



GROWING TOGETHER
TO SCALE NEW HEIGHTS



Kites have influenced mankind from time immemorial and sparked many inventions. It gave wings to man's dream of flying, enabled him to see the world from new heights, and inspired numerous other industries. Kites have also had great influence on cultures around the world. In Japan, it's a tradition to fly kites on the New Year as a thanks offering to the past years' success. Taking inspiration from kites and the way it has lifted human imagination, Gati flies its kite to commemorate the success it has achieved in the past one year.

Established in 1989, Gati Limited is India's pioneer in Express Distribution and Supply Chain Solutions. Having started as a door-to-door cargo-management company, Gati today is India's leading end-to-end Logistics Solutions Company. It is India's most reputed and trusted brand in the logistics industry and has to its credit the privilege of serving customers that are among the Top 10 brands in Automotive, Healthcare, Engineering and Consumer Durables.

Leading the Express Distribution industry in India, Gati also provides comprehensive Supply Chain Solutions, Cold Chain Transportation Solutions, Warehousing, International Freight Forwarding, Custom Clearance, E-commerce and Coast-to-Coast services to customers across diverse industry verticals.

In a span of 22 years Gati has grown to be a 3,500 strong people company, with an annual turnover of ₹12,094 mn. Gati has always stayed ahead by innovating and transforming its processes, refining service offerings, redefining customer standards internally and externally and using technology to drive up customer satisfaction.





Expanding Market Offerings.

While most cultures embraced kites and made it their own, some saw its untapped potential. History records many famous innovations among which stands out Benjamin Franklin's Lightning rod. He used a kite to prove the point, that lightning was in fact electricity. Gati's deep understanding of customer needs and passion to innovate has been the driving force to craft innovative services to meet the ever changing customer needs.

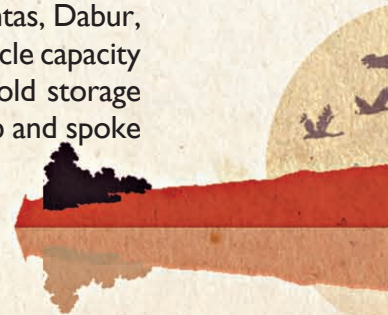
E-commerce – Door-to-door delivery service

E-commerce is one of the biggest things that have taken Indian business by storm. The Indian E-commerce industry is set to grow from ₹ 8,700 Cr in 2012 to ₹ 53,000 Cr. by 2015. Gati is all set to cater to the growing E-commerce B2C and C2C segments. With its unmatched reach and dedicated large distribution network across the country it is well poised to cater to this important market.

Our specialized e-fulfillment centers and online store will help our clients reach new customers through the online retail channel. Currently we are catering to some of the top notch large Online Retailers, Home Shopping Channels and providing franchisee solution to multinational brands.

Cold Chain Solutions - Focus on further strengthening

The Cold Chain industry in India is in an evolution stage growing at 20-25% and is expected to touch ₹ 400 billion by 2015. Gati Kausar, the cold chain solutions company for the last 20 years has been leading the market and providing customized temperature sensitive services for Consumer foods, Pharmaceuticals, Retail and Agri-food sectors. Our distinguished clients include Cadbury's, Amul, Nestle, Dominos Pizza, Intas, Dabur, Mother Dairy among others. The plan is to further strengthen its current vehicle capacity from 150 to a combined fleet of 350+ distribution vehicles and invest in cold storage facilities and temperature controlled LTL delivery capabilities to create a hub and spoke cold chain distribution network.



Two great minds. Towards greater growth.

Kites gave wings to the idea of airplane which finally was made practical by the Wright Brothers. The coming together of these two great minds changed the future of air travel forever.

This year saw the coming together of two major logistics giants. Gati entered into a joint venture with Kintetsu World Express (KWE) on February 13, 2012. KWE is Japan's leading global logistic service provider.

The newly formed Joint Venture Company GATI-KWE aligns Gati's vision to be a globally preferred provider of India-centric logistics and supply chain solutions. With Gati's intrinsic industry knowledge, large network and KWE's global experience, best practices and technology, GATI-KWE will give Indian Enterprises a global advantage.



Rising higher to make a difference.

Kites are known for its ability to lift human spirits and instill a new energy in them. Gati's exemplary Corporate Social Responsibility undertakings have in various capacities contributed in enhancing the community, employees and environment and is constantly working towards developing a better society.

Relief for natural disasters

Construction of work sheds for the flood affected weavers in Rajouli, AP

Rajouli village, known for its famous Gadwal sarees was among one of the worst flood affected villages in Mahabubnagar district, Andhra Pradesh. Gati took up the responsibility to revive the handloom weavers' community and acquired 2 acres of land to construct work sheds to accommodate weavers.

With the aim of helping the weavers further, an NGO has also been appointed to train them with improved techniques of weaving. The NGO would further help the weavers in developing links with the market for selling their products, getting support from banks and keeping them up-to-date with the market trends.

Relief Initiative to the Assam Flood victims

Assam experienced the worst floods during the last week of June 2012. As a small support to the relief operations being carried out, GATI-KWE East Team provided dedicated vehicles to carry relief materials to the flood affected areas. In addition to this, a dedicated warehouse space was also offered for storage of relief materials.

Support to "Thara"

"Thara" is a charitable non-profit organization that takes special interest in the welfare of children who are deprived of a family. Gati extends its support to this cause by regularly visiting the children at their centers and distributing notebooks and play materials. Going forward, Gati plans to provide support to Thara in every possible way.



Education

Gati Government High School, Hyderabad, AP

Gati partnered with the Government of Andhra Pradesh and built a school with 27 classrooms, washrooms and a large playground. The school which currently provides education to over 1000 students was declared a “Model Government School” in the year 2011. Gati financially supports the school in conducting yearly events and undertakes all expenses related to house-keeping, security and maintenance.

Gati MC High School, Nagore, Tamil Nadu

Gati undertook the development of the MC High School at Nagore, which was a tsunami affected district in Tamil Nadu. Presently the school provides education to over 500 children from the tsunami affected families. The school was recently awarded the ‘Best Government School’ in the Nagore area.

Logistics Support to ‘Sankya’ Project

Gati has partnered with Rotary Club and is providing logistics support to its Sankya Program. This bridges the gap between the demand for Computer Literacy in government and unaided schools and the availability of used computer systems with the Industry, by collecting the used systems, refurbishing them with legal OS and redeploying them in the schools.



Environment

Green Initiative

As a step towards green initiatives, Gati has made it mandatory for all its Express Distribution Centres across the country to plant and maintain a green stretch in and around their premises.

Gati has also initiated the process of planting saplings in the Govt. schools it supports and at Thara.

Blood Donation Camp

The death anniversary of Gati's founder Late Shri P.D. Agarwal on 17th September is commemorated by organizing Blood Donation Camps. This year, in association with Red Cross Society, an enormous camp was organized at Gati's Head Office, Hyderabad. A month later, on 18th August, 2012, another Blood Donation Camp was organized at GATI's Call Center and at Nagpur EDC.

The camp witnessed Gati'ites coming forward in large numbers for the noble cause. The Blood that was being collected at the camp would be used mainly for the Thalassemia children.



Gati Board of Directors



Mr. K.L. Chugh
Chairman



Mr. Mahendra Agarwal
Founder & CEO



Dr. Ram S. Tarneja
Director



Mr. N. Srinivasan
Director



Dr. P. Sudhakar Reddy
Director



Mr. T.S. Rao
Director



Mr. Sunil Kumar Alagh
Director



Mr. A.P.V.N. Sarma
Director



Mr. Yoshinobu Mitsuhashi
Director



Mr. Sanjeev Jain
Director-Finance





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Director-Finance

Mr. Sanjeev Jain

Company Secretary

Mr. VSN Raju

Auditors

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

Bankers

State Bank of India
ICICI Bank Limited
Axis Bank Limited
Standard Chartered Bank
DCB Bank
The South Indian Bank Limited
Kotak Mahindra Bank Limited
Syndicate Bank

Registered Office

1-7-293, M.G.Road
Secunderabad - 500 003,
Andhra Pradesh, India.
Email : investor.services@gati.com
Tel : +91 40 27844284
Fax : +91 40 27894284

Registrars & Transfer Agents

M/s. Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081,
Andhra Pradesh, India.
Email: mohsin@karvy.com
Tel : +91 40 44655000, Extn.: 51, 52
Fax : +91 40 44655024

CONSOLIDATED FINANCIAL HIGHLIGHTS

Particulars	2011-12	2010-11	2009-10
Sales	11,802	12,030	9,261
Total income	12,891	12,113	9,335
Gross profit before interest, depreciation & tax	1,657	1,008	8,745
Interest(net)	619	516	443
Depreciation	370	254	272
Profit before tax	668	238	160
Income tax	252	96	65
Profit after tax	416	142	95
Dividend on equity share capital (%)	55	25	20
Dividend payout	95	43	34
Equity share capital	173	172	170
Reserves & surplus (Excl.Revaluation reserves)	3,979	2,567	2,480
Net worth	4,152	2,903	2,827
Gross block	5,426	5,429	5,268
Net block	3,862	4,100	4,178
Loan	4,617	4,470	4,541

KEY INDICATORS

Particulars	2011-12	2010-09	2009-10
Equity share capital (₹ in million)	173	172	170
Earning per share (₹)	4.8	1.65	1.12
Cash earning per share(₹)	9.07	4.51	4.41
Sales per share(₹)	136.31	141.67	109.79
Book value per share(₹)	47.95	33.82	33.25
Debt: equity ratio	1.11	1.62	1.61
Pbdit/sales (%)	14.04	8.22	9.44
Net profit margin (%)	3.22	1.17	1.03
Return on networth (%)	10.01	4.88	3.36
Return on capital employed (%)	11.40	4.45	3.53

Notice to Shareholders

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Friday, October 19, 2012 at 10:30 AM at Hotel Radisson BLU, 8-2-409, Road No. 6, Banjara Hills, Hyderabad-500034, Andhra Pradesh to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at June 30, 2012, Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and Auditors' thereon.
2. To confirm the payment of special (interim) dividend and declare final dividend for the year ended June 30, 2012 on the Equity shares.
3. To appoint a Director in place of Mr. K L Chugh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. P S Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint statutory auditors and branch auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business:

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

"RESOLVED THAT Mr. Yoshinobu Mitsuhashi, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and Article 115 of the Articles of Association of the Company and in respect of whom the Company has received notice in writing from a member under Section 257 of the Act, proposing his candidature, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

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

"RESOLVED THAT Mr. Sanjeev Kumar Jain, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and Article 115 of the Articles of Association of the Company and in respect of whom the Company has received notice in writing from a member under Section 257 of the Act, proposing his candidature, be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 including any statutory modifications or re-enactments thereof and subject to such consents and approvals as may be necessary, the company hereby approves the appointment of and remuneration payable to Mr. Sanjeev Kumar Jain as Whole Time Director of the Company, designated as "Director - Finance" for a period of three years with effect from July 1, 2012 as per the terms and conditions as stated in the explanatory statement to this resolution, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment and/ or remuneration as may be agreed to between the Board and Mr. Sanjeev Kumar Jain, subject to the provisions of the Companies Act, 1956."

RESOLVED FURTHER THAT the remuneration as stated in the explanatory statement to this resolution, shall be paid and allowed as minimum remuneration to Mr. Sanjeev Kumar Jain during the currency of his tenure as Director-Finance, notwithstanding the absence or inadequacy of profits in any accounting year.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in partial modification of the resolution approved at the Annual General Meeting held on November 16, 2011, pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956, including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and such other consents and approvals as may be necessary, the Company hereby approves the

payment of remuneration to Mr. Mahendra Kumar Agarwal as Managing director of the Company on the terms as set out in the Explanatory Statement annexed hereto for the period of Three (3) years commencing from August 1, 2011 till July 31, 2014, notwithstanding that the said remuneration is in excess of the ceiling limit of ₹ 48,00,000 per annum or ₹ 4,00,000 per month under paragraph (C) of Part – II, Section – II of Schedule XIII to the Companies Act, 1956.”

Registered Office :
I-7-293, M G Road,
Secunderabad - 500 003.

