



Directors' Report

Dear Members,

Your Directors present the report of the Business and Operations of your Company ('the Company' or 'Gati'), along with the audited financial statements, for the financial year ended March 31, 2021. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required.

1) Financial Highlights

The summarized standalone and consolidated financial results of the Company for the financial year ended March 31, 2021 as compared to the previous year are as under:

Particulars	Standalone		Consolidated	
	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20
Total Income	28,650	44,551*	1,32,465	1,72,493
Profit/(Loss) before Finance Cost, Depreciation & Amortization Expenses, Exceptional items & Tax Expenses	280	(528)	3,756	4,891
Less: Finance cost	669	1,255	4,514	5,364
Less : Depreciation and Amortization Expenses	188	368	4,013	4,370
Profit/(Loss) before tax & Exceptional items	(577)	(2,151)	(4,771)	(4,843)
Less: Exceptional items	16,001	-	(20,486)	-
Profit/(Loss) before tax	(16,578)	(2,151)	(25,257)	(4,843)
Less: Tax expenses	1,053^	3,631^	(664)	3,584^
Profit/(Loss) after tax	(17,632)	(5,782)	(24,593)	(8,427)
Attributable to				
Owners of the company	(17,632)	(5,782)	(22,788)	(7,829)
Non –controlling Interest	-	-	(1,805)	(598)
Add: other comprehensive Income (net of Tax)	71	(52)	913	(128)
Total comprehensive income	(17,561)	(5,834)	(23,680)	(8,555)
Attributable to				
Owners of the company	(17,561)	(5,834)	(21,802)	(7,932)
Non –controlling Interest	-	-	(1,878)	(623)

*Includes dividend income from GKEPL.

^Tax related to earlier years.

2) Dividend

In view of the loss for the year ended, the Directors do not recommend any dividend on the equity shares of the Company for the financial year ended March 31, 2021. Further, in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 effective from May 06, 2021, the Board of Directors of the Company at its meeting held on May 25, 2021 has adopted the Dividend Distribution Policy pursuant to the provisions of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and same is available on the Company's website and can be accessed at www.gati.com.

3) Impact of COVID-19

The COVID-19 pandemic continues to spread throughout the world. The performance of the Company operation was impacted during the first quarter, following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The company has taken-into-account the impact of COVID – 19 in preparation of financial results including its assessment of going concern and recoverability of the carrying amounts of financial and non-financial assets. The extent to which the pandemic will impact our future financial results is currently uncertain and will depend on various other economic developments. The Company is also dependent on dividend from a major operating subsidiary, which is also affected by COVID-19 in respect of business operations and turnover. The Company will continue to monitor any material changes to future economic conditions.

4) Review of Operations

Consolidated:

During the year under review, at consolidated level, your Company achieved a revenue of ₹1,32,465 Lakhs, EBITDA of ₹3,756 Lakhs, PBT of ₹-25,257 Lakhs and PAT of ₹-24,593 Lakhs as against a revenue of ₹1,72,493 Lakhs, EBITDA of ₹4,891 Lakhs, PBT of ₹-4,843 Lakhs and PAT of ₹-8,427 Lakhs respectively in the previous year.

Standalone:

At standalone level, your Company recorded revenue of ₹28,650 Lakhs, EBITDA of ₹280 Lakhs, PBT of ₹-16,578 Lakhs and PAT of ₹-17,632 Lakhs as against revenue ₹44,551 Lakhs, EBITDA of ₹-528 Lakhs, PBT of ₹-2,151 Lakhs and PAT of ₹-5,782 Lakhs in the previous year.

5) Performance and Financial Details of Subsidiaries and Associates

The financial performance of the subsidiaries and associate are discussed in the Report on Management Discussion & Analysis Report. Pursuant to the provisions of Sections 129, 133, 134 and 136 of the Act read with Rules framed thereunder, the Company has prepared Consolidated Financial Statements of the Company and its subsidiaries and a separate statement containing the salient features of financial statement of subsidiaries and associate in Form AOC-1 forms part of the Annual Report.

In accordance with Section 136 of the Act, the Annual Accounts of the Subsidiaries are available on the Company's website and also open for inspection by any Member at the Company's Registered Office. The Company will make available these documents and the related detailed information upon request by any Member of the Company or any Member of its Subsidiary, who may be interested in obtaining the same.

