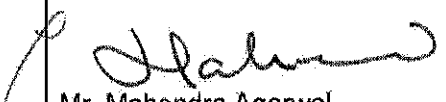

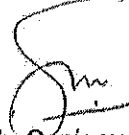







# FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1. Name of the company	Gati Limited
Annual financial statements for the <i>Year</i> ended	31 <sup>st</sup> March, 2015
Type of Audit observation	As per Annexure -I
Frequency of observation	As per Annexure -I
To be signed by- <ul style="list-style-type: none"> <li>• CEO / Managing Director</li> <li>• CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul>	<div> <p>For Gati Limited</p> <p>  Mr. Mahendra Agarwal  Managing Director &amp; CEO  DIN: 00179779</p>  </div> <div> <p>For Gati Limited</p> <p>  Mr. Sanjeev Jain  Director- Finance  DIN: 05325926</p>  </div> <div> <p>For R S Agarwala &amp; Co.  Chartered Accountants  Firm Regn. No.304045E</p> <p>  R S Agarwala  Partner  Membership No.005534</p>  </div> <div> <p>For Gati Limited</p> <p>  Mr. N Srinivasan  Audit Committee Chairman  DIN: 00004195</p>  </div>

**Annexure - I**

<b>Sl. No</b>	<b>Nature of Observations</b>	<b>Observation</b>	<b>Frequency</b>
<b>1.</b>	<b>Emphasis of Matter</b>	Note 28 of the financial statements regarding the scheme of arrangement for amalgamation (the Scheme) sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated March 19, 2013. The Scheme permits the company to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to Rs. 555.54 crores to be utilized to adjust therefrom any capital losses arising from transfer of assets and certain other losses as specified in the Scheme and as the Board of Directors may deem fit. Accordingly the irrecoverable advances to Gati ship Limited of 23.84 crores net of 30.22 Lacs realized on sale of 12.10 Lacs equity shares of Gati ship Limited has been adjusted to special reserve which is not in accordance with Accounting Standard (AS) 5 'Net profit or loss for the period, prior period items and Changes in Accounting Policies' and Accounting Standard (AS) 13 'Accounting for Investments'. This has resulted in the profit for the period before tax and profit after tax for the period being higher by Rs. 23.84 crores.	<b>First Time</b>
<b>2.</b>	<b>Emphasis of Matter</b>	Note 30 of the financial statements regarding non provision against investment and other receivables from the subsidiary Zen Cargo Movers Pvt. Limited amounting to Rs.36.22 Lacs and Rs. 147.61 Lacs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.	<b>Repeated</b>
<b>3.</b>	<b>Emphasis of Matter</b>	Note 31 of the financial statements regarding certain loans and advances to subsidiaries and an associate aggregating to Rs.23.66 crores in respect of which the management is confident of its full recovery.	<b>Repeated</b>

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4.	Emphasis of Matter	Note 32 of the financial statements regarding non provision for dues of Rs.12.15 crores from a body corporate as the management is confident of its full recovery.	Repeated
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