By order of the Board
For GATI LIMITED

August 9, 2012

VSN Raju
Company Secretary

NOTES:

- 1) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (“Act”) in respect of the business under Item Nos. 6, 7, 8 and 9 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Directors under Item Nos. 3, 4, 6, 7 and 8 of the Notice, are also annexed.
- 2) A member entitled to attend and vote at the annual general meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
- 3) Shareholders are requested to bring their copy of annual report to the meeting. In accordance with the SEBI Guidelines, only abridged standalone and consolidated annual accounts for the year ended June 30, 2012 are circulated. Any member desirous of having a copy of detailed accounts may apply to the Company and copies thereof will be available for reference at the venue and date of the Annual General Meeting.
- 4) The Register of Members and Share Transfer Books will remain closed from October 15, 2012 to October 19, 2012 (both days inclusive).
- 5) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 6) The members who have not surrendered their old share certificates (Issued by the then M/s. Transport Corporation of India Limited, now known as TCI Industries Ltd., the transferor Company, under the Scheme of Arrangement) are requested to surrender their old share certificates to M/s. TCI Industries Limited, Mukesh Textile Mills, N A Sawant Marg, Colaba, Mumbai – 400 005 to obtain their new share certificates of four companies including this Company.
- 7) Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Registrar and Share Transfer Agent of the Company, for assistance in this regard.
- 8) Final Dividend on equity shares as recommended by the Directors for the year ended June 30, 2012, when declared at the meeting, will be paid on or before the due date.
- (i) To those members whose names appear on the Company’s register of members, after giving effect to all valid share transfers in physical form lodged with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company on or before October 15, 2012.
- (ii) In respect of shares held in electronic form, to those whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the opening hours of October 15, 2012.
- 9) a) The Members who are holding shares in physical form are requested to intimate any change in their address with pin code immediately either to the Company or to the Registrar & Share Transfer Agent and quote folio number in all correspondence.
b) The Members who are holding shares in demat form are requested to intimate any change in their address with pin code immediately to the Depository Participant.
- 10) Pursuant to the provision of Section 205C of the Companies Act, 1956 as amended, dividend for the financial year ended June 30, 2005, and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor

Education and Protection Fund (IEPF). Shareholders who have not encashed their dividend warrant(s) so far for the financial year ended June 30, 2005 or any subsequent financial years are requested to make their claim to the office of the Registrar and Share Transfer Agents, M/s Karvy Computershare Pvt Ltd. It may also be noted that once the unclaimed dividend is transferred, as above, no claim shall lie in respect thereof.

- 11) The Securities and Exchange Board of India (SEBI) vide circular ref no. MRD/DoP/CIR-05/2007 dated April 27, 2007, made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the company / RTAs for registration of such transfer of shares.
- 12) The Ministry of Corporate Affairs, Government of India (vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances and recognizing delivery of Notices / Documents / Annual Reports, etc., to the shareholders through electronic medium. In light of the above the Company will be sending Notices / Documents / Annual Reports, etc., to the shareholders in future through email, wherever the email id is available; and through other modes of services provided in section 53 of the Companies Act, 1956 where email address have not been registered. Accordingly, members are requested to support this initiative by registering their email addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Transfer Agent, M/s.Karvy Computershare Pvt. Ltd.
- 13) **Details of Directors seeking re-appointment /appointment at the Annual General Meeting scheduled to be held on October 19, 2012 (Pursuant to Clause 49 (IV)(E) and 49(IV)(G)(i) of the Listing Agreement)**

EXPLANATORY STATEMENT U/S. 173(2) OF THE COMPANIES ACT 1956, IN RESPECT OF ITEM NOS. 6, 7, 8 & 9.

Item No. 6 and 7

Name of Director	Mr.K L Chugh	Dr. P S Reddy
Qualification	B.E.(Mech.), Delhi university	MD / DN / MRCP / FACP / FACC
Expertise in specific functional areas.	Mr. K L Chugh had been the Chairman of ITC Group from November 1991 to December 1995. On his retirement he was honored with the title of Chairman Emeritus – ITC. He has 46 years of experience in creating large projects and managing large enterprises. Mr. Chugh set up the ITC Bhadrachalam Paperboards Ltd., in tribal area of Andhra Pradesh. Mr. Chugh re-engineered ITC to develop as India's Multinational.	Dr. PS Reddy is a well known Cardiologist, Humanitarian, Social Activist & recognized as the creator of Mediciti Hospitals in Hyderabad. He did his MRCP from Edinburgh, UK. Dr. Reddy was a full time faculty member of University of Pittsburgh & Director of Cardiac Angie Laboratories.
Date of Appointment on the Board of the Company	30.06.1998	25.04.1995
Details of Shares held in the Company as on 30.06.2012	32,500	54,500
List of Companies in which outside Directorships held as on 30.06.2012 (excluding Private, Section 25 Companies & Foreign Company)	1) Sandhar Technologies Ltd. 2) Spice Digital Ltd. 3) Bharat BPO Services Ltd. 4) Spice Mobility Ltd. 5) Spice Retail Ltd.	Bhoruka Textiles Ltd.
Chairman / Member of the Committees of other Companies on which he is a Director as on 30.06.2012	---	---
Category	Independent Director	Independent Director
Relationship with other Directors	Not related to any other Director	Not related to any other Director

Name of Director	Mr.Yoshinobu Mitsuhashi	Mr.Sanjeev Kumar Jain
Qualification	Graduate from Keio University Faculty of Law, Dept. of Political Science	Chartered Accountant
Expertise in specific functional areas.	Mr.Yoshinobu has over 32 years of experience in logistics industry and is associated with the Kintetsu since 1979 in various capacities. He is presently the Director and General Manager South East Asian Region.	Mr. Sanjeev Kumar Jain is a seasoned and result oriented professional with an experience of 25 years in key financial positions. Mr.Jain has industry expertise across varied business verticals like telecom, logistics and agri-products, etc.
Date of Appointment on the Board of the Company	29.06.2012	01.07.2012
Details of Shares held in the Company as on 30.06.2012.	NIL	NIL
List of Companies in which outside Directorships held as on 30.06.2012 (excluding Private, Section 25 Companies & Foreign Company)	NIL	NIL
Chairman / Member of the Committees of other Companies on which he is a Director as on 30.06.2012	NIL	NIL
Category	Independent Director	Executive Director
Relationship with other Directors	Not related to any other Director	Not related to any other Director

The Board of Directors has appointed Mr.Yoshinobu Mitsuhashi and Mr. Sanjeev Kumar Jain as Additional Directors of the Company with effect from June 29, 2012 and July 1, 2012 respectively. As per the provisions of Section 260 of the Act, read with Article 115 of the Articles of Association of the Company, both the Directors hold office only up to the date of this Annual General Meeting of the Company, and are eligible for appointment as Directors. The Company has received notices under Section 257 of the Act, in respect of the candidates, proposing their appointment as Directors of the Company.

Details regarding Mr.Yoshinobu Mitsuhashi and Mr. Sanjeev Kumar Jain have been given in the Annexure attached to the accompanying Notice. Mr.Yoshinobu Mitsuhashi and Mr. Sanjeev Kumar Jain are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

Item No. 8:

The Board of Directors, subject to approval of the Shareholders appointed Mr. Sanjeev Kumar Jain as Whole time Director of the Company, designated as "Director-Finance" for a period of three years from July 1, 2012 on the following terms and conditions.

- Salary : Basic - ₹ 1,56,150/- per month, with authority to the Board to sanction increment, subject to the provisions of the Companies Act, 1956.
- House Rent Allowance: 50% of the Basic.
- Perquisites & other allowances:
Perquisites & other allowances shall be paid in addition to the salary as per the policy of the Company but within the overall limit, if any, prescribed under the Companies Act, 1956, as amended from time to time. The perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, at actual cost.
 - a) Medical Reimbursement: Expenses incurred for the appointee and his family.
 - b) Group medi-claim & personal accident insurance: Applicable as per rules of the Company.
 - c) Club fees: Fees for membership in one club. This will not include life membership fees.
 - d) Employer's contribution to Provident fund / superannuation fund: As per rules of the Company.
 - e) Gratuity: Gratuity payable shall be at the rate of 15 days salary for each completed year of service in accordance with the rules.

f) Variable pay: As per Company's policy.

Minimum Remuneration: The above remuneration shall be paid and allowed as minimum remuneration to Mr. Sanjeev Kumar Jain during the currency of tenure of his office as Director-Finance, notwithstanding the absence or inadequacy of profits in any accounting year.

This may be treated as an abstract of terms under section 302 of the Companies Act, 1956.

The information required under sub-paragraph (C) of paragraph (1) of Section 2 of Part - II of Schedule XIII of the Companies Act, 1956 is given below.

Information about the appointee:

1. Background details: Mr. Sanjeev Kumar Jain is a seasoned and result oriented professional with an experience of over 25 years in key financial positions. Mr. Jain has industry expertise across varied business verticals like telecom, logistics and agri-products etc. Prior to joining Gati, Mr. Jain was associated with AFL-FedEx Express Ltd., wherein he was spear heading the role of Chief Financial Officer. Mr. Jain has always been the person with strong business acumen, impeccable industry foresight and has contributed in implementing several path breaking business processes. He has also worked with Tata Communication Ltd for almost 10 years. At Tata, Mr. Jain implemented SAP enabled solution for the organization as well as developed costing system / cost review plan which resulted in substantial benefits to the organization. He has played key roles in the Mergers & Acquisitions.
2. Past Remuneration: Not Applicable, as this is his first appointment as Director-Finance.
3. Job Profile and his suitability: Mr. Sanjeev Kumar Jain is a Master in Commerce and is also a Fellow Member of the Institute of Chartered Accountants of India. He has an extensive knowledge in the field of accounting and business processes. He is also well versed with Company Law, Taxation & Regulation. Keeping in view his vast experience and expertise the Board considers him suitable for the position of Director-Finance.
4. Remuneration Proposed: As stated in the explanatory statement above.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

5. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Except for the remuneration drawn, Mr. Sanjeev Kumar Jain does not have any pecuniary relation directly or indirectly with the company. Mr. Jain is not related to any other managerial personnel.

Mr. Jain does not have any interest in the capital of the company or its holding company directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the company or its holding company at any time during the last two years before.

The General and other information and disclosures as required under the above schedule are provided in the explanatory statement to Item No. 9.

The approval of the members is sought by way of a special resolution for the appointment of Mr. Sanjeev Kumar Jain as Whole time Director of the Company, designated as "Director-Finance" with effect from July 1, 2012.

None of the Directors, except Mr. Sanjeev Kumar Jain is in any way concerned with or interested in the resolution proposed to be passed. The Board recommends the resolution set forth in item no.8 for the approval of the members.

Item No. 9:

The members of the Company in the Annual General Meeting of the Company held on November 16, 2011 had approved the appointment of Mr. Mahendra Agarwal as a Managing Director of the Company for a period of 5 years with effect from August 01, 2011 with terms and conditions as stipulated therein, which are as follows:

- A. Basic Salary : ₹ 10,00,000/- per month in the pay scale of ₹ 10,00,000 – 15,00,000 with authority to the Board to sanction increment within the scale.

B. Perquisites and Allowances

1. Furnished accommodation or House Rent Allowance in lieu thereof at the rate of 50% of his salary, reimbursement of expenses incurred on utilities such as gas, electricity, water, furnishings, repairs, etc.
2. Reimbursement of actual medical expenses incurred for self and family.
3. Leave Travel Concession / Allowance for self and family, in accordance with the rules of the Company.
4. Fees of Clubs.
5. Personal Accident Insurance Premium as per the rules of the Company.
6. Chauffeur driven Company Car and Telephone at residence and use of mobile cell phone. Long distance personal calls will be reimbursed to the Company by the Managing Director.
7. Company's Contribution to Provident Fund and Superannuation Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.
8. Leave with full pay and allowances and right to accumulate and encashment as per the rules of the Company.

For the purpose of calculating the above ceiling perquisites and allowances shall be evaluated as per the Income Tax Rules wherever applicable.

Commission

In addition to salary, allowances and perquisites, he will be entitled to a commission the amount whereof to be decided by the Compensation & HR Committee each year, subject to the provisions of the Companies Act, 1956 and/or any other regulations.

General

- i) He shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
- ii) Subject to the superintendence, control and direction of the Board, he shall exercise substantial managerial powers in general and specific powers as may from time to time be lawfully entrusted to and conferred upon him by the Board.
- iii) Basic Salary or part thereof shall be paid to him, after all statutory deductions, in India or abroad as required to meet his personal maintenance expenses. This will be done as per due approval under Foreign Exchange Management Act, 1999 and its regulations, notifications etc.
- iv) The appointment is terminable by either party giving the other six months notice in writing without assigning any reason and without liability to pay any compensation.