6) Subsidiaries, Associates & Joint Ventures and Consolidated Financial Statements

In accordance with the Ind-AS 110 on Consolidated Financial Statements read with the Ind-AS 28 on Accounting for Investments in Associates notified under Section 133 read with Section 129(3) of the Act, the Audited Consolidated Financial Statements are provided in the Annual Report.

The financial statements of the following Subsidiaries have been consolidated into the financial statements of the Company:

- i. Gati-Kintetsu Express Private Limited ("GKEPL")
- ii. Gati Kausar India Limited ("GKIL")
- iii. Gati Import Export Trading Limited ("GIETL")
- iv. Zen Cargo Movers Private Limited ("ZCMPL")
- v. Gati Logistics Parks Private Limited ("GLPPL")

- vi. Gati Projects Private Limited ("GPPL")
- vii. Gati Asia Pacific Pte Ltd. ("Gati Asia Pacific")
- viii. Gati Hong Kong Ltd. ("Gati Hong Kong")
- ix. Gati Cargo Express (Shanghai) Co. Ltd. ("Gati Cargo")

The Company has one Associate Company i.e. Gati Ship Limited and the same is not considered in the consolidation of accounts as the Company ceases to have significant control after the sale of stake of 12.09% on May 16, 2014. Further, the Company has no Joint Ventures.

During the year, Gati Asia Pacific Pte Ltd. alongwith Gati Hong Kong Ltd. and Gati Cargo Express (Shanghai) Co. Ltd. have ceased to be the Company's subsidiaries w.e.f. August 17, 2020.

In accordance with Regulation 16(1)(c) of the Listing Regulations, GKEPL has been identified as a material unlisted subsidiary of the Company.

Furthermore, post closure of the reporting period, the Board of Directors of the Company vide its meeting held on Tuesday, May 25, 2021 approved the disposal of Subsidiary i.e. Gati Kausar India Limited, by way of entering into Share Purchase Agreement among the Contracting Parties i.e. (i) Company as a Promoter, (ii) Mandala Capital AG Limited as an Investor, and (iii) Gati Kausar India Limited as a Company.

The Policy for Determining Material Subsidiaries as approved by the Board is uploaded on the Company's website at <https://www.gati.com/pdf/Investors/announcements/Policy-on-material-subsidiaries.pdf>

7) Acquisition of controlling stake by Allcargo Logistics Limited (ACL)

ACL had completed the acquisition of the controlling stake in the Company pursuant to the Share Purchase Agreement, Share Subscription Agreement and the Open Offer given to the Public Shareholders of the Company. On April 08, 2020, ACL became the Promoter and the holding Company and Gati is now a part of the Allcargo Group.

8) Reserves

No amount transferred to Reserves, in view of the losses of the Company at the end of the financial year.

9) Fixed deposits (FD)

As on March 31, 2021, fixed deposits of your Company stood at ₹731.8 Lakhs out of which ₹69.2 Lakhs remain unclaimed and there were no overdue deposits as on that date. During the year under review, your Company has accepted deposits to the tune of ₹44.1 Lakhs. There was no default in repayment of deposits or payment of interest thereon during the year and there are no deposits which are in non-compliance with



the requirements of the Act. The current fixed deposits carry a rating of "CARE BB+" issued by CARE Ratings Limited. Further, the Board of Directors of the Company have decided at its meeting held on September 14, 2020 not to accept the new Fixed Deposits and renew any existing Fixed Deposits.

10) Directors and Key Managerial Personnel (KMP)

i. Appointment/Resignation/Cessation of Director:

The Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on July 03, 2020, has approved the appointment of Ms. Cynthia D'Souza (DIN: 00420046), Mr. Mohinder Pal Bansal (DIN: 01626343) and Mr. Dinesh Kumar Lal (DIN: 00037142) as Additional Directors (Independent) with effect from July 03, 2020 for a first term of 5 (Five) years and Mr. Adarsh Hegde (DIN: 00035040) & Mr. Jatin Chokshi (DIN: 00495015) as Additional Directors (Non-Executive) with effect from July 03, 2020 and the same were approved by the Shareholders of the Company in the AGM held on December 28, 2020. Further, the Company has received consent in writing from all of them to act as Directors in Form DIR- 2 and intimation in Form DIR-8 to the effect that they are not disqualified u/s 164(2) of the act.

