Mn)
	No of Shares	**Amount**
Balance as at March 31, 2017	**5,00,000**	**5.00**
Add/(Less): Changes in Equity Share Capital for the year ended March 31, 2018	-	-
Balance as at March 31, 2018	**5,00,000**	**5.00**
Add/(Less): Changes in Equity Share Capital for the year ended March 31, 2019	-	-
Balance as at March 31, 2019	**5,00,000**	**5.00**

B) Other Equity

				(₹ in Mn)
Particulars	**Reserves and Surplus**			**Total**
	Securities Premium Account	**General Reserve**	**Retained Earnings**	
Balance as at March 31, 2017	1,783.60	172.02	1,528.94	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**	**1,661.15**	**3,616.77**
Profit for the year	-	-	270.11	270.11
Final dividend on equity shares	-	-	(123.88)	(123.88)
Tax on dividend on equity shares	-	-	(25.46)	(25.46)
Remeasurement gain/(loss) (net of deferred tax)	-	-	(6.89)	(6.89)
Transition adjustment of Ind AS 115 (refer note 26)	-	-	(64.60)	(64.60)
Balance as at March 31, 2019	**1,783.60**	**172.02**	**1,710.43**	**3,666.05**

The accompanying significant accounting policies and notes form 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: Kolkata
Date: May 21, 2019

Place: Hyderabad
Date: May 21, 2019

CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ in Mn)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
(A) Cash flows from Operating Activities		
Net Profit Before Taxes as per Statement of Profit and Loss	381.38	400.54
Adjustment for :		
Depreciation & Amortization expense	179.58	172.04
Finance costs	193.26	170.53
Net (Gain) / Loss on sale of Property, Plant and Equipment	0.22	(6.46)
Interest Income	(8.34)	(8.73)
Unwinding of other financial assets	(21.99)	(13.90)
Allowance for Doubtful receivable	5.97	2.91
Operating profits before changes in operating assets and liabilities	**730.08**	**716.93**
(Increase) / Decrease in Trade Receivables	(258.79)	(534.02)
(Increase) / Decrease in Other Current Assets	24.14	(19.07)
(Increase) / Decrease in Other Current Financial Assets	(36.66)	(34.93)
Increase / (Decrease) in Other Liabilities	30.85	119.75
Increase / (Decrease) in Trade Payables	177.19	425.45
Increase / (Decrease) in Short Term Provisions	8.89	3.11
Increase / (Decrease) in Other Current Financial Liabilities	13.61	151.44
Increase / (Decrease) in Non Current Provisions	0.29	17.60
Cash generated from operations	**689.60**	**846.26**
Direct Tax paid (net of refunds)	(258.75)	(221.19)
Net Cash generated/(used) from Operating Activities	**430.85**	**625.07**
(B) Cash Flow from Investing Activities		
Interest Received	8.34	8.73
Procceds from Sale of Property Plant and Equipment	41.33	22.69
Purchase of Property Plant and Equipment including capital work in progress	(440.47)	(159.97)
(Increase)/Decrease in Capital Advances(Other Non current Assets)	(57.89)	0.12
Investment in Bank Fixed Deposits	(6.74)	(1.34)
Net Cash from Investing Activities	**(455.43)**	**(129.77)**

CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ in Mn)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
(C) Cash Flow from Financing Activities		
Proceeds of Long Term Borrowings	419.22	282.09
Repayment of Long Term Borrowings	(128.48)	(297.57)
Increase / (Decrease) in Short term Borrowings (net)	41.86	(166.75)
Finance cost	(193.26)	(170.53)
Dividend Paid (including dividend tax)	(149.34)	(178.13)
Net Cash from Financing Activities	**(10.00)**	**(530.89)**
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	**(34.58)**	**(35.58)**
Cash and Cash equivalents at the beginning of the year	45.47	81.05
Cash and Cash equivalents at the end of the year	10.89	45.47

Notes :

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

(₹ in Mn)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Balances with Banks in Currant Accounts	7.26	40.34
Cash on Hand	3.63	5.13
Cash & Cash Equivalent as per Balance sheet (refer note no 13)	**10.89**	**45.47**

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

As per our report of even date

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

Anurag Singhi
Partner
Membership No: 066274

Place: Kolkata
Date: May 21, 2019

For and on behalf of the Board of Directors

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

Place: Hyderabad
Date: May 21, 2019

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

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

2.2 Basis of Measurement

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

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

Recent accounting pronouncements - Standard issued but not yet effective

On March 30, 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards.The amendments would be effective from April 1, 2019.

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 23, Borrowings costs - Accounting treatment for specific borrowings cost to be considered for capitalisation
3. Ind AS 109, Financial instruments - Accounting for prepayment features with Negative Compensation
4. Ind AS 19, Employee benefits – Accounting for defined benefit plan on Plan Amendment, Curtailment or Settlement

The Company is in the process of evaluating the impact of such amendments.

Significant Accounting Policies:

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

3.1 Property, plant and equipment

Recognition and Measurement:

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

Capital work in progress and Capital Advances:

Capital work-in-progress 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 Noncurrent 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.

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.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

- 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.

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.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

3.6 Revenue recognition:

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

Rendering of services:

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

Others:

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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 cumulative 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 115.

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

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

(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 annually by a qualified actuary using the projected unit credit method.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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, 2019

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, 2019

4. Property, plant and equipment

Tangible Assets

(₹ in Mn)

Particulars	Gross Block at Cost				Accumulated Depreciation/Amortization				Net Carrying Value	
	As at March 31, 2018	Additions	Deductions/ Adjustment	As at March 31, 2019	As at March 31, 2018	Depreciation for the year	Disposal/ Adjustment	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Freehold Land	888.51	-	-	888.51	-	-	-	-	888.51	888.51
Buildings	455.75	-	-	455.75	48.35	8.20	-	56.55	399.20	407.40
Vehicles	331.89	150.48	146.36	336.01	208.19	34.21	105.67	136.73	199.28	123.70
Vehicles - under Finance Lease	15.91	122.49	-	138.40	0.43	14.95	-	15.38	123.02	15.48
Plant & Machinery	342.69	21.72	-	364.41	122.92	27.20	-	150.12	214.29	219.77
Computer	319.69	42.60	5.73	356.56	247.15	33.91	5.00	276.06	80.50	72.54
Computers - under Finance Lease	22.03	12.63	0.08	34.58	1.01	6.99	0.02	7.98	26.60	21.02
Furniture And Fittings	260.98	20.05	0.03	281.00	126.23	21.49	-	147.72	133.28	134.75
Office Equipments	184.41	17.34	0.16	201.59	131.48	17.78	0.12	149.14	52.45	52.93
Total	**2,821.86**	**387.31**	**152.36**	**3,056.81**	**885.76**	**164.73**	**110.81**	**939.68**	**2,117.13**	**1,936.10**