The profit before tax for the year ended June 30, 2012 was ₹ 958 million and the remuneration paid to the Managing Director for the year ended June 30, 2012 was ₹ 21.24 million. The net profit determined in accordance with section 309 (5) of the Companies Act, 1956 was ₹ 16.27 million. Accordingly the remuneration payable to the Managing Director @ 5% of the Net Profits was ₹ 0.81 million. Thereby the remuneration paid to the Managing Director was in excess of the limits specified in section 309 (3) of the Companies Act, 1956 by ₹ 20.43 million.

In pursuance of Paragraph - I, Section – II of Part-II of Schedule – XIII of the Companies Act, 1956 read with sub-paragraph (c) thereof, the Compensation and HR Committee of the Company by a resolution dated August 9, 2012 has approved the payment of the remuneration as stated above to Mr. Mahendra Agarwal, Managing Director of the Company for a period from 1st August 2011 to 31st July, 2014.

The information required to be disclosed as per sub-paragraph (C) of Part-II, Section – II of Schedule XIII to the Companies Act, 1956 is furnished hereunder:

The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the respective preceding financial years before the dates of appointment of the Managing Director and Director-Finance.

I. General Information:

- 1) Nature of Industry: Logistics
- 2) Date of Commencement of commercial production: 05.05.1995
- 3) Financial performance of the Company for the last 3 years:

Particulars	2011-12	2010-11	2009-10
Sales	6,974	9,048	7,447
Total Income	8,013	9,081	7,514
Gross Profit Before Interest, Depreciation & Tax	1,701	966	861
Interest (Net)	471	520	431
Depreciation	272	216	239
Profit Before Tax	958	229	191
Income Tax	238	86	40
Profit After Tax	720	143	151
Dividend on Equity Share Capital (%)	55	25	20
Dividend Payout	95	43	34
Equity Share Capital	173	172	170
Reserves & Surplus (Excl. Revaluation Reserves)	3,309	2,712	2,601

4) During the year earnings in foreign currency was ₹ 89.19 million

5) Foreign investments or collaborators:

The company has entered into a Joint Venture (JV) with Japanese global logistic service major Kintetsu World Express (KWE) under the name 'Gati-Kintetsu Express'. Under the JV agreement, Gati holds 70 per cent stake and 30 per cent by KWE. As part of the transaction, substantial part of Express Distribution and Supply Chain (EDSC) business of Gati was transferred into the joint venture company through a Business Transfer Agreement.

The holdings of Foreign Financial Institution(FII) & NRI's as on June 30, 2012 is 3% of the equity share capital.

II. Information about the Managing Director:

I) Background Details and recognition: Mr. Mahendra Agarwal is the Founder & CEO of Gati Ltd. – India's leading Express Distribution and Supply Chain Solutions Company. He established Gati with an aim to redefine the logistics industry.

Mr. Agarwal is the driving force behind Gati's journey to leadership position. His foresight has been instrumental in the company's exponential growth by venturing into global markets and diversifying into varied domains. He combines his entrepreneurial skills with business acumen to enable a sustainable business model. Under his visionary leadership, Gati has evolved into a major ILSP (Integrated Logistics Service Provider). An astute professional, he has implemented the "Domino discipline" in the organization and seeks to make it a way of life at Gati. Today Gati Limited has offices in Singapore, China, Hong Kong, and Thailand apart from SAARC countries that concentrate on India-centric distribution solutions.

Mr. Agarwal is an avid speaker and has been invited to many symposia and forums like the Global Logistics Summit 2006 held at the Indian School of Business, Hyderabad and the Logistics 2005 conference. In June 2008, he was awarded "Best Entrepreneur of the Year" by Hyderabad Management Association. In Sep 2010, he received the Lifetime Achievement Award at the 4th Express Logistics & Supply Chain Conclave held at Mumbai. In the same year he was also conferred with the Lifetime Achievement Award from ASBM. In 2012, he was honoured with two more awards - 'Executive of the Year' Award (Logistics) by Indian Chamber of Commerce (ICC) for his contribution to the Indian Supply Chain & Logistics Industry and "Logistics Promoter Award" at the Logistics Talent Hunt 2012 International Conference.

Apart from being on the Board of several premier Indian companies, Mr. Agarwal is also the founder member of SCLG India, Advisor member for SCLG Global, Managing Committee Member of Express Industry Council of India, elected member of CII Southern Region Council & CII-AP State Council and member of CII Institute of Logistics Advisory Council & FICCI's Civil Aviation Committee

In Singapore, he is a Board member of Singapore Indian Chamber of Commerce & Industry (SICCI), and Charter Member of The Indus Entrepreneurs (TiE). He holds an Engineering Degree from Bangalore University and a Masters in Business Administration from Austin, USA.

Mr. Agarwal continues to guide Gati towards the future with characteristic passion and a commitment to excel in everything he does.

2) Past remuneration:

(₹ in Million)

Particulars	2011-12	2010-11	2009-10
Salary	17.86	12.09	11.96
Perquisites	0.23	0.10	0.10
Retiral benefits	3.15	2.10	2.10
Commission	-	2.00	-
Others (Leave encashment)	-	-	-
Total	21.24	16.29	14.16

3) Job profile and his suitability: Managing Director of the Company has a overall responsibility of the Company in terms of driving and strategizing the growth of the Company. Mr. Mahendra Agarwal is on the Board of the Company since 1995. He is Bachelor of Engineering (Mech) from Bangalore University and MBA from USA. Mr. Agarwal is associated with Transport and Express Cargo Industry for about 35 years.

4) Comparative remuneration profile with respect to industry, size of the company, profile of the position & person.

Mr. Mahendra Agarwal served on the Board of the Company since its inception. He has led the Company from its nascent stage and has propelled its growth. He has streamlined the business process operations of the Company and has been a strategic management person. His skill set and experience place him in a corresponding equal position to major logistic and supply chain solution companies in India. Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

5) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Mr. Mahendra Agarwal is the promoter director of the Company and has no relationship with any managerial personnel.

III) Other information

1) Reasons of loss inadequate profits: During the year, the Company has transferred substantial part of its core business i.e. Express Distribution & Supply Chain (EDSC) division to its subsidiary w.e.f. 31.03.2012. Accordingly, the revenues pertaining to the last quarter of the financial year 2011-12 were not accounted in the books (standalone) of the Company.

However, the Company is continuing to carry on the EDSC business through its subsidiaries besides operating International and E-commerce business and closely monitoring the performance of all the subsidiaries.

Further, Company's shipping division continued to face challenges on various operational issues due to poor economic conditions and sector specific business environment leading to disappointing performance for this year as well. Hence, the financial performance of the company for the current year is lowered as compared to previous year.

2) Steps taken or proposed to be taken for improvement: Having successfully completed business restructuring and capital infusion, the Company would now focus more on the profitable growth of E-commerce, Cold Chain and International Freight Forwarding businesses apart from providing strategic direction to all its subsidiaries and management of portfolios of investments. Growth in the E-commerce area is expected to touch ₹ 200 billion by 2020 as an industry.

Further, company plans to invest in the development of temperature controlled warehouses to provide value added services to the Cold Chain distribution service offering. Company has made structural changes in its pricing structure that is better aligned to operating cost. It therefore expects to see an increase in the profitability from these initiatives and from the reduced interest costs as a result of the JV investment.

3) Expected increase in productivity and profits in measurable terms : In order to strengthen its leadership position in India and establish its global presence, the company has been exploring possibilities for some time now to create more value for its shareholders. In turn formed a joint venture (JV) with Japanese global logistic service major Kintetsu World Express under the name 'Gati-Kintetsu Express'. JV will combine Gati's expertise in 3PL and express distribution in India with KWE's freight forwarding expertise and global customer base. Together KWE and Gati will partner in supporting business expansion of domestic and international customers in the Indian market. The Company projects a Revenue of ₹ 14,118 million, Earnings before Interest, Depreciation and Tax (EBIDTA) of ₹ 1,430 million and Profit Before Tax of ₹ 661 million for the financial year 2012-13, on consolidated basis.

IV. Disclosures:

The remuneration paid to Mr. Mahendra Agarwal as Managing Director was as stated above.

The Board of Directors of your Company recommends this resolution for your approval.

This may be treated as an abstract of the terms of Section 302 of the Companies Act, 1956.

None of the directors except Mr. Mahendra Agarwal is either concerned or interested in this item of business.

Registered Office :
I-7-293, M G Road,
Secunderabad - 500 003.

By order of the Board
For GATI LIMITED

August 9, 2012

VSN Raju
Company Secretary

Directors' Report

Your Directors take pleasure in presenting their Report for the year ended June 30, 2012.

Financial Highlights

(₹ in Million)

Particulars	Consolidated		Standalone	
	2011-12	2010-11	2011-12	2010-11
Income	12890	12113	8013	9081
Profit before Finance Cost, Depreciation & Amortization taxation & Exceptional Item	1802	1007	1697	966
Less : Finance Cost	619	516	471	520
Depreciation & Amortization (Net)	370	254	272	216
Profit before tax & exceptional items	813	237	955	229
Exceptional items	(145)	0	3	0
Profit/ (Loss) before tax	668	237	958	229
Less : tax expenses	253	96	238	86
Profit/ (Loss) after Tax	415	141	720	143
Add: Balance in Profit and Loss brought forward from previous year	(62)	(139)	100	21
Profit Balance available for Appropriations	353	2	820	164
-Special Interim Dividend	52	0	52	0
-Proposed final dividend	43	43	43	43
-Tax on dividend	15	7	15	7
-General reserve	72	14	72	14
Balance Profit /(Loss) carried forward	171	(62)	638	100

Dividend

Consequent to restructuring of the Company, for the financial year 2011-12, your directors are pleased to have approved payment of Special (Interim) dividend @ 30% on equity share of ₹ 2/- each (₹ 0.60 per equity share). This was paid in the month of July, 2012.

Further, your directors recommend a final dividend of 25% on the share capital of ₹ 173 mn for the year ended June 30, 2012.

This along with the special interim dividend, takes the total dividend to 55% (₹ 1.10 per share) for the financial year 2011-12 absorbing a sum of ₹ 110 mn including dividend tax of ₹ 15 mn.

Review of Operations

During the year under review, at consolidated level, your Company achieved a turnover of ₹ 12,890 mn as against ₹ 12,113 mn in the previous year showing a growth of 6.41% and EBIDTA of ₹ 1802 mn as against ₹ 1007 mn in the previous year, on consolidated basis. Your company has recorded a profit before tax of ₹ 668 mn and profit after tax of ₹ 415 mn as against ₹ 237 mn and ₹ 141 mn respectively in the previous year.

At standalone level, your Company recorded a turnover of ₹ 8,013 mn as against ₹ 9081 mn in the previous year. Further profit before tax was ₹ 958 mn and profit after tax was ₹ 720 mn as against ₹ 229 mn and ₹ 143 mn respectively in the previous year.

Express Distribution and Supply Chain (EDSC)

In order to strengthen Gati's leadership position in India and establish its global foot print and to create more value to the shareholders, your directors have been exploring opportunities for some time now. To achieve this, during the year, your company has signed a strategic joint venture with Kintetsu World Express (KWE). KWE is listed on Tokyo Stock Exchange and is a global provider of a logistic services and solutions to its worldwide clients. Established in the year 1970 KWE today has a total of 308 offices in 194 cities in 32 countries.

Consequently, your Company formed a subsidiary Company namely Gati-Kintetsu Express Pvt. Ltd. (JV Company) and transferred substantial part of its 'Express Distribution and Supply Chain' division. The division was transferred to JV company

under a Business Transfer Agreement (BTA) on a going concern basis, along with associated assets, liabilities, employees and debts amounting to ₹ 3305 mn with effect from March 31, 2012. KWE through its affiliates invested ₹ 2,677 mn to acquire 30% stake in the JV Company through primary subscription and acquiring shares held by Gati Ltd. in the JV Company. The alliance brought together the Company's market leadership position in EDSC solutions in India and KWE's large base of global logistics customers and expertise in meeting the supply chain requirements of global corporations. Your Company now holds 70% and KWE and its affiliates holds 30% stake in the JV Company. Mr. Mahendra Agarwal, Founder and CEO of the Company would continue to provide leadership to the JV Company also.