Further, the Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on February 05, 2021, has approved the appointment of Mr. Nilesh Shivji Vikamsey (DIN: 00031213) as an Additional Director (Independent) with effect from February 05, 2021 and recommends the same for the approval by the Shareholders of the Company in the ensuing AGM of the Company.

During the year under review:

- (i) Dr. P S Reddy (DIN: 00608915) resigned from the position of the Independent Director of the Company with effect from July 08, 2020 due to his personal reasons,
- (ii) Mr. K L Chugh (DIN: 00140124) resigned from the position of the Independent Director and Chairman of the Company with effect from July 24, 2020 due to his age, ill health and stressful work environment,
- (iii) Dr. Savita Date Menon (DIN: 08528271) resigned from the position of the Independent Director of the Company with effect from October 12, 2020 due to the transition of the Company into a new Management,
- (iv) Mr. N Srinivasan (DIN: 00004195) resigned from the position of Independent Director of the Company with effect from January 01, 2021 due to his advanced age and related health issues,

(v) Mr. Mohinder Pal Bansal (DIN: 01626343) resigned from the position of Independent Director of the Company with effect from March 04, 2021 due to his personal reasons,

(vi) Mr. Mahendra Kumar Agarwal (DIN: 00179779) resigned from the position of the Managing Director, Founder & CEO of the Company with effect from September 28, 2020 pursuant to the Share Purchase Agreement entered by him along with two other Promoter group members ("Sellers") with Allcargo Logistics Limited ("Acquirer") on December 05, 2019, and

(vii) Mr. Adarsh Hegde (DIN: 00035040) and Mr. Jatin Chokshi (DIN: 00495015) also resigned from the position of Additional Non – Executive and Non-Independent Directors of the Company with effect from October 05, 2020 due to their personal reasons.

Mr. K.L.Chugh, Mr. P.S.Reddy and Mr. N.Srinivasan, Independent Directors were associated with the Company for more than two decades. Mr. Shashi Kiran Shetty has now been appointed as the new Chairman of the Company with effect from July 24, 2020 and also the Managing Director of the Company w.e.f. November 04, 2020.

ii. Re-appointment of Director:

During the year, the Company has re-appointed Mr. Yasuhiro Kaneda (DIN: 07619127) as Director of the Company, who retires by rotation at the 25th AGM held during the year.

iii. Retirement by Rotation:

In accordance with the provisions of Section 152 of the Act, read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Mr. Kaiwan Kalyaniwalla (DIN: 00060776), Director of the Company, who retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment and the Board recommends his re-appointment.

In compliance with Regulation 36(3) of the Listing Regulations, brief resume of all the Directors proposed to be appointed / re-appointed forms part of the notes and explanatory statement to the Notice of the ensuing AGM.

iv. Key Managerial Personnel:

Pursuant to the stepping down of Mr. Peter H. Jayakumar, from the position of Chief Financial Officer (CFO) of the Company with effect from October 09, 2020 on account of his Superannuation, Mr. Rohan Mittal the Chief Transformation Officer of the Company

has also been appointed as the new Chief Financial Officer of the Company with effect from October 09, 2020.

11) 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 Act and Regulation 19 of the Listing Regulations. The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this Annual report.

The information required under section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of Directors/employees of the Company is set out in the Annexure –A to this report.

Your company as a mark of recognition to the contributions made by the President, Business & Operations of the Company towards the business of the Company including its subsidiaries, made a onetime ex-gratia payment of rupees one crore to him.

12) Declaration by Independent Directors

Pursuant to sub section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations, all the Independent Directors of your Company have given declaration that they have met the criteria of independence as required under the Act and the regulations.

13) Remuneration Policy

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

14) Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, annual performance evaluation is to be done for the Board, its Committees, the Chairman and Individual Directors. To ensure an effective evaluation process, the Nomination and Remuneration Committee of the Board of Directors (“NRC”) has put in place evaluation framework for conducting the performance evaluation exercise.

Based on the criteria set by NRC, the Board has carried out annual evaluation of its own performance, its Committees and individual Directors for financial year 2020-21. The questionnaires on performance evaluation were broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 05, 2017. An online platform has been provided to each Director for

their feedback and evaluation. The evaluation process was anchored by an independent professional agency to ensure independence, confidentiality and neutrality. A report on the evaluation process and the results of the evaluation were presented by the agency to the Board.