(₹ in Mn)

Particulars	Gross Block at Cost				Accumulated Depreciation/Amortization				Net Carrying Value	
	As at March 31, 2017	Additions	Deductions/ Adjustment	As at March 31, 2018	As at March 31, 2017	Depreciation for the year	Disposal/ Adjustment	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Freehold Land	888.51	-	-	888.51	-	-	-	-	888.51	888.51
Buildings	455.75	-	-	455.75	40.04	8.31	-	48.35	407.40	415.71
Vehicles	329.98	17.19	15.28	331.89	176.79	37.30	5.90	208.19	123.71	153.19
Vehicles - under Finance Lease	-	15.91	-	15.91	-	0.43	-	0.43	15.48	-
Plant & Machinery	308.02	34.67	-	342.69	97.75	25.17	-	122.92	219.77	210.27
Computers	320.08	13.64	14.03	319.69	206.44	47.94	7.23	247.15	72.55	113.64
Computers - under Finance Lease	-	22.03	-	22.03	-	1.01	-	1.01	21.02	-
Furniture And Fixtures	236.69	24.32	0.03	260.98	103.35	22.88	-	126.23	134.75	133.34
Office Equipments	165.96	18.49	0.04	184.41	116.78	14.72	0.02	131.48	52.93	49.18
Total	**2,704.99**	**146.25**	**29.38**	**2,821.86**	**741.15**	**157.76**	**13.15**	**885.76**	**1,936.10**	**1,963.84**

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.

Capital Work-in-progress

(₹ in Mn)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Commercial Vehicles	46.01	-
	46.01	**-**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

5. Goodwill

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
	1,250.59	1,250.59
	1,250.59	**1,250.59**

6. Other Intangible Assets

(₹ in Mn)

Particulars	Gross Block at Cost				Accumulated Depreciation/Amortization				Net Carrying Value	
	As at March 31, 2018	Additions	Deductions/ Adjustment	As at March 31, 2019	As at March 31, 2018	Depreciation for the year	Disposal/ Adjustment	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer Software	55.10	11.57	-	66.67	22.97	14.86	-	37.83	28.84	32.13
Total	**55.10**	**11.57**	**-**	**66.67**	**22.97**	**14.86**	**-**	**37.83**	**28.84**	**32.13**

(₹ in Mn)

Particulars	Gross Block at Cost				Accumulated Depreciation/Amortization				Net Carrying Value	
	As at March 31, 2017	Additions	Deductions/ Adjustment	As at March 31, 2018	As at March 31, 2017	Depreciation for the year	Disposal/ Adjustment	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Computer Software	41.39	13.71	-	55.10	8.69	14.28		22.97	32.13	32.70
Total	**41.39**	**13.71**	**-**	**55.10**	**8.69**	**14.28**	**-**	**22.97**	**32.13**	**32.70**

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

NOTES TO FINANCIAL STATEMENTS
for the year ended 31st March, 2019

7. Intangible Assets under Development

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
	-	4.42
	-	**4.42**

8. Other Financial Asset

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good)		
Security Deposit with Holding Company	42.23	32.80
Security Deposit with Others	105.77	133.32
Total	**148.00**	**166.12**

9. Deferred tax Assets (Net)

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets (Net)	40.33	7.68
MAT Credit Entitlement	-	16.94
Total	**40.33**	**24.62**

9.1 Movement in Deferred Tax Assets and Liabilities during the year ended March 31, 2019 and March 31, 2018

(₹ in Mn)

Deferred Tax Balance in relation to	As at March 31, 2018	Recognised In Statement of Profit & Loss	Recognised In Other Comprehensive Income (OCI)	As at March 31, 2019
Deferred Tax Assets/(Liabilities)				
Property, plant and equipment	(72.45)	3.33	-	(69.12)
Allowances for Doubtful Receivables	58.67	13.15	-	71.82
Employee benefits - Gratuity and Leave Encashment	26.05	8.42	3.65	38.11
Other temporary Differences	(4.59)	4.10	-	(0.48)
MAT Credit Entitlement (Net)	16.94	(16.94)	-	-
Deferred Tax Assets/(Liabilities)	**24.62**	**12.06**	**3.65**	**40.33**

(₹ in Mn)

Deferred Tax Balance in relation to	As at March 31, 2017	Recognised In Statement of Profit & Loss	Recognised In Other Comprehensive Income(OCI)	As at March 31, 2018
Deferred Tax Assets/(Liabilities)				
Property, plant and equipment	(74.59)	2.14	-	(72.45)
Allowances for Doubtful Receivables	142.99	(84.32)	-	58.67
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, 2019

10. Non Current Tax Asset (Net)

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Tax Deducted at Source	1,208.92	950.17
Advance Tax	121.08	121.08
	1,330.00	**1,071.25**
Less : Provision for Income Tax	(793.76)	(705.13)
Total	**536.24**	**366.12**

11. Other Non-Current Assets

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Capital Advances		
Unsecured, considered good	57.16	11.79
Unsecured, considered doubtful	5.90	5.90
	63.06	17.69
Less: Allowance for doubtful advances	5.90	5.90
	57.16	11.79
Total (A)	**57.16**	**11.79**
Prepaid Expenses	63.06	50.54
Total (B)	**63.06**	**50.54**
Total (A) + (B)	**120.22**	**62.33**

12. Trade Receivables

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good (Including from Holding Company ₹ 513.99 Mns, 31st March-18 - ₹ 286.47 Mns)	2,242.59	2,089.08
Significant increase in credit risk	-	-
Credit impaired	149.33	167.88
Total	**2,391.92**	**2,256.96**
Less: Allowances for Doubtful Receivables	(149.33)	(167.88)
Total Trade Receivables	**2,242.59**	**2,089.08**

Note:

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 44 of related party transactions.