The alliance with Kintetsu World Express will benefit from the synergies of being associated with a globally recognized brand in the industry and has strong compatibility in culture and core values of both organizations. It opens up the global customer base and network of KWE for the JV company which has been formed just in time to take full advantage of opening up of FDI in retail sector. Many Japanese companies have recently increased the pace of Investments in India to benefit from Indian consumer growth story. This strategic investment is long term in nature seeking to provide exceptional service to those companies who are in the process of establishing manufacturing and trading bases in India.

Consequent to the transfer of EDSC division into the JV Company with effect from March 31, 2012, the revenues pertaining to the last quarter of the Financial Year 2011-12 were not accounted in the books (standalone) of the Company.

Coast-to-Coast

The company's Shipping division continued to face challenges on business and operational fronts due to poor economic conditions and sector specific business environment leading to unsatisfactory performance for this year as well. During the year under review, the Company's shipping division recorded a revenue of ₹ 180 mn and loss from operations of ₹ 288 mn against ₹ 923 mn and ₹ 162 mn respectively in the previous year.

In order to turn around the Division, your company restructured the shipping business into a wholly owned subsidiary -Gati Ship Private Limited, as a going concern basis with effect from March 31, 2012 pursuant to the approval of the shareholders of the Company. Your directors now strategise to induct a strategic partner to raise required capital to grow the shipping business profitably.

Gati International and Subsidiaries

Gati International, the global wing of Gati Ltd. is one of the leading providers of end to end freight forwarding services, specializing in air freight and ocean freight shipments and associated supply chain value added services .

During the year under review, the International division recorded revenue of ₹ 756 mn with operating margins of ₹ 70 mn as against ₹ 639 mn & ₹ 59 mn respectively in the previous year.

With a view to focus only on growth markets in APAC, your company is consolidating its position in China, Hongkong, Thailand & Singapore.

During the year under review, considering the business potentiality, your company has re-structured its investment in international subsidiaries to control them through the Singapore subsidiary company i.e. Gati Asia Pacific Pte Ltd., (GAP) and closed Gati Holdings Ltd., (GHL) Mauritius, the erstwhile direct subsidiary.

Accordingly, GAP became the direct wholly owned subsidiary of your company (earlier step down) and all the step down subsidiaries of GHL have now become the step down subsidiaries of GAP.

Accounts of Subsidiaries

The Ministry of Corporate Affairs, New Delhi vide its notification no. 2/2011 dated February 8, 2011 granted subject to fulfillment of certain conditions, general exemption from attaching the annual accounts and other reports of Company's subsidiaries, as required under section 212 of the Companies Act, 1956. Copies of these annual accounts and related information will be made available on the Company's website at www.gati.com and also on request. The annual accounts of the subsidiary companies will be made available at the registered office of the company and also at the venue during the Annual General Meeting. The financial information as required in the above referred notification for each subsidiary is published at the end of the consolidated financial statements in the Annual Report for the year 2011-12.

Abridged Annual Accounts

As in the last year and in accordance with the SEBI Guidelines and the Companies Act, 1956, abridged standalone and consolidated annual accounts for the year ended June 30, 2012 are being circulated while detailed accounts will be made available on request and also at the venue of the Annual General Meeting.

Foreign Currency Convertible Bonds ("FCCBs")

During the year, your Company had successfully refinanced and repaid FCCBs issued in 2006 through a fresh issue of FCCBs for an aggregate US\$ 22.18 mn on favorable terms. The new FCCBs are due for repayment in 2016.

AI-Gati Arbitration

Your Company has initiated Arbitration Proceeding with the National Aviation Company of India Limited (“NACIL”) in respect of certain disputes that had arisen between your Company and NACIL arising out of the Wet Lease Agreement that your Company had entered into with NACIL in the year 2007 wherein NACIL had invoked the Bank guarantee of ₹ 300 mn. Your Company had objected to the wrongful invocation of the Bank guarantee and raised claims on NACIL in respect of the continuous breaches committed by it during the tenure of the Wet Lease Agreement. NACIL has in turn raised certain counter claims on the Company in the proceedings. The disputes are pending before the Arbitral Tribunal. No orders have been passed against the Company nor have any claims been adjudicated in the matter as on date. In the opinion of the Company’s Attorneys, no provision is considered necessary at this stage. The Auditors in their report have stated their inability to express an opinion in the matter.

Future Prospects

Having successfully completed business restructuring and capital infusion, your Company would now focus more on the profitable growth of E-commerce, Cold Chain and International Freight Forwarding businesses apart from providing strategic direction to all its subsidiaries and management of portfolios of investments. Growth in the E-commerce area is expected to touch ₹ 200 billion by 2020 as an Industry. This channel of distribution has picked up pace in the last year and faces challenges in its supply chain to provide cash on delivery services to residential locations across the country. In the E-commerce space, your company is uniquely placed to provide services in Metros, Capitals, Tier 2 and 3 cities which will add to the growth of consumption through tele shopping and the internet. Your company is therefore increasing its capacity to cater to this industry with high quality, value, and branded product delivery. Cold chain is also a high growth future business where growth is expected to be fuelled by fiscal incentives and sector friendly government policies.

Despite modest growth in the last quarter, your Company remains optimistic of economic improvement and tap into consumption driven industries.

Accounting Policy

Your company has exercised the option under Companies (Accounting Standard) Amendment Rules 2009 relating to AS 11 and accordingly, appropriate adjustments have been made in the value of fixed assets and also the treatment of exchange gain/loss. The net impact of such changes have been disclosed in the financial statements.

Equity Share Capital

Your company has allotted 5,77,387 Equity Shares of ₹ 2/- each pursuant to exercise of options vested under Employee Stock Option Scheme (ESOS). Consequently, as on 30th June, 2012, the company’s share capital stood at ₹ 173 mn comprising of 8,65,82,287 equity shares of ₹ 2/- each fully paid up as compared to ₹ 172 mn comprising of 8,60,04,900 equity shares of ₹ 2/- each in the previous year.

Fixed deposits

As on June 30, 2012, fixed deposits from the public and shareholders stood at ₹ 224 mn out of which ₹ 2.20 mn remained unclaimed. There were no overdue deposits.

Directors

During the year, your Board co-opted Mr.Yoshinobu Mitsuhashi and Mr. Sanjeev Kumar Jain as Additional Directors of the Company with effect from June 29, 2012 and July 1, 2012 respectively. Mr. Yoshinobu Mitsuhashi is an Independent and Non-Executive Director and Mr. Sanjeev Kumar Jain is a Whole Time Director designated as “Director-Finance”. As per the provisions of Section 260 of the Act, both the Directors hold the office up to the date of the forthcoming Annual General Meeting (AGM) of the Company and are eligible for appointment as Directors. Resolutions seeking approval of the members for the appointment of Mr. Yoshinobu Mitsuhashi and Mr. Sanjeev Kumar Jain as Directors of the Company will be in the forthcoming AGM for your approval.

As per Section 256 of Companies Act , 1956 and in terms of Article 115 of the Articles of Association of the Company Mr. K L Chugh and Dr. P S Reddy retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment in terms of Article 115 of the Articles of Association of the Company.

The brief profile of the directors who are to be appointed/re-appointed forms part of the notes to the notice of the ensuing Annual General Meeting.

The remuneration paid to the Managing Director for the year ended June 30, 2012, turned out to be excess due to inadequate profits. The Board of Directors noted the foregoing and considering the comparative industry standards and significant role played by the Managing Director in turning around and bringing back the Company into track, the Board felt that the remuneration paid to him was in line with his long experience and expertise and accordingly ratified, confirmed and approved, subject to the approval of the Shareholders and of the Central Government, the payment of remuneration, in excess of the limits prescribed under Schedule XIII of the Act and decided to waive the recovery of the excess remuneration paid to him, subject to approval

of the Central Government in this regard. Post your approval, an application in this regard, will be made to Central Government for seeking its approval for waiver of the requirement for recovery of excess remuneration paid to the Managing Director.

Transfer of unclaimed dividend

Pursuant to the provisions of section 205A (5) of the Companies Act, 1956, the unclaimed dividend amount pertaining to the financial year 2003-04 was transferred by the Company to the Investor Education and Protection Fund (IEPF) and the unclaimed dividend pertaining to the financial year 2004-05 is due for transfer to IEPF. The dividend once transferred to Investor Education and Protection Fund cannot be claimed.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the Accounts for the Financial Year ended 30th June, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
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 at the end of the financial year and of the profit of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 30th June, 2012 on a 'going concern' basis.

Auditors

The Statutory Auditors of the company M/s. R S Agarwala & Co, Chartered Accountants, Kolkata and M/s. B K Agarwal & Co, as Branch Auditor who shall retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment as statutory and branch auditors respectively for the financial year 2012-13. They have furnished a confirmation to the effect that their proposed re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Auditors in their report have observed that they are unable to express an opinion in regard to the Management's view that no provision presently required pending resolution of the Air India Arbitration. The reason therefore has been given in the financial notes to the accounts and is also covered in their report.

Personnel

Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956 are part of the report and are available to any member on request.

Energy, Technology and Foreign Exchange

The information required under the Companies Act (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in the Annexure – I.

Employees Stock Option Scheme

During the year under review, 1,64,000 options were granted and accepted under Employee Stock Option Scheme of the Company. The disclosure as required pursuant to SEBI ESOS guidelines is enclosed as Annexure – II.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is enclosed as Annexure-III.

Acknowledgement

We thank our customers, vendors, investors, bankers, Government authorities and shareholders for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

Secunderabad - 500 003.
August 9, 2012

For and On behalf of the Board
K. L. Chugh
Chairman

Annexure-I

In accordance with the requirement of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, particulars regarding conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo are given hereunder:

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.

In addition, the rail usage has increased by 45% in the year and we are further increasing north south and west south rail connectivity as planned. This addresses fuel reduction and backhaul related consumption as well as railway can be operated on one way vs a round trip by road. Gati will continue in this area by offering multi modal connectivity.

In Express Distribution and Supply Chain Division, the following measures are continued.

1. Vehicles were purchased carefully in compliance with all latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. BSIII model.
2. The strict periodical maintenance of Company's vehicles was done as per manufacturer's prescribed norms to ensure optimum fuel consumption.
3. 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.
4. Initiated DIP i.e., Drivers Information Package which would educate them about Do's and Don'ts, RIC (Route Information card) and check list to be followed before departing the vehicle & monitoring through Vehicle Tracking System

B) Foreign Exchange earnings and outgo

The particulars of earning and expenditure in foreign exchange during the year are given as additional information in note no.30(n) in Notes to the Financial Statements.

Annexure-II

Details of Stock Options Pursuant to SEBI Guidelines on Stock Options GATI Employee Stock Option Schemes

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
a.	No. of Options approved under GATI ESOS	32,17,500	17,82,500	17,55,720
	Options available to grant under GATI ESOS as on 1st July 2011	2,55,000	59,000	12,26,720
	Options granted, but not vested/exercised as on 1st July 2011	8,19,480	17,23,500	5,29,000
b.	Options granted during the year (Net of Lapses)	NIL	NIL	1,60,000
c.	Pricing formula	At a discount of 25% on the average of the weekly high and low of the closing prices for the Company's Equity Shares quoted on the Bombay Stock Exchange and / or National Stock Exchange during the four weeks preceding the date of grant of the options.		
d.	Options vested during FY 2011-12	6,15,789	NIL	NIL
e.	Options Exercised during FY 2011-12	5,77,387	NIL	NIL
f.	Total No. of shares arising as a result of Exercise of Option	5,77,387	NIL	NIL
g.	Options lapsed during FY 2011-12	2,42,093	4,09,359	59,000
h.	Variation of terms of Options	NIL	Grants vested on 21.01.2012 are extended by nine Months	Grants vested on 22.06.2012 are extended by Six Months

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
i.	Money realized by exercise of options	2,02,37,414	NIL	NIL
j.	Total No. of options in force as on 30th June 2012	NIL	13,14,141	6,34,000
k.	Grant details to			
	(i) members of Senior Managerial personnel	NIL	NIL	1,50,000
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	NIL	NIL	NIL
	(iii) Identified employees who were granted option during the year equal to or exceeding 1 % of Issued capital of the company at the time of grant.	NIL	NIL	NIL
l.	Diluted EPS as per Accounting Standard 20	6.17		
m.	i) Method of calculation of employee compensation cost	The company has calculated the employee compensation cost using the intrinsic value of the stock options.		
	ii) Difference between the employee compensation cost so computed at (i)above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	₹ 16,29,669		
	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortised Amount)	Profit (Loss) after Tax ₹ In Lakhs 7,199.58 Less: Additional Employee compensation cost of Fair Value over Intrinsic Value ₹ In Lakhs 5.18 Adjusted PAT (loss) ₹ In Lakhs 7,194.40 Adjusted EPS ₹ 6.17		
n.	Weighted average exercise price and fair value of Stock Options granted:			
	Stock Options granted on	Weighted average exercise price (in ₹)	Weighted average Fair value (in ₹)	Closing market price at BSE on the date of grant (in ₹)
	10.08.2011	54.00	74.81	64.60
o.	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information.	The Black Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option-pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.		
p.	The main assumptions used in the Black Scholes option-pricing model during the year were as follows: (i) Risk free interest rate (ii) Expected Life of Options (iii) Expected volatility (iv) Dividend yield	8.00% 3 years 3.78% 0.48%		

Report on Corporate Governance

Company's Philosophy

Gati Philosophy on Corporate Governance focuses on the attainment of the high standards of transparency, accountability, ethics and equity with management flexibility, empowerment and responsiveness in the interest of Shareholders, Customers, Employees, Business Associates and the Society at large.