The performance evaluation of the Board was done on key attributes such as composition, administration, corporate governance, independence from Management, etc. Parameters for evaluation of Directors included constructive participation in meetings and engagement with colleagues on the Board. Similarly, committees were evaluated on parameters such as adherence to the terms of the mandate, deliberations on key issues, reporting to Board, etc. Evaluation of the Chairman of the Company was on the basis of his leadership, guidance to the Board and overall effectiveness.

Thereafter, at the Board meeting, the performance of the Board, its Committees and individual Directors was discussed and deliberated. The Board of Directors expressed their satisfaction towards the process followed by the Company for evaluating the performance of the Directors, Board and its Committees.

15) Board Committees

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

16) Audit committee

The details pertaining to the composition of the audit committee are included in the Corporate Governance Report, which is a part of this report.

All the recommendations made by the Audit Committee were accepted by the Board of Directors of the Company.

17) Particulars of Loans, Guarantees and Investments

The particulars of Loans given, Investments made and guarantees provided by the Company under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as at March 31, 2021, forms part of the Financial Statements.

18) Corporate Social Responsibility (CSR)

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



The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company as adopted by the Board and the initiatives undertaken by the Company on CSR activities during the year under review are set out in Annexure-B of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. The Composition of CSR Committee, CSR Policy and Projects approved by the Board is available on the Company's website www.gati.com.

19) Related Party Transactions

In line with the requirements of the Act and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at <https://www.gati.com/investor-relations/policies/>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

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, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The details of the transactions with related parties are provided in Note No. 47 to the Financial Statements.

20) Meetings of the Board and Committees

Ten Meetings of the Board of Directors were held during the year. For details of the meetings of the Board, please refer to the report on Corporate Governance, which forms part of this Annual report.

21) Vigil Mechanism

The existing Whistle-blower Policy has been revised and the same being approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations. The revised Whistle-blower Policy is being made available on the website of your company at <https://www.gati.com/investor-relations/policies/>.

22) 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 complied with the provisions related to the Constitution of Internal Complaints Committee (ICC).

The Company has taken several initiatives across the organization to build awareness amongst employees

about the Policy and the provisions of Prevention of Sexual Harassment of Women at Workplace Act.

No complaint on sexual harassment was received during the year.

23) Familiarisation Programme for Independent Directors

Pursuant to the Listing Regulations, the Company shall familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The Directors are regularly informed during meetings of the Board and Committees on the business strategy, business activities, business operations and issues faced by the Logistics industry.

The details of the Familiarisation programme process for the Independent Directors forms part of the Corporate Governance Report.

24) Directors' Responsibility Statement

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

- a) That in the preparation of the Accounts for the financial year ended March 31, 2021, the applicable accounting standards and schedule III of the Act (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 departure;
- b) 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, 2021 and of the profit and loss of the Company for the financial year ended March 31, 2021;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act (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;
- d) That the accounts have been prepared on 'going concern' basis;
- e) The directors had laid down internal financial controls to be followed by the company and such internal financial controls are adequate and the Company is constantly endeavouring to improve the standards of internal control in various areas and taking steps to strengthen

the internal control system to make it commensurate and effective with the nature of its business;

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

25) Annual Return

Pursuant to sub-section (3) of Section 92 of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as at March 31, 2021 in Form MGT-7 is available on the website of the Company at the link <https://www.gati.com/investor-relations/general/>

26) Risk Management Policy

The 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.

The Company, through its risk management process, aims to contain the risks within its risk appetite. There are no risks which in the opinion of the Board that threatens the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Annual Report.

27) 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 your Company is constantly endeavouring to improve the standards of internal control in various areas and taking steps to strengthen the internal control system to make it commensurate and effective with the nature of its business.

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 Act) for the financial year ended March 31, 2021, which forms part to the Statutory Auditors Report.

28) Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividend are required to be transferred by the company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the share in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to demat account created by the IEPF Authority. Accordingly, the company is in the process of transferring the unpaid or unclaimed dividend amounting to ₹732,890/- for the financial year 2012-13 along with its corresponding shares totalling to 30,689. The same could not be transferred as per the requirement of IEPF rules due to technical glitch and lockdown as an impact of Covid-19.