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

13. Cash and Cash Equivalents

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Cash on hand	3.63	5.13
Balance with Banks:		
- In Current Accounts	7.26	40.34
Total	**10.89**	**45.47**

14. Bank Balances other than above

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Balances with Bank held as margin money/ security	6.22	5.55
Deposit with Banks with more than 3 months but less than 12 months*	95.77	89.70
Total	**101.99**	**95.25**

*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 March 31, 2019	As at March 31, 2018
Advance to Employees	1.83	3.07
Interest Accrued on Deposit/ Investment	0.95	1.08
Earnest Money Deposits	1.66	3.35
Security Deposits	125.22	75.42
Other Receivables*	65.63	35.60
(Including from Holding Company ₹ 18.47 Mns, March 31, 2018 - ₹ 0.09 Mns)		
Total	**195.29**	**118.52**

*Includes management fees receivable from Holding Company, and other receivables from business partners)

16. Other Current Assets

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless Otherwise Stated)		
Advance against supply of Goods & Services	206.55	220.35
Prepaid Expenses	37.86	48.20
Total	**244.41**	**268.55**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

17. Equity Share Capital

(₹ in Mn)

	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
Authorized:				
Equity Shares of ₹ 10/- each	7,50,000	7.50	7,50,000	7.50
		7.50		**7.50**
Issued:				
Equity Shares of ₹ 10/- each fully paid up	5,00,000	5.00	5,00,000	5.00
		5.00		**5.00**
Subscribed and Paid-up:				
Equity Shares of ₹ 10/- each fully paid up	5,00,000	5.00	5,00,000	5.00
	5,00,000	**5.00**	**5,00,000**	**5.00**

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

b) Terms /Rights attached to Shareholders

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

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

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

(₹ in Mn)

Equity Shares of ₹ 10 each fully paid	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Shares at the beginning of the year	500,000	5.00	500,000	5.00
Shares at the end of the year	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 ₹ 10 each fully paid held by Name of the Shareholders	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Gati Limited	3,50,000	70%	3,50,000	70%
Kintetsu World Express (S) Pte. Ltd.	1,30,000	26%	1,30,000	26%

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

g) The company has neither alloted 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, 2019

18. Other Equity

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Securities Premium	1,783.60	1,783.60
General Reserve	172.02	172.02
Retained Earnings	1,710.43	1,661.15
Total	**3,666.05**	**3,616.77**

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

Securities Premium

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

General Reserve

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

Retained Earnings

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

19. Long Term Borrowings

(₹ in Mn)

	As at March 31, 2019		As at March 31, 2018	
	Non - Current Maturities	Current Maturities	Non - Current Maturities	Current Maturities
Secured				
i) Term Loan From Banks	103.53	60.40	157.77	57.40
ii) Vehicle Loan From Banks	146.09	55.97	19.87	22.70
iii) Vehicle Loan from Others	62.14	22.96	6.27	2.80
iv) Finance lease Obligation (Refer Note 35)	116.27	27.97	31.50	6.28
Total (A)	**428.03**	**167.30**	**215.41**	**89.18**
Amount disclosed under the head "Other Current Financial Liabilities" (Refer Note 23)		(167.30)		(89.18)
Total (B)	**-**	**(167.30)**	**-**	**(89.18)**
Grand Total (A) + (B)	**428.03**	**-**	**215.41**	**-**

Particulars of Nature of security

i) a) Rupee Term Loan from Bank is repayable in 11 quarterly installment of ₹ 14.37 Millions between April 2019 to December 2021. The primary security being subservient charge on current assets and PPE of the company to the extent of 100% coverage on loan amount and collateral being property at Peenya, Bangalore. The above term loan is guaranteed by the Holding company. The loan carries interest one year MCLR+145bps.

b) Rupee Term loan from Bank is repayable in 26 monthly equal installment of ₹ 0.25 Millions between May 2019 to June 2021 for equipment financing, and the underlying assets are hypothecated to the extent of ₹ 6.37 Millions. The loan carries interest rate of one year MCLR+250bps.

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

iv) Finance lease obligation is secured by hypothecation of leased vehicles and due for repayment over a period of 4 years.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

20. Provisions

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Employee Benefits		
Gratuity (Refer Note 36)	46.63	39.41
Leave Encashment	27.29	23.68
Total	**73.92**	**63.09**

21. Borrowings

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Secured		
i) Working Capital facilities from Banks		
- Cash Credit	971.98	930.14
Total	**971.98**	**930.14**

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 security. Weighted average rate of interest is 8.83%.

22. Trade payables

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
For Goods and Services		
Total outstanding dues of micro enterprises and small enterprises (Refer Note No..37)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (including acceptances)	1,087.36	910.17
Total	**1,087.36**	**910.17**

23. Other Financial Liabilities

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long-term Borrowing Term Loan (Refer Note 19)	139.33	82.90
Current Maturities of Finance Lease Obligation (Refer Note 19)	27.97	6.28
Employee Related Liabilities	185.05	156.10
Security Deposits	186.31	201.65
Total	**538.66**	**446.93**

NOTES TO FINANCIAL STATEMENTS
for the year ended 31st March, 2019

24. Other Current Liabilities

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Statutory Dues	57.73	44.38
Others	233.46	215.96
Total	**291.19**	**260.34**

25. Provisions

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Employee Benefits		
Gratuity (Refer Note 36)	7.01	6.36
Leave Encashment	13.33	5.09
Total	**20.34**	**11.45**

26. Revenue from Operations

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Services		
Freight and other service charges [including from Holding Company ₹ 558.03 Mns (Previous year ₹ 505.53 Mns)]	11,809.73	11,308.50
Supply Chain Management services	396.94	334.53
Total (A)	**12,206.67**	**11,643.03**
Other Operating Revenue		
Miscellaneous Income	40.47	19.97
Management fees	40.89	-
Total (B)	**81.36**	**19.97**
Grand Total (A) + (B)	**12,288.03**	**11,663.00**

REVENUE FROM CONTRACTS WITH CUSTOMERS

A. Adoption of Ind AS 115 - Revenue from contracts with customers

Effective April 01, 2018, the Company adopted Ind AS-115 "Revenue from Contracts with Customers" using modified retrospective approach as on April 1, 2018. As a result of change in the accounting policy on adoption of Ind AS 115, transition adjustment of ₹64.60 Mn has been with retained earnings (net of deferred tax) as at April 1, 2018. Due to change in the accounting policy for revenue recognition, revenue from operations for the year is higher by ₹43.15 Mn, if erstwhile while standards were applicable.