Board of Directors

The Company has Ten Directors with a Non-Executive Independent Chairman. Of the Ten Directors, Eight are Non-Executive Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on June 30, 2012 have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders /Investors Grievance Committees.

Name	Category and Designation	Attendance particulars		No. of other Directorships and Committee Membership / Chairmanship		
		Board meetings	Last AGM	Other Directorships	Committee	
					Membership	Chairmanship
Mr. K L Chugh	Independent Director, Chairman	9	Yes	5	-	-
Mr. Mahendra Agarwal	Promoter, Founder & CEO	7	Yes	3	-	-
Dr. Ram S. Tarneja	Independent Director	8	Yes	10	4	2
Mr. N. Srinivasan	Independent Director	6	Yes	14	4	4
Dr. P.S. Reddy	Independent Director	6	Yes	1	-	-
Mr. T.S. Rao	Independent Director	11	Yes	-	-	-
Mr. Sunil Kumar Alagh	Independent Director	9	Yes	3	1	1
Mr. APVN Sarma	Independent Director	8	Yes	6	1	-
Mr. Yoshinobu Mitsuhashi *	Nominated by Kintetsu World Express Pte., Ltd as Independent Director	1	NA	-	-	-
Mr. Sanjeev Kumar Jain **	Whole Time Director	NA	NA	-	-	-

*Appointed w.e.f. 29.06.2012

** Appointed w.e.f. 01.07.2012

Eleven Board Meetings were held during the year and the gap between two meetings was not more than four calendar months. The dates on which the said Meetings were held are as follows:

August 10, 2011, September 29, 2011, November 04, 2011, November 14, 2011, November 15, 2011, December 12, 2011, February 13, 2012, February 14, 2012, March 13, 2012, May 09, 2012 and June 29, 2012.

The necessary quorum was present for all the meetings. Video/tele-conferencing facilities were also used to facilitate Directors travelling abroad or at other locations to participate in the meetings.

Code of Conduct:

The Board of Directors of the Company has laid down a code of conduct for all Board Members and designated Senior Management of the Company. The code of conduct is available on the website of the Company www.gati.com. All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Managing Director to this effect is annexed at the end of this report.

Audit Committee

The Board of Directors has constituted the Audit Committee to assist the Board in discharging its responsibilities effectively. The constitution of the Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956 and SEBI Regulations/Listing Agreements with the Stock Exchanges.

The terms of reference of the committee covers accounting matters, financial reporting, internal controls and the matters as contained in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

S. No	Name	Number of meetings during the year 2011-2012	
		Held	Attended
1	Mr. N. Srinivasan, Chairman	4	3
2	Mr. T.S.Rao, Member	4	4
3	Dr. Ram S.Tarneja, Member	4	4

The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

Mr. N Srinivasan, Chairman of the Audit Committee has attended the previous Annual General Meeting held on November 16, 2011.

Compensation & HR Committee:

Composition and terms of reference

The Board has constituted Compensation & HR Committee consisting of 4 Independent Directors. The terms of reference of the Committee cover evaluation of compensation and benefits for Executive Director(s), framing of policies and systems of the Employee Stock Option Scheme and looking after the issues relating to major HR policies.

The composition of the Committee and the details of meetings attended by its members are given below:

S. No	Name	Number of meetings during the year 2011-2012	
		Held	Attended
1	Mr. K L Chugh, Chairman	3	3
2	Dr. Ram S Tarneja, Member	3	2
3	Dr. P S Reddy, Member	3	1
4	Mr.Sunil Kumar Alagh, Member	3	3

Details of the Remuneration for the year ended June 30, 2012:

a) Executive Directors

(₹ in Million)

Particulars	Mr. Mahendra Agarwal, Founder & CEO	Mr.Himmat Singh Lagad, *Executive Director
Salary	17.86	2.80
PF contribution / Superannuation funds	3.15	0.05
Rent Free Accommodation / Perks	0.23	0
Commission	0	0
Total	21.24	2.85

*Resigned w.e.f. 15-8-2011

b) Non-Executive Directors

Name	Sitting fee ₹	Stock options * (Nos.)
Mr. K L Chugh	2,10,000	67,500
Dr. Ram S Tarneja	2,60,000	60,500
Mr. N.Srinivasan	1,80,000	84,000
Mr. T.S. Rao	3,10,000	60,500
Dr. P.S. Reddy	1,40,000	60,500
Mr. Sunil Kumar Alagh	2,10,000	70,500
Mr. APVN Sarma	1,60,000	20,000
TOTAL	14,70,000	4,23,500

*Stock options granted, accepted and outstanding as on 30.06.2012

Investors' Grievance Committee:**Composition and terms of reference**

The Committee comprises two Independent directors namely Mr. T.S. Rao (Chairman) and Dr. P.S. Reddy, and one Executive director namely Mr. Mahendra Agarwal.

The composition of the Committee and the details of meetings attended by its members are given below:

S. No	Name	Number of meetings during the year 2011-2012	
		Held	Attended
1	Mr.T.S.Rao, Chairman	2	2
2	Dr.P.S.Reddy, Member	2	2
3	Mr. Mahendra Agarwal, Member	2	--

Mr.VSN Raju, Company Secretary, is the Secretary of the Committee.

In order to expedite the process of share transfers, the Board has delegated the powers to officers of the Company. The delegated authority attends to share transfer formalities at least once a fortnight, as required.

Name, designation and address of Compliance Officer:**Mr.VSN. Raju**

Company Secretary & Compliance Officer

Gati Limited.

I-7-293, M.G.Road,

Secunderabad – 500 003.

Phone No. 040 – 2784 3788 / 2784 4284

Fax No. 040 – 2789 4284

Email. investor.services@gati.com

Details of investor complaints received and redressed during the year 2011-12 are as follows:

S. No.	Nature of Complaint	Received	Disposed	Pending
1	Non receipt of dividend warrants	15	15	NIL
2	Non receipt of share certificates after transfer / split / consolidation	2	2	NIL
3	Non receipt of Annual Report	5	5	NIL

General Body Meetings

(a) Annual General Meeting:

Date of AGM	Time	Venue	No. of special resolutions passed
November 16, 2011	10.00 A.M	Hotel Taj Deccan, Road No.I, Banjara hills, Hyderabad – 500 034	3
October 27, 2010	11.00 A M	Hotel Taj Deccan, Road No.I, Banjara hills, Hyderabad – 500 034	3
October 21, 2009	10.30 A.M.	ITC Hotel, The Kakatiya, Begumpet, Hyderabad-500 016	5

(b) Extraordinary General Meeting:

During the year, an Extraordinary General meeting of the Company was held on November 29, 2011.

Postal Ballot:

During the year, the consent of the shareholders of the Company was obtained through postal ballot by way of ordinary resolution for passing of the following resolutions:

- (i) As per the Notice to the shareholders dated 15-11-2011 for transfer of Shipping Division (Coast to Coast) of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to Gati Ship Private Limited, a Wholly Owned Subsidiary of the Company. Mr. D C Agarwal, Practicing Company Secretary was appointed as the Scrutinizer for overseeing the postal ballot process. The Ordinary Resolution was passed with requisite majority with the percentage of votes cast in favour of the resolution being 99.90%.
- (ii) As per the Notice to the shareholders dated 13-02-2012 for transfer of Express Distribution and Supply Chain Division of the Company in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to REDSUN Supply Chain Solution Limited (Now Gati-Kintetsu Express Private Limited) a Subsidiary of the Company. Mr. D C Agarwal, Practicing Company Secretary was appointed as the Scrutinizer for overseeing the postal ballot process. The Ordinary Resolution was passed with requisite majority with the percentage of votes cast in favour of the resolution being 99.89%.

The procedures prescribed under Section 192A of the Act, read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 were duly followed for conducting the postal ballot process during the year for approving the resolutions mentioned above.

Procedure for Postal Ballot:

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage envelopes are sent to the shareholders to enable them to consider and vote for and against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last day for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the Newspapers and displayed on the Company Website and Notice Board.

Unclaimed Shares:

As required under clause 5A of the Listing Agreement, the Company has sent reminders to the shareholders whose shares were lying unclaimed/undelivered with the Company. These will be transferred to the unclaimed suspense account as required under the listing agreement.

Disclosures

(i) Disclosures on materially significant related party transactions, that may have potential conflict with the interest of the Company at large.

The disclosures regarding related party transactions form part of the notes to the financial statements published elsewhere in this Annual Report.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : NIL

(iii) The Company affirms that no personnel has been denied access to the audit committee during the financial year ended June 30, 2012.

(iv) The Company has complied with all mandatory requirements of Clause 49 of the listing agreement.

Secretarial Audit:

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

CEO and CFO Certification :

The Chief Executive Officer and the Chief Financial Officer of the Company give certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

Means of Communication

The quarterly &, half-yearly un-audited financial results and annual audited results of the Company were published in national level English newspaper(s) as well as regional language newspaper circulating in the state of Andhra Pradesh. The results are also displayed on the Company's website "www.gati.com".

Official news releases, detailed presentations made to media, analysts, institutional investors, etc are displayed on the company's website www.gati.com. Official media releases are sent to stock exchanges.

Management Discussion and Analysis

Management Discussion and Analysis forms part of this annual report.

General Information for Shareholders

Annual General Meeting:

Date : October 19, 2012

Time : 10:30 a.m.

Venue : Hotel Radison BLU, 8-2-409, Road No.6, Banjara hills, Hyderabad - 500034.

Financial Calendar for 2012 - 2013 (Tentative)

Results for the quarter ended September 30, 2012	October / November, 2012
Results for the quarter ended December 31, 2012	January / February, 2013
Results for the quarter ended March 31, 2013	April / May, 2013
Results for the year ended June 30, 2013	July / August, 2013

Book Closure dates:

From October 15, 2012 to October 19, 2012 (both days inclusive) for the purpose of the Annual General Meeting.

Dividend Payment Date:

Dividend will be paid within 30 days from the date of approval in the AGM.

Listing on Stock Exchanges

The Company's shares are listed on The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai. The FCCBs bond are listed with Singapore Stock Exchange Limited (SGX-ST)

The listing fee for the year 2012-13 has been paid to all the above stock exchanges.