29) Auditors

a) Statutory Auditors

M/s. Singhi & Co., Chartered Accountants, (Firm Registration No. 302049E), were appointed as Statutory Auditors of the Company at the 22nd AGM till the conclusion of the 27th AGM.

The standalone and consolidated 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.

Further, the report of the Statutory Auditors along with the notes on the Financial statements is enclosed to this Report. The Auditors' Report do not contain any qualifications, reservation, adverse remarks, observations or disclaimer on Standalone Audited Financial Statements for the financial year ended March 31, 2021 except to the emphasis of matter regarding the loans given to a subsidiary, read with note 52 and note 55 pertaining to the Covid-19 pandemic impact, which are self-explanatory. However, Auditors Report on Consolidated Audited Financial Statements for the financial year ended March 31, 2021 contains the below modified opinion:-

- (i) Auditors Qualification given under the head "Basis of Qualified Opinion" in the Auditors Report on consolidated financial statements read with note no. 56 of the consolidated financial statements



are self-explanatory and do not call for any further comments.

- (ii) Independent Auditors have also drawn attention in their report on material uncertainty related to going concern matter and note 57 of the consolidated financial statements are self-explanatory.
- (iii) Independent Auditors have also drawn attention in their report for Emphasis of matter, which read with note no. 58(a) & 61 to the consolidated financial statements of the Company, are self-explanatory.

Internal Financial controls:

Annexure A, to consolidated financial statements of Independent Auditor's report, under the head "Basis of Qualified opinion" opinion refers to the operating effectiveness of Internal Financial Control over financial reporting of a subsidiary i.e. Gati-Kintetsu Express Private Ltd. as follows:

- a) Contract revenue mapping in Information Technology system;
- b) Integration between various functional software relating to sales and expenses with the accounting in software.

Board's Comment:

- a) Regarding contract revenue mapping, the subsidiary i.e. Gati-Kintetsu Express Private Ltd has initiated the implementation of Digital contract system.
- b) Regarding Integrating of certain functional software with the accounting software, necessary steps have been taken with continuing reconciliation.

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Puttapparthi Jagannatham & Co., Company Secretaries, Hyderabad as the Secretarial Auditor to conduct an audit of the secretarial records of the Company for the financial year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 under the Act, read with Rules made thereunder and Regulation 24A of the Listing Regulations, is set out in the Annexure – C-1 to this report, with the following remarks and which are self-explanatory:

- a) The compliance for Transfer of Unclaimed Unpaid Dividend and corresponding transfer of shares to IEPF fund pertaining to FY 2012-13 were pending due to the technical issues during the period.

- b) The position of the Independent Director on the Board of its unlisted material subsidiary i.e. Gati Kintetsu Express Private Limited has become vacant on 5th December, 2019 and the vacancy was filled on 5th October, 2020 as the Company was in transition phase w.r.t the change and control of the Management.
- c) Post completion of transition and change in the control and Management of the Company, the decision for the appointment of new Managing Director was unanimously taken by the Board of Directors of the Company during the proceedings of the Board Meeting, without being circulated in the agenda, which doesn't form part of other items in the Minutes. In this regard, the Notice & Agenda of Nomination & Remuneration Committee was not made available. Hence, not commented on the compliance with respect to the same.

Further, the Secretarial Audit Report of the material subsidiary i.e. Gati-Kintetsu Express Private Limited for the financial year ended March 31, 2021, pursuant to requirement of Regulation 24A of the Listing Regulations, is set out in Annexure – C-2 to this report.

Furthermore, M/s. DVM & Associates LLP, Practicing Company Secretaries and Mr. T. N. Kannan, Practicing Company Secretaries carries out Reconciliation of Share Capital Audit every quarter and the report thereon is submitted to the Stock Exchanges.

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

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo pursuant to Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Account) Rules, 2014 is annexed as Annexure – D.

31) Employees Stock Option Scheme

Your Company has two Employee Stock Option Schemes namely ESOS 2006 & ESOS 2007. During the year, your Company has not allotted any Equity shares pursuant to Employee Stock Options. The Schemes are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there have been no material changes to the schemes during the financial year 2020-21. A certificate from the Auditors of the Company is being obtained to state that the Schemes are implemented in accordance with the SBEB Regulations and the resolutions passed by the members. The certificate would be available at the Annual General Meeting for inspection by members. The details as required to be disclosed under the SBEB Regulations and certificate from Auditors will be uploaded on the Company's website and may be accessed at: www.gati.com.