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

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue based on product & services		
1. Segment Revenue (Net Sale / Income from each Segment)		
a) Express Distribution	12,206.67	11,643.03
b) Other Operating Revenues	81.36	19.97
Total	**12,288.03**	**11,663.00**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

Revenue based on Geography

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
India	12,288.03	11,663.00
Overseas	-	-
	12,288.03	**11,663.00**

Reconciliation of Revenue from Operation with contract price

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue as per contract price	12,569.06	11,912.63
Less:		
Discounts	15.88	15.74
Credit note	252.22	188.97
Unsatisfied performance obligation	94.29	64.89
Revenue from Operation	**12,206.67**	**11,643.03**

Transaction Price - Unsatisfied Performance Obligation

The Company's unsatisfied performance obligations mainly arises on account of undelivered shipments. The aggregate value of transaction price allocated to the unsatisfied performance obligations as at March 31, 2019 is ₹ 94.29 Mn, which is expected to be recognised during next year.

Contract Balances

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Contract Assets	32.07	28.97
Trade receivables	2,391.92	2,256.96
Less: Impairment allowances	(149.33)	(167.88)
Total	**2,242.59**	**2,089.08**

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

27. Other Income

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Interest Income on		
Deposits with Bank and others	8.34	8.73
Unwinding of other financial assets	21.99	13.90
Other Non Operating Income		
Rent	2.28	2.60
Liabilities no longer required written back	13.23	-
Net gain on disposal of Property, Plant and Equipment	-	6.46
Others	1.34	-
Total	**47.18**	**31.69**

NOTES TO FINANCIAL STATEMENTS
for the year ended 31st March, 2019

28. Operating Expenses

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Freight (Including to Holding Company ₹ 116.32 Mns Previous year ₹ 0.48 Mns)	7,597.70	7,130.74
Vehicle's trip expenses	359.22	285.39
Vehicle's taxes	8.74	6.35
Vehicle's Insurance	2.57	3.46
Tyres and Tubes	3.07	5.90
Warehouse rent	114.02	106.84
Claims for Loss & Damages (Net)	93.85	81.28
Other Operating Expenses	483.11	436.49
Total	**8,662.28**	**8,056.45**

29. Employee Benefits Expense

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, Wages & Bonus	1,393.97	1,419.33
Contribution to Provident and Other Funds	79.80	86.03
Staff Welfare Expenses	26.32	28.96
Total	**1,500.09**	**1,534.32**

30. Finance Costs

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expenses on		
Term Loans	27.21	28.82
Working Capital Loans	148.81	131.99
Finance lease Obligations	14.60	1.08
Other Borrowing cost	2.64	8.64
Total	**193.26**	**170.53**

31. Depreciation and Amortization Expense

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on Tangible Assets	164.72	157.76
Amortisation of Intangible Assets	14.86	14.28
Total	**179.58**	**172.04**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

32. Other Expenses

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	662.95	593.92
(Including to Holding Company ₹ 49.16 Mns Previous year ₹ 51.30 Mns)		
Rates and Taxes	20.20	25.83
Insurance	11.21	10.59
Telephone expenses	16.86	32.29
Printing and Stationery	29.06	24.61
Travelling expenses	62.00	72.75
Professional and Legal expenses	58.82	35.84
Advertisement Expenses	31.46	45.50
Office Maintenance and Repairs	181.09	185.69
Electricity Expenses	93.63	89.86
Automation Network Expenses	56.15	53.91
Miscellaneous Expenses	96.16	99.95
Loss on disposal of Property, Plant and Equipment (Net)	0.22	-
Directors' Sitting fees	0.99	0.70
Commission to Non-Whole-Time Directors	0.65	0.65
Remuneration to Auditors (Note 32.1)	3.20	2.92
Allowance for Doubtful receivables	5.97	2.91
Bad debts and irrecoverable balances written off	24.51	245.56
Less: - Provision for loss allowance recognized in earlier years	(24.51)	(244.22)
Corporate Social Responsibility Expenditure (Refer Note 32.2)	9.38	4.68
Donations	3.60	3.80
Total (A)	**1,343.60**	**1,287.74**
REPAIRS & MAINTENANCE		
Vehicles	13.25	13.73
Plant and Equipments	11.55	8.20
Buildings	1.40	1.62
Computers	48.82	49.52
Total (B)	**75.02**	**73.07**
Total (A) + (B)	**1,418.62**	**1,360.81**

32.1 Payment to Auditor (excluding Goods and Service Tax)

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Statutory Audit fees	1.43	1.30
Taxation matters	0.61	0.55
Other matters	0.99	1.07
Reimbursement of out of Pocket Expenses	0.17	-
	3.20	**2.92**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

32.2 Corporate Social Responsibility Expenditure

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Gross amount required to be spent by the company during the year {including carried forward unspent amount of previous years} (A)	**22.28**	**16.90**
Amount Spent during the year ended on March 31, 2019 (B)		
i) Construction/Acquisition of any asset	-	1.12
ii) On purpose other than (i) above	9.38	3.56
	9.38	**4.68**
Accumulated amount unspent at the year end (A-B)	**(12.90)**	**(12.22)**

33. TAX EXPENSES

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Income Tax recognised in Statement of Profit and Loss		
Current Tax	97.80	33.98
Deferred Tax	13.47	56.87
Total	**111.27**	**90.85**

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

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before Tax	381.38	400.54
Applicable Tax Rate	34.94%	34.61%
Tax Expense	133.25	138.63
Tax Effect of :		
Expenses non-deductible for tax purposes	3.10	1.07
Expenses allowable for tax purposes	(19.44)	(25.68)
Other Adjustments	(5.65)	(23.16)
Current Tax provision (A)	**111.27**	**90.85**
Effective Tax Rate	**29.18%**	**22.68%**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

34. Contingent liabilities and commitments

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

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
(a) Claim against the Company not acknowledged as debt		
(i) Income Tax demand disputed in appeals	139.61	162.72
(ii) Pending Litigations	19.23	19.00
(iii) Service Tax demand disputed in appeals	-	0.54
Total	**158.84**	**182.26**
(b) Bank Guarantee (*)	31.99	33.10

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

(c) There is numerous interpretive issues related to the Supreme Court judgment dated February 20, ,2019 on Provident Fund (PF) on the inclusion of allowance for the purpose of PF contribution as well its applicability of effective date. The company will address the issue when clarification is made available.