Stock Code :

- | | |
|--|-----------------|
| a) Trading scrip code for Bombay Stock Exchange | : 532345 |
| b) Trading scrip code for National Stock Exchange | : GATI |
| c) Demat ISIN Numbers in NSDL & CDSL for Equity Shares | : INE 152B01027 |

Monthly high / low stock quotations at BSE & NSE

Month	NSE		BSE	
	High	Low	High	Low
Jul-2011	79.00	62.00	79.10	61.8
Aug-2011	72.10	51.60	71.95	51.60
Sep-2011	62.90	51.30	62.80	51.55
Oct-2011	58.40	52.50	58.50	52.50
Nov-2011	56.00	25.70	55.90	25.80
Dec-2011	32.55	23.20	32.55	23.30
Jan-2012	36.00	27.70	35.70	28.25
Feb-2012	49.70	30.60	49.45	30.75
Mar-2012	37.20	30.20	37.20	30.50
Apr-2012	37.80	31.00	37.90	31.00
May-2012	39.50	31.30	39.50	27.15
Jun-2012	44.95	33.10	44.95	33.55

Share price performance in comparison to broad based indices - BSE Sensex

Particulars	Gati share price v/s NSE		Gati share price v/s BSE	
	Share price(Rs.)	NSE Nifty	Share price(Rs.)	BSE Sensex
As on July 1, 2011	62.90	5647.40	63.10	18974.96
As on June 30, 2012	40.75	5278.90	40.65	17429.98

Total equity as on June 30, 2012 was 86,58,22,87 (previous year 8,60,04,900) equity shares of ₹ 2/- each

Registrar and Share transfer agents :

M/s. Karvy Computershare Private Limited
(Unit : Gati Limited)
Plot no.17 – 24, Vittal Rao Nagar, Near Image Hospitals,
Madhapur, Hyderabad 500 081. E-mail : mohsin@karvy.com

Share Transfer System

The Company has a Registrar and Share Transfer Agent. Share transfers, if documents are found to be in order, are registered and returned in the normal course within two weeks from the date of receipt of the documents. Requests for dematerialisation of shares are processed and confirmation given to the respective depositories i.e., National Securities Depositories Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) within seven days.

Distribution Schedule as on June 30, 2012:

No. of shares		No. of Shareholders	% of total Shareholders	No. of shares	% to Total Capital
Upto	5,000	41,878	97.10	93,16,780	10.76
5,001	10,000	561	1.30	21,28,221	2.46
10,001	20,000	295	0.68	22,76,405	2.63
20,001	30,000	100	0.23	12,73,245	1.47
30,001	40,000	63	0.15	11,44,630	1.32
40,001	50,000	37	0.09	8,29,946	0.96
50,001	1,00,000	97	0.22	34,44,890	3.98
1,00,001	And above	97	0.22	6,61,68,170	76.42
Total		43,128	100	8,65,82,287	100.00

Distribution of Shareholding as on June 30, 2012

S. No	Description	Shares	% Equity
1	Company Promoter / Promoter group	3,84,20,525	44.37
2	HUF	7,05,738	0.82
3	Clearing members	10,26,816	1.19
4	Banks	5,33,600	0.62
5	Foreign Institutional Investors	17,90,534	2.07
6	Non Resident Indians	11,52,547	1.33
7	Bodies Corporate	1,34,33,859	15.52
8	General Public	2,95,18,668	34.10
	Total	8,65,82,287	100.00

Dematerialization of shares :

98.08% of the total shares have been dematerialised upto June 30, 2012. Trading in Equity shares of the Company is permitted only in dematerialised form w.e.f. August 28, 2000, as per notification issued by the Securities and Exchange Board of India (SEBI).

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

The Company allotted FCCBs amounting to USD 22 Million FCCBs in December 2011. FCCBs amounting to USD 22 Million are outstanding as on the date of this report.

Investor Correspondence

For queries relating to shares:

Karvy Computershare Pvt. Ltd.

(Unit Gati Limited) Plot no.17 – 24,
Vittalrao Nagar, Near Image Hospitals,
Madhapur, Hyderabad -500 081.

Tel: 040 – 4465 5000- 152 E-mail : mohsin@karvy.com

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

Gati Limited

Secretarial Department
1-7-293, M G Road, Secunderabad - 500 003
Tel Nos. 040 – 2784 4284 / 2784 3788
Email: investor.services@gati.com

Certificate of Corporate Governance

To the Members of Gati Limited.

We have examined the compliance of the conditions of Corporate Governance by Gati Limited for the year ended June 30, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Camp: Secunderabad

Date : August 9 , 2012

For D.C.Agarwal & Co.

Practising company Secretaries

D.C.Agarwal

Proprietor

Certificate of Practice No. 3345

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended June 30, 2012.

For GATI LIMITED

Place: Secunderabad

Date : August 9 , 2012

Mahendra Agarwal

Founder & CEO

Industry Structure & Development

While the global economy struggles to find its feet and demonstrate signs of sustainable recovery, India continues to demonstrate the growth potential of a predominantly domestic market. India's Gross Domestic Product is forecasted to grow between 5.5%-7% for FY2013. While down from the levels of previous years the Indian logistics industry is still expected to sustain a CAGR of 15%-20% out to FY 2015. Direct Spend on Logistics is expected to increase from an estimated 4,000 INR billion in FY 2012 to 6,500 INR billion in FY 2015.

Industry analysts and ratings agencies have positioned the Indian Logistics industry as "Stable" for 2012. There are no major changes to government policy or the efficiency of national infrastructure predicted to conclude and drive positive growth in FY2013. The continued growth in outsourced logistics services is expected to offset any decline in industry intensity as would be expected from the modest GDP performance.

Opportunities

The organized sector of the Indian Logistics industry currently represents an estimated 6% of total direct spend. This share of the market is projected to increase to 12% by the end of FY2015.

With total logistics costs in India commonly recognized as running at 13% of GDP, this represents 12,000 INR billion in FY2011. The 6,400 INR billion gap between direct logistics spend and total logistics costs is primarily comprised of inventory holding costs and losses due to inefficiencies, the reduction of both which are prime reasons that services are outsourced to the organized sector.

While the industry is still dominated by small marginal players, anticipated structural changes to the operation of the industry expected from the introduction of GST and FDI in multi-brand retail will primarily benefit larger organized players with a pan-India presence. We believe that the Carriage of Road Act, 2007 will establish a phase of responsible accounting and accountability in the domestic transportation industry by clearly defining the role of all goods transporters and their intermediaries like forwarding and booking agents. The act will inevitably benefit organized logistics player within the fragmented domestic transportation industry.

Cost effective and efficient logistics is a critical success factor to the booming E-commerce industry. Logistics service providers that are able to support the demands of this developing market segment will tap into a revenue stream supported by an industry that has grown from 36 INR billion in FY2011 to an expected 87 INR billion in FY2012 and is projected to reach 530 INR billion in FY2015.

Continued focus on food waste in the agricultural sector has driven increased focus on the development of India's cold chain industry. Benefits arising from the FY2012 Budget and Industry based incentives have improved the investment landscape in this sector. Cold Chain logistics services based on the provision of cold stores and temperature controlled transportation services will grow in line with the industry which is projected to grow from a base of 125 INR billion on FY2010 to 400 INR billion in FY2015.

Constraints and Challenges

Structural inefficiencies continue to plague the logistics Industry in the varied forms of complex taxation, border and octroi delays, low highway travel speeds, port congestion and customs delays. These factors remain as effective barriers to improving overall logistics performance at a company level as well as nationally. Improvements in these areas are targeted through numerous initiatives, the most important being the government's actions on the implementation of GST and permitting FDI in multi-brand retail. Continued delays in progressing these initiatives has stalled transformation within the domestic logistics industry and it is evident that the level of foreign investment in India's logistics infrastructure has declined substantially over previous years.

The high cost of capital continues to delay investments in improving logistics efficiency while putting additional pressure on OEMs and distributors to reduce logistics costs through traditional rate reduction practices. Cost reductions not supported by improvements in efficiency are delivered at the expense of margin, further reducing industry performance and the ability to invest in the future.

Overall economic uncertainty reflected by declining GDP and IIP index results demonstrates real reductions in logistics industry activity. Domestic consumption has slowed and the corresponding decline in production has meant a decline in real tonnage handled across the logistics industry. While the depreciation of the Rupee has assisted in supporting export growth in some industry sectors the slow development of India as a global manufacturing hub means that current currency related potential to expand exports is not being leveraged.

The Indian logistics Industry has long recognized the growing skill gap between the demands of the industry for people and the availability of required resources in the market. In the near term the battle for talent will drive up personnel costs in a cost conscious industry. Over the medium term it is expected that the numerous skills development initiatives being run by the Government, industry bodies and private sector agencies will begin to close the gap. It should be recognized though that this situation is not unique to India. Developed countries have also been facing a logistics skills gap from the last decade and India will need to be prepared to participate in the global fight for talent as the need to develop the industry accelerates in the future.

Govt Policy & Regulations

- Initiatives to improve the regulatory and governance framework and expediting the implementation of GST.
- Ensuring greater continuity and predictability of both policy and regulatory regimes.
- Speeding up of clearances for projects.

Business Threats, Risks and their Mitigation

Gati's operations are subject to normal cycles affecting the domestic economy in general. The crests and troughs in industrial production, consumer spending and monetary policy create changes to our business that is beyond our control. However, GKE handles packages of all the major sectors in the economy. As our revenues are not overly dependent on any specific sector or customer, it limits our exposure to any sector specific trends.

Being part of a fragmented industry, Gati faces significant competition on local, regional and national levels. Our competitors operate with business models that allow them to offer services and pricing that Gati may not be willing or able to offer to cost-sensitive customers. Gati extends our service advantage beyond the movement of goods through our technological capabilities, in providing support to our customers operations. We look to forge long-term relationships with our customer, which is reflected through almost 75% of our top customers being with our organization for more than three years.

Our operating model has high exposure to fuel costs and changing diesel and jet fuel costs can have a significant impact on our operations. Gati tries to mitigate this exposure to volatile fuel prices through implementation of fuel surcharge mechanism.

Financial Review

Share Capital

Share capital as at June 30, FY 2012 was ₹ 173.16 mn comprising of 8,65,82,287 Equity shares of ₹ 2/- each fully paid up. The Equity share capital has increased during the year to ₹ 173.16 mn from ₹ 172.01 mn on account of allotment of 5,77,387 Equity Shares of ₹ 2/- each amounting to ₹ 1.15 mn upon vesting of options under Employee Stock Option Scheme (ESOS).

Reserves and Surplus

Reserves and surplus as at June 30, 2012 was ₹ 4038.28 mn as against ₹ 2636.26 mn at the end the previous year a net increase of ₹ 1402.02 mn primarily on account of issue of shares to the JV partner KWE by GKEPL at a premium and PAT for the year reduced by provision for premium payable on redemption of FCCB and proposed dividend including dividend tax. Retained Earnings accounted for 4.2% of the Reserves and surplus.

Minority Interest

The minority interest is significantly gone up from ₹ 3,000/- as at 30th June'11 to ₹ 536.67 mn as at 30th June'12, which represents the 30% share of the KWE in the JV subsidiary Gati-Kintetsu Express Pvt. Ltd.

Debt

The Long term borrowings have increased from ₹ 1,775.68 mn as at 30th June'11 to ₹ 2,640.79 mn as at June 30, 2012 due to classification of FCCB loan as non-current borrowing as at 30th June'12 while as current borrowing as at 30th June'11.

Other Current Liabilities

The other current liabilities namely current maturities of long term borrowings, Statutory dues etc have significantly reduced from ₹ 2257.86 mn as at 30th June'11 to ₹ 866.00 as at 30th June'12 primarily due to the classification of FCCB loan as current since payable within one year as on 30th June'11 while it is classified as non current as at 30th June'12 since payable more than 12 months as at 30th June'12. Also the statutory dues outstanding as on 30th June'12 are less than the same as on 30th June'11 by ₹ 192 mn.

Fixed Assets and Capital WIP

The net block of fixed assets and capital work in progress was ₹ 4018.36 mn as at 30th June'12 as against ₹ 4248.52 mn as at 30th June'11. The decrease is mainly account of depreciation for the year at ₹ 274.41 mn

Investments

There is no change in the investments as at June 30, 2012 from the same as at 30th June'11.

Inventories

Inventories as at June 30, 2012 was ₹ 107.91 mn as against ₹ 121.10 mn as at 30th June'11. The decrease in inventory has been on account of lower activity in the shipping business.

Debtors

Debtors as at June 30, 2012 was ₹ 1890.08 mn as against ₹ 1902.97 mn as at 30th June'11 due to decrease in shipping business and improved realization of dues in EDSC business inspite of overall growth in the Revenues.

Cash and Bank balances

Cash and Bank balances as at June 30, 2012 is ₹ 1400.76 mn as against ₹ 318.76 mn as at 30th June'11, due to the money received on infusion of capital by KWE into Gati-Kintetsu Express Pvt. Ltd.

Revenue from Operations & Sales

The revenue from operations & Sales has dipped from ₹ 12029.83 mn during the previous year to ₹ 11801.78 mn during the year on account of degrowth in the shipping business and the trading business in Gati Import Export Trading Limited inspite of modest growth in the EDSC business and the Cold Chain business.