32) Change in Capital Structure and Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

Further, during the year under review, your Company has increased its Authorized share capital from ₹30,00,00,000/- (Rupees Thirty Crores) comprising of 12,50,00,000 (Twelve Crores Fifty Lakhs) equity shares of face value of ₹2/- each and 5,00,000 (Five Lakhs) Preference Shares of ₹100/- each to ₹35,00,00,000 (Rupees Thirty Five Crores) divided into 17,50,00,000 (Seventeen Crores Fifty lakhs) Equity Shares of ₹2/- (Rupees Two Only) each by way of:-

- a) Cancellation and re-classification of unissued 5,00,000 (Five Lakhs) Preference Shares of ₹100/- each aggregating to ₹5,00,00,000 (Rupees Five Crores) into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of ₹2/- each aggregating to ₹5,00,00,000 (Rupees Five Crores); and
- b) Increasing by way of addition of 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of ₹2/- each aggregating to ₹5,00,00,000 (Rupees Five Crores).

Further, during the financial year under review, no equity shares were allotted under the Employee Stock Option Scheme.

Further, Issued, Subscribed and Paid-up Share Capital of the Company as at March 31, 2021 is ₹24,38,91,954/- divided into 12,19,45,977 equity shares of ₹2/- each.

Furthermore, post closure of the reporting period, the Board of Directors of the Company in its meeting held on Friday, May 07, 2021 considered and approved the Issuance of up to 10,23,020 Equity Shares of face value of ₹2 each ("Equity Shares") at a price of ₹97.75/- per Equity Share at a premium of ₹95.75/- per Equity Share, aggregating up to ₹10,00,00,205/- (Rupees Ten Crore Two Hundred and Five Only) and 71,61,120 Equity Warrants at a Price of ₹97.75/- per Equity Warrant with the right to warrant holder to apply for and be allotted 1 (One) Equity Share of the face value of ₹2/- each of the Company at a premium of ₹95.75/- per equity share for each Equity warrant within a period of 18 (Eighteen) months from the date of allotment of the warrants, aggregating up to ₹69,99,99,480/- (Rupees Sixty Nine Crores Ninety Nine Lacs Ninety Nine Thousand Four Hundred and Eighty Only) to Allcargo Logistics Limited, Promoter of the Company on Preferential issue basis in accordance with Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended, and other applicable laws, subject to the shareholders' approval by way of

passing of the Special Resolution in the Extra-Ordinary General Meeting to be held on Thursday, June 03, 2021 and other necessary approvals (including applicable statutory and regulatory approvals) and in compliance with applicable laws and regulations.

33) Change of Registrar and Share Transfer Agent of the Company

During the year under review, your Company has terminated the services of Kfin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) as Registrar & Share Transfer Agent and has appointed Link Intime India Private Limited as Registrar & Share Transfer Agent with effect from August 18, 2020.

34) Company's Policies

The details of the policies approved and adopted by the Board are provided in Annexure - E to this report.

35) Corporate Governance

Your Company is committed to maintain the high standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India. The Report on corporate governance as stipulated under Regulation 34 of the Listing Regulations, forms part of this Annual Report and is annexed as Annexure - F. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulations forms part of this report.

36) Management Discussion and Analysis Report (MD&AR)

Management Discussion and Analysis Report for the financial year under review, as stipulated under Regulation 34(2)(e) of the Listing Regulations, is presented in a separate section and forms part of this Annual Report.

37) Business Responsibility Report (BRR)

Business Responsibility Report for the financial year under review, as stipulated under Regulation 34(2)(f) of the Listing Regulations, is presented in a separate section and forms part of this Annual Report.

38) General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of your Company under any scheme.



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 Act (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 your Company between the end of financial year (March 31, 2021) and the date of the report (May 25, 2021).
7. Company is not required to maintain cost records under Section 148(1) of the Act.
8. The policy for determining material subsidiaries of the Company has been provided on the Company's website at www.gati.com

39) Acknowledgment

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 and the financial contribution and significant support from the largest shareholder Allcargo Logistics Limited. Your Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board

Place: Hyderabad
Date: May 25, 2021



Shashi Kiran Shetty
Chairman & Managing Director
DIN: 00012754