(II) Commitments

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
(a) Commitment for acquisition of Property, Plant & Equipments (Net of advances)		
Towards Property, Plant & Equipment	38.90	11.36
Towards Intangible Assets	14.12	8.32
	53.03	**19.68**

(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 upto 5 years and renewable at the option of both the lessor and lessee. Rental expenses under those lease were ₹ 662.95 Mns Previous year ₹ 593.92 Mns.

Finance Leases: Company as Lessee

The Lease payment made during the year amounts to ₹ 42.41 Mns (Previous year ₹ 2.62 Mns) out of which ₹ 27.39 Mns (Previous year: ₹ 1.53 Mns has been adjusted against principle and ₹ 14.60 Mns (Previous year ₹ 1.08 Mns) 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 March 31, 2019	As at March 31, 2018
(a) Minimum Lease Payment		
i) Not later than one year	39.20	9.49
ii) Later than one year but not later than five years	134.48	36.90
iii) Later than five years	-	0.56
Total (a)	**173.68**	**46.95**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

35. Leases (contd..)

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
(b) Finance Lease Charges		
i) Not later than one year	11.23	3.21
ii) Later than one year but not later than five years	18.22	5.95
iii) Later than five years	-	0.01
Total (b)	**29.45**	**9.17**
(c) Net Principal Component		
i) Not later than one year	27.97	6.28
ii) Later than one year but not later than five years	116.26	30.95
iii) Later than five years	-	0.55
Total (c) = (a-b)	**144.23**	**37.78**

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

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
Statement of Assets and Liabilities for defined benefit obligation		
Net defined benefit obligation - Gratuity Plan	(93.88)	(84.49)
Net defined benefit asset - Gratuity Plan	40.25	38.72
Total employee benefit (liabilities) / Assets	**(53.63)**	**(45.77)**

Defined contribution

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Provident/Pension fund	49.19	49.02
Superannuation fund	4.32	4.47
Employee state insurance	11.73	10.27
	65.24	**63.76**

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.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

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

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

(₹ in Mn)

		As at March 31, 2019	As at March 31, 2018
(I)	**Reconciliation of present value of defined benefit obligation**		
	(a) Balance at the beginning of the year	84.49	74.22
	(b) Current service cost	9.82	13.22
	(c) Interest cost	6.46	6.03
	(d) Past Service Cost	-	5.76
	(e) Benefits paid	(16.53)	(12.59)
	(f) Actuarial (gains)/ losses recognised in other comprehensive income		
	change in financial assumptions	6.44	(30.04)
	experience adjustments	3.21	27.89
	Balance at the end of the year	**93.89**	**84.49**
(II)	**Reconciliation of present value of plan assets**		
	(a) Balance at the beginning of the year	38.71	37.21
	(b) Actual return on plan assets	2.07	1.59
	(c) Contributions by the employer	16.00	12.50
	(d) Benefits paid	(16.53)	(12.59)
	Balance at the end of the year	**40.25**	**38.71**
(III)	**Net asset/ (liability) recognised in the Balance Sheet**		
	(a) Present value of defined benefit obligation	(93.88)	(84.49)
	(b) Fair value of plan assets	40.25	38.72
	Net defined benefit obligations in the Balance Sheet	**(53.63)**	**(45.77)**
(IV)	**Expense recognised in Statement of Profit or Loss**		
	(a) Current service cost	9.82	13.22
	(b) Past service cost	-	5.76
	(c) Interest cost	6.46	6.03
	(d) Interest income	(2.96)	(3.01)
	Amount charged to Profit or Loss	**13.32**	**22.00**
(V)	**Remeasurements recognised in Other Comprehensive Income**		
	(a) Actuarial gain / (loss) on defined benefit obligation	9.65	(2.15)
	(b) Return on plan asset excluding interest income	0.89	1.16
	Amount recognised in Other Comprehensive Income	**10.54**	**(0.99)**
(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	7.50%	7.65%
	(b) Future salary growth	4.00%	3.00%
	(c) Retirement age (years)	58	58
	(d) Withdrawal rates	9%	9%

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

(VIII) Sensitivity analysis

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

(₹ in Mn)

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
(a) Discount rate (1% movement)	(5.60)	6.26	(4.91)	5.49
(b) Future salary growth (1% movement)	6.24	(5.66)	5.53	(5.01)
(c) Withrawal assumption (1% movement)	1.06	(1.21)	1.37	(1.52)

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 below:

Expected cash flows over the next (valued on undiscounted cash flows)

(₹ in Mn)

	As at March 31, 2019	As at March 31, 2018
1 year	12.27	11.74
2 to 5 year	47.64	44.80
6 to 10 year	42.21	38.08
more than 10 years	66.33	56.14

37. Due to Micro enterprises and small enterprises

(₹ in Mn)

		Year ended March 31, 2019	Year ended March 31, 2018
(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 are no dues unpaid to Micro and small enterprises as on March 31, 2019. (March 31, 2018 - Nil)

38. Distribution made and proposed dividend

The Board of Directors at its meeting held on 21-05-2019 have recommended a payment of final dividend of ₹ 216 per equity share of face value of ₹ 10 each for the financial year ended March 31, 2019. The same amounts to ₹ 130.20 Mn including of dividend distribution tax. The liability to be adjusted against retained earnings.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence not recognised as a liability.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