Other Income

Other income includes profit of ₹ 890 mn on part sale of investment in Gati-Kintetsu Express Pvt. Ltd. to KWE as part of the JV with KWE Japan.

Operating Expenses

Inspite of overall decrease in the revenues the increase in operating cost from ₹ 6807.41 mn during the previous year to ₹ 7102.82 mn during the year is primarily on account of standing cost and other major repairs incurred in the shipping business.

Employee Benefit Expenses

There is no major increase in the employee cost due to manpower rationalization carried out during the year.

Other Expenses

Other expenses represent administrative expenses, repairs & maintenance expenses. The other expenses for the year are ₹ 1053.70 mn compared to ₹ 1008.14 mn for the previous year a 5% inflationary increase.

Depreciation & Amortisation Expenses

The Company provides depreciation on straight-line basis. The depreciation charge is almost the same during the year compared to the previous year. However due to the exchange loss on settlement of the FCCB loan during December 11 and the amortization of the reinstatement exchange loss of the new FCCB loan as on 30th June'12 the depreciation & amortization during the year was higher by ₹ 115.31 mn at ₹ 369.57 compared to the same during the previous year at ₹ 254.26 mn.

Finance Expense

The finance expense is higher at ₹ 619.10 mn during the year compared to ₹ 516.39 in the previous year on account increased borrowings & complete utilization of the working capital funds.

Tax Charge

The total tax charge (including deferred tax and MAT credit) is higher during the current year compared to the same previous year on account of provision for the long term capital tax arising out of the part sale of investment in Gati-Kintetsu Express Pvt. Ltd. to KWE as per the JV formed with KWE in Gati-Kintetsu Express Pvt. Ltd.

EBITDA increased from ₹ 1007.98 mn in the previous year to ₹ 1801.52 mn during the year thereby recording an increase of 78%.

The company registered a profit after tax of ₹ 415.07 mn during the year as compared to ₹ 141.02 mn in the previous year.

Way forward and Future Strategies

The establishment of Gati-Kintetsu Express, a joint venture with Kintetsu World Express (KWE), is an important milestone in our organization's remarkable history. Kintetsu World Express is one of the leading global logistics brand with presence in close to 200 cities across more than 30 countries. The Joint Venture is aligned with our strategy to be a globally preferred provider of India-centric supply chain services and in providing value to our stakeholders. Gati expects to benefit from KWE's operational

expertise in 3PL and warehousing services which would help Gati enhance its service offerings in India. The JV represents a confluence of two people-centric services organizations charting a road ahead.

The lack of logistics services that are aligned to the needs of the rapidly growing online retail sector has been recognized by our organization. Gati's planned rollout of dedicated E-commerce logistics services covering online, warehouse and home delivery requirements is on track and expected to support our drive to become a services leader for this sector.

In line with the national and industry developments that will enable growth in Retail, the consumption of processed foods, tax incentives and industry grants we intend to launch our pan-India cold chain network.

Gati Vision:

- Be the globally preferred SCM solutions provider along with being a leader in Asia Pacific region.
- Delight customers with quality service by setting new trends through innovation & technology.
- Be the best employer in the logistics industry with latest HR practices and also be the most preferred organization for its stakeholders.
- Be a responsible corporate citizen with unwavering commitment to environmental protection & conservation and focus on being "Green Gati".

Gati Pledge:

"Caring for customers' precious objects with domino discipline, we promise to stay ahead in reach in service quality, wide network, technology, automation and in being high caliber Gati'ites and responsible business partners"

Internal Control Systems & their Adequacy

As a diversified enterprise, the company provides services at a number of locations across India and Asia Pacific. The company has always had a risk based approach and the Management is responsible for developing and maintaining Internal Control activities with a well-defined framework of checks and to ensure effective internal controls. It has in place adequate systems of internal control, commensurate with its size and the nature of operations. The Company also has well defined organizational structure, documented policy guidelines, predefined delegation of authority levels for approving revenue as well as capital expenditure.

Risk Assessment and Mitigation

Risks are inevitable and, in practice, cannot be avoided. Risk, therefore have to be Identified, Measured and Managed to meet our objectives. The company has a Corporate Risk Management Team consisting of professionally qualified accountants and functional specialists who are empowered to examine/audit the adequacy, relevance and effectiveness of the control systems, compliance with policies, plans and statutory requirements. The audit is based on the Risk Management Plan, using the Risk based approach in consultation with the statutory auditors and the Audit committee. The Audit Committee approves the Risk Management Plan and is reviewed at regular interval for necessary changes. The Vigilance team, which has a presence in the field, supports the Risk Management Team. The team members of the Risk Management Team are regularly trained on various areas.

A risk management policy document detailing the various risks associated with the business and the mitigation strategies to minimize/overcome the impact of the risks is discussed and reviewed at Audit Committee meetings.

The audits are undertaken on a continuous basis covering various areas. The Audit Committee also reviews the reports of the Risk Management Team and suggestions for improvement are discussed and implemented appropriately.

The Risk Management team in conjunction with the Business / Product Heads and Express Distribution Centre (EDC) Heads disseminate risk awareness across all levels through various appropriate means including training programs. The Business / Product Heads and EDC Heads are also responsible to report on the compliance with reference to the Risk Management practices with the EDC / Business Unit. The Risk Management Team also covers the major subsidiaries of the company.

The Company's ERP software provides a real time check on various transactions emanating from various business processes of the company. The Company's business Intelligence software is also used to generate exception reporting for review of controls.

The significant risk factors are reported to the Operating Board every month.

A firm of Chartered Accountants carries out the Internal Audit of the Shipping division and the scope of the coverage is monitored with inputs from the Corporate Risk Management Team.

Human Resources

The Company strongly believe our employees, fondly called Gati ₹ ites, are our key strength and we owe a major part of our success to them. Our Pledge states “Ahead in Reach” and symbolizes creating high caliber Gati’ites. Human Resources support and active participation is vital for the effective performance of Business Chain Group and overall Organization. Total manpower of the organization (consolidated), as on 30th June 12 are 3106 regular employees and 97 trainees i.e., 3203 across all levels.

Corporate Social Responsibility

Gati has always believed in being a socially responsible citizen and going beyond business and profit by giving back to the society. Gati has in various capacities contributed towards the community, education and environment and is constantly working towards developing a better society. The main focus areas are Education, Community & Environment.

Education

- **Gati Government High School, Hyderabad, Andhra Pradesh**

Gati partnered with the Government of Andhra Pradesh (AP) and built a school building with 27 classrooms, washrooms and a large playground. The school which currently provides education to over 1000 students was declared as a “Model Government School” in the year 2011. Gati financially supports the school in conducting yearly events and undertakes all expenses related to house-keeping, security and maintenance.

- **Gati MC High School, Nagore, Tamil Nadu**

Gati undertook the development of the MC High School at Nagore, which was a tsunami affected district in Tamil Nadu. Presently, the school provides education to over 500 children from the Tsunami affected families. The school was recently awarded as the ‘Best Government School’ in the Nagore area. Gati will be undertaking the renovation work of the school this year.

- **Logistics Support to ‘Sankya’ Project**

Gati has partnered with Rotary Club and is providing logistics support to their Sankya Program. The Sankya Program bridges the gap between the demand for computer literacy in government and unaided schools and the availability of used computer systems with the Industry, by collecting the used systems, refurbishing them with legal OS and redeploying them in the schools. Gati supports them by providing the logistics support needed to carry this out.

Community

- **Construction of work sheds for the flood effected weavers in Rajouli, AP**

Rajouli village, known for its famous Gadwal sarees was among one of the worst flood affected villages in Mahabubnagar district, Andhra Pradesh in the first week of October 2009. The floods shattered the lives of the weavers who lost their looms as well as their houses. Gati took up the responsibility to revive the handloom weavers’ community of the Rajouli village and acquired 2 acres of land in that village to construct worksheds. Proper arrangements in terms of water, lighting, ventilation and washrooms for the weavers were also done. The first workshed was inaugurated in September, 2010 which could accommodate 40 weavers. After the success of the first shed and based on the demand for another shed by the weavers, Gati went ahead and constructed a second work shed, which was inaugurated on 23rd December, 2011. Both the sheds together can accommodate 78 weavers. Apart from constructing the worksheds, a yarn spinning machine was also provided to the weavers.

With the aim of helping the weavers further, an NGO has also been appointed who would train them with improved techniques of weaving, which would lead to increased output both in terms of quantity and quality. The NGO would further help the weavers in developing links with the market for selling their products, getting support from the Banks and keeping them up to date with the market trends.

- **Relief Initiative to the Assam Flood victims**

Assam, the north-eastern state in India experienced the worst floods in June ’12. The floods washed away thousands of homes, leaving lakhs of people displaced and also killing hundreds of animals. As a small support to the relief operations being carried out, GATI-KWE East team provided dedicated vehicles to carry relief materials to the flood affected areas. In addition to this, a dedicated warehouse space was also offered for storage of relief materials which had to be transported to the affected areas.

- **Support to “Thara”**

“Thara” is a charitable non-profit organization that takes very special interest in the welfare of children who are deprived of a family. Gati extends its support to this cause by regularly visiting the children at their centers and distributing notebooks and play materials. Going forward, Gati plans to provide support to Thara in every possible way.

- **Health checkup camp for drivers & handlers**

Gati conducted a health checkup camp for the drivers & handlers at its Express Distribution Centre in Hyderabad. Upon receiving the overwhelming response at this camp, Gati has planned to conduct similar camps in all of its other major centers in India.

- **Donations**

Apart from donating for various welfare causes, Gati is also donating money to a Research Society for carrying out research activities in the field of health care.

Environment

- **Green Initiative**

As a step towards green initiatives, Gati has made it mandatory for all its Express Distribution Centres across the country to plant and maintain a green stretch in and around their premises. Gati also has taken up the initiative of planting saplings in the Government Schools.

Auditors' Report

To the Members of Gati Limited

We have audited the attached Balance Sheet of Gati Ltd as at 30th June, 2012, the annexed Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, in which are incorporated the audited accounts of the branch in Nepal as audited by other auditors.

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards, generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure, referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forwarded to us and appropriately dealt with.
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns from the branches.
 - iv) In our opinion, the Statement of Profit and Loss, the Balance Sheet and the Cash Flow statement comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - v) On the basis of written representation received from the directors as on 30th June, 2012 and taken on record by the Board of Directors none of the directors is disqualified as on 30th June, 2012 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
 - vi) Without qualifying our opinion attention is drawn to:

Note 30(a) regarding pending dispute with National Aviation Company of India Limited (NACIL) and claims & counter claims made in this behalf. Further ₹ 2659 lacs due from NACIL are included in loans and advance pending realization. According to the legal opinion received by the company no liability is contemplated to arise and no provision is necessary in these accounts in this behalf. We are unable to express an opinion in the matter.
 - vii) Attention is drawn to note 30(d) regarding excess remuneration paid to the Managing Director and erstwhile Whole-time Director aggregating to ₹ 224.67 lacs which is subject to the approval of the Central Government and the shareholders

Subject to para (vii)

- viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet of the state of affairs of the Company as at 30th June, 2012.
 - b) In the case of Statement of Profit and Loss, of the profits of the Company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Camp: Secunderabad
Date : August 9 , 2012

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

R.S.Agarwala
Partner
Membership No.F-5534

Referred to in paragraph 3 of our report of even date.