39. Financial instruments - fair values and risk management

A. Category wise classification of financial instruments

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

Particulars					(₹ in Mn)
	Carrying amount				
	FVTPL	**FVOCI**	**Other financial assets at amortised cost**	**Other financial liabilities at amortised cost**	**Total carrying amount**
Financial assets not measured at fair value					
Other financial assets	-	-	343.29	-	343.29
Trade receivables	-	-	2,242.59	-	2,242.59
Cash and cash equivalents	-	-	10.89	-	10.89
Other bank balances	-	-	101.99	-	101.99
	-	**-**	**2,698.76**	**-**	**2,698.76**
Financial liabilities not measured at fair value					
Borrowing	-	-	-	1,567.31	1,567.31
Trade payables	-	-	-	1,087.36	1,087.36
Other financial liabilities	-	-	-	371.36	371.36
	-	**-**	**-**	**3,026.03**	**3,026.03**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2018

Particulars					(₹ in Mn)
	Carrying amount				
	FVTPL	**FVOCI**	**Other financial assets - amortised cost**	**Other financial liabilities- amortised cost**	**Total carrying amount**
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	-	-	-	1,234.73	1,234.73
Trade payables			-	910.17	910.17
Other financial liabilities	-	-	-	357.75	357.75
	-	**-**	**-**	**2,502.65**	**2,502.65**

Financial instruments measured at amortised cost

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

B. Financial risk management

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

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

Risk management framework

The Company's principal financial liabilities includes borrowings, 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

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. The Company uses expected credit loss model to assess the impairment loss or gain in accordance with Ind AS 109. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

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

(₹ in Mn)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Trade Receivables (Gross)	2,391.92	2,256.96
Less: Expected Credit Loss	149.33	167.88
Trade Receivables (Net)	**2,242.59**	**2,089.08**

Reconciliation of loss allowance provision (Trade receivables)	(₹ in Mn) **Amount**
Loss Allowance as on March 31, 2017	**409.19**
Change in Loss allowance	(241.31)
Loss Allowance as on March 31, 2018	**167.88**
Change in Loss allowance	(18.55)
Loss Allowance as on March 31, 2019	**149.33**

(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.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

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

(₹ in Mn)

March 31, 2019	Contractual cash flows				
	Carrying amount	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Borrowings	1,567.31	1,567.31	1,139.28	428.03	-
Trade payables	1,087.36	1,087.36	1,087.36	-	-
Other financial liabilities	371.36	371.36	371.36	-	-
	3,026.03	**3,026.03**	**2,598.00**	**428.03**	**-**

(₹ in Mn)

March 31, 2018	Contractual cash flows				
	Carrying amount	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Borrowings	1,234.73	1,234.73	1,019.32	215.41	-
Trade payables	910.17	910.17	910.17	-	-
Other financial liabilities	357.75	357.75	357.75	-	-
	2,502.65	**2,502.65**	**2,287.24**	**215.41**	**-**

(iii) Floating exchange rate and interest rate risk

Floating exchange rates

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

Interest rate risk

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

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

(₹ in Mn)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed rate instruments		
Financial assets	-	-
Financial liabilities		
Vehicle Loan From Banks	202.06	42.57
Vehicle Loan from Others	85.10	9.07
Finance lease Obligation (refer note 35)	144.24	37.78
	431.40	**89.42**
Variable rate instruments		
Financial assets	-	-
Financial liabilities		
Term Loan From Banks	163.93	215.17
Cash Credit	971.98	930.14
	1,135.91	**1,145.31**
	1,567.31	**1,234.73**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

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

Sensitivity analysis

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

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

(₹ in Mn)

Particulars	Effect on profit before tax		Effect on Equity	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Variable rate instruments - increase by 100 basis points	11.36	11.45	11.36	11.45
Variable rate instruments - decrease by 100 basis points	(11.36)	(11.45)	(11.36)	(11.45)

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.

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

(₹ in Mn)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Borrowings(including current maturities)	1,567.31	1,234.73
Less:-		
Cash and cash equivalents	10.89	45.47
Bank Balances other than Cash and cash equivalents	101.99	95.25
Net Debt	**1,454.43**	**1,094.01**
Equity	3,671.05	3,621.77
Debt to equity ratio	0.40	0.30

41. Earnings per Share

(₹ in Mn)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year	270.11	309.69
Weighted average number of shares (Nos.)	5,00,000	5,00,000
Basic and Diluted Earnings Per Share (In ₹)	540.23	619.39
Nominal value of shares outstanding (In ₹)	10	10

42. The excess remuneration paid to Executive Chairman of the Company for the year ended March 31, 2019 of ₹ 10.6 Mns is subject to approval of members of the company, under section 197 of the Companies Act, 2013. The excess managerial remuneration paid to the Executive Chairman pertaining to the financial year 2016-17 and 2017-18 amounting to ₹ 7.8 Mns and ₹ 6.3 Mns respectively has not been approved by the Shareholders. Accordingly, the same has been reversed in books and the amount is shown as recoverable from the Executive chairman.

43. The Company has initiated recovery of overdue advances given to a related party amounting to ₹ 73.2 Mns in an earlier year and out of which ₹ 29.3 Mns has been recovered during the twelve month period.The management is hopeful of recovering the balance outstanding amount of ₹ 43.9 Mns over a period of time and in its opinion, provision is not required.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

44. Related party disclosures

(a) Names of related parties and description of relationship for the year ended March 31, 2019

a) Holding Company

Gati Limited

b) Fellow Subsidiaries

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

c) Entities in which 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

d) 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

e) 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 w.e.f. April 26, 2016)
v) Mr. Kazuhisa Kawamura (resigned w.e.f. April 26, 2016)

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

44. 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	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
(i)	**Expenditure**												
	a) Rent												
	TCI Finance Ltd	-	-	0.18	0.26	-	-	-	-	-	-	**0.18**	**0.26**
	Giri Roadlines & Commercial Trading Pvt Ltd	-	-	6.26	6.06	-	-	-	-	-	-	**6.26**	**6.06**
	Jaldi Traders & commerce house Pvt Ltd	-	-	14.86	14.30	-	-	-	-	-	-	**14.86**	**14.30**
	P.D.Agarwal Foundation	-	-	0.25	0.72	-	-	-	-	-	-	**0.25**	**0.72**
	TCI Telenet Solutions Pvt Ltd	-	-	-	-	3.60	3.60	-	-	-	-	**3.60**	**3.60**
	Gati Limited	-	-	-	-	-	-	49.16	51.30	-	-	**49.16**	**51.30**
		-	-	-	-	-	-	-	-	-	-	**74.30**	**76.24**
	b) Remuneration												
	Mahendra Agarwal	33.33	31.89	-	-	-	-	-	-	-	-	**33.33**	**31.89**
	Bala Aghoramurthy	14.99	15.54	-	-	-	-	-	-	-	-	**14.99**	**15.54**
	Sitting Fees												
	Sheela Bhide	0.43	0.36	-	-	-	-	-	-	-	-	**0.43**	**0.36**
	R Ramachandran	0.56	0.34	-	-	-	-	-	-	-	-	**0.56**	**0.34**
	Commission paid to Directors											**-**	**-**
	Sheela Bhide	-	0.15	-	-	-	-	-	-	-	-	**-**	**0.15**
	R Ramachandran	-	0.20	-	-	-	-	-	-	-	-	**-**	**0.20**
	Mineo Suzuki	-	0.15	-	-	-	-	-	-	-	-	**-**	**0.15**
	Kok Seng Tan	-	0.15	-	-	-	-	-	-	-	-	**-**	**0.15**
	Relative												
	Dhruv Agarwal	-	5.83	-	-	-	-	-	-	-	-	-	**5.83**
												49.30	**54.61**
	c) Fuel Expenses	-	-	-	-	-	-	0.19	0.48	-	-	**0.19**	**0.48**
	d) Freight Expenses												
	TCI Hi-Ways Pvt Ltd	-	-	45.13	78.13	-	-	-	-	-	-	**45.13**	**78.13**
	Gati Kausar India Ltd	-	-	-	-	-	-	-	-	15.27	4.71	**15.27**	**4.71**
	Gati Limited (Railway Expenditure)	-	-	-	-	-	-	116.13	-	-	-	**116.13**	**-**
												176.52	**82.84**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

44. Related party disclosures (contd..)

(b) Summary of the transactions with related parties: (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	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	e) **Management Fees**	-	-	-	-	-	-	14.37	17.30	-	-	**14.37**	**17.30**
	f) **Manpower Expenses**												
	Gati Academy	-	-	68.09	69.73	-	-	-	-	-	-	**68.09**	**69.73**
	g) **Donation**												
	Share India	-	-	3.60	3.60	-	-	-	-	-	-	**3.60**	**3.60**
	h) **Employees Compensation Cost**	-	-	-	-	-	-	3.23	5.36	-	-	**3.23**	**5.36**
	i) **Electricity Expenditure**												
	Solaflex Solar Energy Private Limited	-	-	1.21	1.26	-	-	-	-	-	-	**1.21**	**1.26**
(ii)	**Income**												
	a) **Freight**												
	Kintentsu World Express (India) Pvt Limited	-	-	-	-	54.30	33.09	-	-	-	-	**54.30**	**33.09**
	Gati Limited	-	-	-	-	-	-	558.03	505.54	-	-	**558.03**	**505.54**
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	76.08	47.66	**76.08**	**47.66**
												688.41	**586.29**
	b) **Warehouse Income**												
	Gati Academy	-	-	1.23	1.23	-	-	-	-	-	-	**1.23**	**1.23**
	TCI Hi-Ways Pvt Ltd	-	-	0.39	0.37	-	-	-	-	-	-	**0.39**	**0.37**
	Kintentsu World Express (India) Pvt Limited	-	-	-	-	31.59	31.06	-	-	-	-	**31.59**	**31.06**
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	0.66	0.88	**0.66**	**0.88**
	Fozal Power Private Limited	-	-	-	-	0.16	0.25	-	-	-	-	**0.16**	**0.25**
	Gati Cargo Express (Shanghai) Co. Ltd	-	-	-	-	-	-	-	-	1.14	-	**1.14**	
												35.17	**33.79**
	c) **Other Operating Income**												
	Gati Limited (Management Fee)	-	-	-	-	-	-	40.88	-	-	-	**40.88**	**-**
(iii)	**Dividend Paid**												
	Kintetsu World Express (India) Pvt. Ltd	-	-	-	-	4.96	5.92	-	-	-	-	**4.96**	**5.92**
	Gati Limited	-	-	-	-	-	-	86.71	103.60	-	-	**86.71**	**103.60**
												91.67	**109.52**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

44. Related party disclosures (contd..)

(c) Summary of closing balances 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	
		As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018
(iv) a)	**Sundry Debtors**												
	TCI Hi Ways Pvt Ltd	-	-	0.08	0.04	-	-	-	-	-	-	**0.08**	**0.04**
	Gati Academy	-	-	-	0.33	-	-	-	-	-	-	**-**	**0.33**
	Solaflex Solar Energy (P) Ltd	-	-	-	1.23	-	-	-	-	-	-	**-**	**1.23**
	Kintentsu World Express (India) Pvt Limited	-	-	-	-	14.85	23.92	-	-	-	-	**14.85**	**23.92**
	Gati Limited	-	-	-	-	-	-	532.47	286.47	-	-	**532.47**	**286.47**
	Gati Import Export Trading Limited	-	-	-	-	-	-	-	-	29.43	11.65	**29.43**	**11.65**
	Gati Cargo Express (Shanghai) Co. Ltd	-	-	-	-	-	-	-	-	0.74	-	**0.74**	**-**
												577.57	**323.64**
b)	**Deposits Given**												
	Solaflex Solar Energy (P) Ltd	-	-	2.00	2.00	-	-	-	-	-	-	**2.00**	**2.00**
	Jaldi Traders & Commerce House Pvt Ltd	-	-	12.12	15.87	-	-	-	-	-	-	**12.12**	**15.87**
	TCI Telenet Solutions (P) Ltd	-	-	-	-	1.80	1.80	-	-	-	-	**1.80**	**1.80**
	Gati Limited	-	-	-	-	-	-	71.93	65.35	-	-	**71.93**	**65.35**
												87.85	**85.02**
c)	**Sundry Creditors**												
	TCI Hi-Ways Pvt Ltd	-	-	-	4.69	-	-	-	-	-	-	**-**	**4.69**
	Share India	-	-	0.30	0.30	-	-	-	-	-	-	**0.30**	**0.30**
	TCI Finance Ltd	-	-	-	0.10	-	-	-	-	-	-	**-**	**0.10**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2019

44. Related party disclosures (contd..)

(c) Summary of closing balances 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	
		As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2019	As at 31st Mar 2018
	Giri Road lines and Commercial Trading Pvt Ltd	-	-	-	0.13	-	-	-	-	-	-	**-**	**0.13**
	Gati Limited	-	-	-	-	-	-	1.16	7.04	-	-	**1.16**	**7.04**
	Gati Kausar India Ltd	-	-	-	-	-	-	-	-	0.92	1.46	**0.92**	**1.46**
	Solaflex Solar Energy (P) Ltd	-	-	0.11	-	-	-	-	-	-	-	**0.11**	**-**
	Gati academy	-	-	5.05	-	-	-	-	-	-	-	**5.05**	**-**
	R Ramachandran	0.03	-	-	-	-	-	-	-	-	-	**0.03**	**-**
	Sheela Bhide	0.03	-	-	-	-	-	-	-	-	-	**0.03**	**-**
												7.60	**13.72**
d)	**Other Operational Advances**												
	TCI Hi-Ways Pvt Ltd	-	-	43.88	73.24	-	-	-	-	-	-	**43.88**	**73.24**
												43.88	**73.24**
e)	**Corporate Guarantee taken**	-	-	-	-	-	-	381.27	517.50	-	-	**381.27**	**517.50**

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

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

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

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given for FY 2018-19.

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, 2019

45. Previous GAAP figures have been reclassified/ regrouped wherever neccessary.

46. The financial statement are approved for issue by the Audit Committee at its meeting held on May 20, 2019 and by the Board of Directors at its meeting held on May 21, 2019.

As per our report of even date

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

Anurag Singhi
Partner
Membership No: 066274

Place: Kolkata
Date: May 21, 2019

For and on behalf of the Board of Directors

Mahendra Agarwal
Executive Chairman
DIN: 00179779

Bala Aghoramurthy
Deputy Managing Director
DIN: 06960138

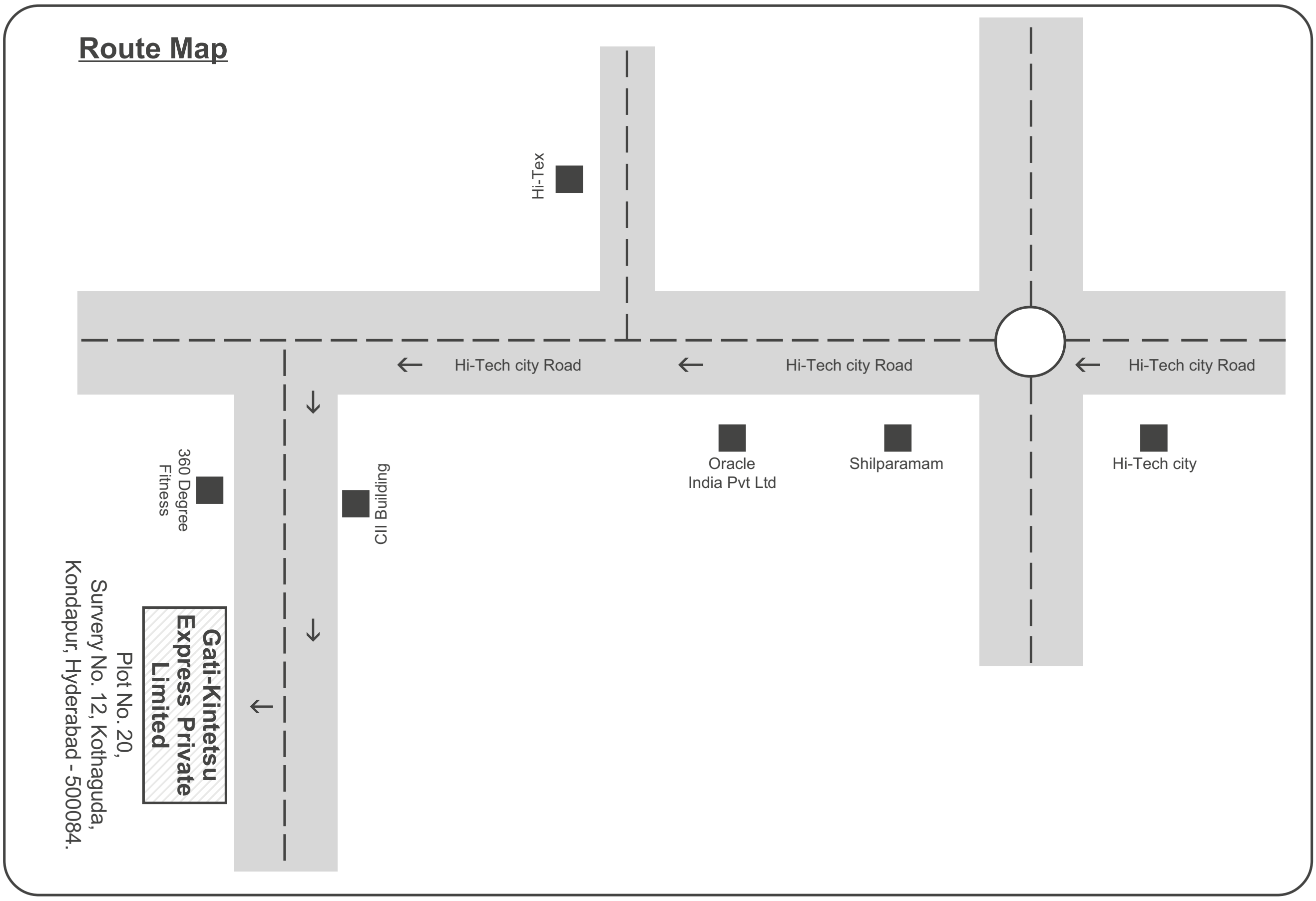
Place: Hyderabad
Date: May 21, 2019

Notes

Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forwardlooking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

Route Map



If undelivered please return to :

GATI KWE
Ahead in reach

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