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets like land, building, vehicles, plant and machinery, computers etc. We are informed that a test physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed. The management has informed us that in respect of other fixed assets like furniture and fittings, office equipments, having regard to their numbers and the numerous locations where these exist, maintenance of detailed records and reconciliation of their value in general ledger is not feasible.
2. During the year the Company has disposed off a substantial part of its fixed assets in terms of Business Transfer Agreements for transfer of its Express Distribution and Supply Chain and Shipping divisions. However, in our opinion this does not effect the going concern status of the Company.
3. Physical verification was conducted by the management in respect of inventories at reasonable intervals. The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification. The procedures followed by the management for such physical verification are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
4. (a) The Company has during the year granted unsecured loans to two subsidiaries, which are covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to ₹ 912.16 lacs and the year end balances to ₹ 912.16 lacs. There are no stipulations as to the dates for repayment of principal and interest. However interest is being charged thereon.
(b) In our opinion, the rate of interest and other terms and conditions of above loans are not prima facie prejudicial to the interest of the Company.
(c) Company has during the year taken unsecured loans from one subsidiary which is covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹ 91.43 lacs and year end balance ₹ 91.43 lacs.
5. There is an adequate internal control system commensurate with the size and nature of the Company's business for the purchase of inventories, fixed assets and for the sale of services. During the course of our audit no major weakness has been noticed in the internal control system, nor we have been informed of any such instance.
6. (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Act, have been so entered
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has complied with the provision of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
8. The Company has appointed a firm of Chartered Accountant at Coast- to- Coast Division to do the internal audit regularly. The in-house internal audit department of the company conducts internal audit at other places. The internal audit system is commensurate with the size and nature of Company's business.
9. The Central Government has not prescribed the maintenance of Cost records under Section 209 (1)(d) of the Companies Act, 1956 in respect of any activities of the Company.
10. (a) According to the information and explanations given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, wealth tax, service tax, customs duty and other material statutory dues as applicable with the appropriate authorities. *However there has been delays in a few cases in depositing the dues during the year.*
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues as at the year end which have not been deposited on account of a dispute.
11. The Company has no accumulated losses as at June 30, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
12. According to the records of the Company examined by us and the information and explanations given to us, there are no defaults as at the balance sheet date in repayment of dues to bank.

13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chitfund /nidhi/ mutual benefit fund/ societies are not applicable to the company.
15. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The investments in shares, securities, debentures etc are held by the Company in its own name.
16. In our opinion, and according to the information and explanation given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.
17. In our opinion, and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purpose for which they were obtained.
18. On the basis of an over all examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on short-term basis, have not been used for the long-term investment.
19. The company has not made any preferential allotment of shares during the year.
20. There are no secured debentures issued during the year.
21. The company has not raised any money by public issue during the year.
22. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor we have been informed of such cases by the management.

Camp: Secunderabad
Date : August 9 , 2012

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

R.S.Agarwala
Partner
Membership No.F-5534

Balance Sheet as at 30th June 2012

(₹ in Million)

Particulars	Notes	30th June 2012	30th June 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	173.16	172.01
Reserves and Surplus	2	3,368.92	2,780.54
Money Received against Share Warrants		-	164.06
		3,542.08	3,116.61
Non-Current Liabilities			
Long Term Borrowings	3	1,461.81	1,871.32
Deferred Tax Liabilities(Net)	4	88.99	92.38
Other Long Term Liabilities	5	6.46	11.73
Long Term Provisions	6	39.73	-
		1,596.99	1,975.43
Current Liabilities			
Short Term Borrowings	7	100.00	1,302.53
Trade Payables	8	20.30	315.46
Other Current Liabilities	9	188.96	2,113.00
Short Term Provisions	10	532.98	534.29
		842.24	4,265.28
Total		5,981.31	9,357.32
ASSETS			
Non - Current Assets			
Fixed Assets	11		
Tangible Assets		709.58	3,891.34
Intangible Assets		-	16.94
Capital Work in progress		156.54	46.24
Non-Current Investments	12	2,579.91	773.69
Long Term Loans and Advances	13	302.38	768.32
Other Non-Current Assets	14	94.58	16.03
		3,842.99	5,512.56
Current Assets			
Inventories	15	-	100.75
Trade Receivables	16	257.29	1,619.46
Cash and Bank Balances	17	519.81	214.80
Short Term Loans and Advances	18	1,361.23	1,909.74
		2,138.33	3,844.76
Total		5,981.31	9,357.32
The Notes form an integral part of these Financial Statements	I-31		

In terms of our Report of even date

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

R. S. Agarwala
Partner
Membership No. : F-5534

Secunderabad
August 9, 2012

Sanjeev Jain
Director-Finance

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Profit and Loss for the year ended 30th June 2012

(₹ in Million)

Particulars	Notes	30th June 2012	30th June 2011
REVENUE			
Revenue from Operations	19	6,974.50	9,047.69
Other Income	20	1,038.08	33.22
TOTAL		8,012.58	9,080.91
EXPENSES			
Operating Expenses	21	4,775.06	6,110.46
Employee Benefits Expenses	22	806.31	1,056.23
Finance Costs	23	470.93	520.33
Depreciation and Amortization Expenses	24	271.97	216.14
Other Expenses	25	733.86	948.22
Total		7,058.13	8,851.39
Profit before exceptional items and Tax		954.45	229.52
Exceptional Items (Includes Surplus on transfer of EDSC Business ₹ 1,250.59 Mn and Loss on transfer of Shipping Business ₹ 1,101.90 Mn)	30(b)	3.40	
Profit before Tax		957.85	229.52
Tax Expense			
Current Tax		241.28	100.03
Deferred Tax		(3.39)	7.54
MAT credit		-	(21.05)
Profit for the year		719.96	143.01
Profit from Continuing Business operations Before Tax		811.94	(18.88)
Tax Expense of Continuing Business operations		200.00	-
Profit from Continuing Business operations After Tax		611.94	(18.88)
Profit from Transferred Business operations Before Tax		145.91	248.41
Tax Expense of Transferred Business operations		37.89	86.51
Profit from Transferred Business operations After Tax		108.02	161.89
Earning per Share			
Basic		8.33	1.68
Diluted		6.17	1.38
The Notes form an integral part of these Financial Statements	I-31		

In terms of our Report of even date

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

R. S. Agarwala
Partner
Membership No. : F-5534

Secunderabad
August 9, 2012

Sanjeev Jain
Director-Finance

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011		
(I)	SHARE CAPITAL				
	Authorised				
	12,50,00,000 Equity Shares of ₹ 2/- each (100,000,000 in previous year)	250.00	200.00		
	500,000 Redeemable Preference Shares of ₹ 100/- each (1,000,000 in previous year)	50.00	100.00		
		300.00	300.00		
	Issued,Subscribed and Paid-up :				
	86,582,287 (Previous year 86,004,900) Equity Shares of ₹ 2/- each fully paid up	173.16	172.01		
Terms/rights attached to equity shares The Company has only one class of equity shares of par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the shareholders, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their share holding.					
Reconciliation of the number of Shares outstanding					
	Particulars	30th June 2012 No.of Shares	30th June 2012 (₹ in Million)	30th June 2011 No.of Shares	30th June 2011 (₹ in Million)
	Shares at the beginning of the year	86,004,900	172.01	85,154,900	170.31
	Allotted under Employee Stock Option Scheme	577,387	1.15	-	-
	Alloted on Conversion of Warrants	-	-	850,000	1.70
	Shares at the end of the year	86,582,287	173.16	86,004,900	172.01
Details of shareholders holding more than 5 % shares					
	Name of Share Holders	30th June 2012 No.of Shares Held	30th June 2012 % of Holding	30th June 2011 No.of Shares Held	30th June 2011 % of Holding
	TCI FINANCE LTD	13,324,350	15.39	13,324,350	15.49
	MAHENDRA INVESTMENT ADVISORS PVT LTD	8,065,105	9.31	9,932,760	11.55
	MANISH AGARWAL BENEFIT TRUST	4,500,000	5.20	4,500,000	5.23
	DHRUV AGARWAL BENEFIT TRUST	4,342,000	5.01	4,500,000	5.23
		30,231,455	34.91	32,257,110	37.51
Shares reserved for issue under options and contracts/commitments i) 19,48,141 equity shares of ₹ 2/- each are reserved under employee stock option scheme as on 30th June 2012(Previous year 30,71,980). Of this 9,09,402 options, 7,84,539 options, 2,06,200 options and 48,000 options will vest in the year 2012-13, 2013-14, 2014-15 and 2015-16 respectively. ii) On December 12, 2011, the Company issued 22,182 Foreign Currency Convertible Bonds of US\$ 1,000 each for an amount of US\$ 22.182 Mn. The Bonds are convertible at any time on and after December 31, 2012 up to the close of business on November 13, 2016 by holders of the Bonds into fully paid equity shares with full voting rights with a par value of ₹ 2/- each at an initial conversion price of ₹ 38.51 per share with a fixed rate of exchange on conversion of ₹ 52.2285 to US\$.					

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
(2)	RESERVES AND SURPLUS		
	Revaluation Reserve		
	As per last balance sheet	68.94	69.07
	Less: Transferred as per Business Transfer Agreement	9.25	-
	Less: Transferred to Statement of Profit and Loss	0.10	0.13
		59.60	68.94
	Securities Premium Account		
	As per last balance sheet	1,731.32	1,745.45
	Additions during the year(i)	25.82	47.60
	Less: Deductions during the year(ii)	187.01	61.73
		1,570.13	1,731.32
	Share Option Outstanding account		
	As per last balance sheet	39.15	34.43
	Additions during the year(iii)	1.74	8.60
	Less: Deduction on cancellation of options not exercised(iii)	9.54	3.88
	Transferred to Securities Premium Account	6.74	-
		24.61	39.15
	Other Capital Reserves		
	As per last balance sheet	43.97	43.97
	Add: Forfeiture of Share Application/ Convertible Warrants	164.19	-
		208.17	43.97
	General Reserve		
	As per last balance sheet	669.16	654.86
	Add: Transferred from statement of profit and loss	72.00	14.30
		741.16	669.16
	Shipping Business Reserve(Utilized)		
	As per last balance sheet	35.00	35.00
		35.00	35.00
	Tonnage Tax Reserve(Utilized)		
	As per last balance sheet	92.91	92.91
		92.91	92.91
	Surplus as per Statement of Profit and Loss		
	As per last balance sheet	100.09	21.36
	Add: Profit for the year	719.96	143.01
	Less: Interim dividend	51.95	-
	Proposed Final dividend	43.29	43.00
	Tax on dividend	15.45	6.98
	Transferred to General Reserve	72.00	14.30
		637.36	100.09
		3,368.93	2,780.55
<p>(i) On allotment of 577387 shares under Employee Stock Option Scheme and transferred from Stock Option Outstanding account.</p> <p>(ii) Provision for Pro-rata Premium on redemption of Foreign Currency Convertible Bonds.</p> <p>(iii) In respect of options granted under the Companies Employees Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options(based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Consequently salaries, wages and bonus includes ₹ -4.98 Mn(previous year ₹ 15.96 Mn) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunds/lapsed.</p>			

Notes to the Financial Statements

(₹ in Million)

	Particulars	Non - Current		Current Maturities	
		30th June 2012	30th June 2011	30th June 2012	30th June 2011
(3)	LONG TERM BORROWINGS				
	Secured				
	Term Loans				
	From Banks	84.84	1,285.27	-	526.84
	From Others	3.45	21.36	1.76	13.83
	Finance Lease - obligations	-	436.38	-	104.00
	Unsecured				
	Loans & Advances from related parties	6.23	-	2.91	-
	Fixed deposits	118.25	128.30	106.11	83.94
	Foreign Currency Convertible Bonds	1,249.05	-	-	670.80
		1,461.81	1,871.32	110.78	1,399.40
	OTHER INFORMATION PERTAINING TO NATURE OF SECURITY				
	Particulars of Nature of Security	Security to the Extent			
		30th June 2012	30th June 2011		
	Term Loans				
	From Bank				
	Property situated at Mahatma Gandhi Road, Secunderabad.			84.84	
	From Others				
	Trucks & Vehicles acquired against individual loans			5.21	
				90.05	
(4)	DEFERRED TAX LIABILITY				
	Difference between book and tax depreciation			88.99	92.38
				88.99	92.38
(5)	OTHER LONG TERM LIABILITIES				
	Interest accrued on Fixed Deposits			6.46	11.73
				6.46	11.73
(6)	LONG TERM PROVISIONS				
	Premium on redemption of Foreign Currency Convertible Bonds			39.73	-
				39.73	-
(7)	SHORT TERM BORROWINGS				
	Secured				
	Working Capital Loans				
	From Banks			-	1,032.52
	Short term Loans			-	-
	From Banks			75.00	-
	Unsecured			-	-
	From Banks			-	270.01
	From Others			25.00	-
				100.00	1,302.53
	OTHER INFORMATION PERTAINING TO NATURE OF SECURITY				
	Particulars of Nature of Security	Security to the Extent			
		30th June 2012	30th June 2011		
	Secured Working Capital Loan from Bank				
	Working Capital Loans are secured by hypothecation of book debts and other current assets of the company on paripasu basis with other consortium lenders as primary security along with land and building properties as collateral.				1,032.52
	Secured Short Term Loans from Banks				
	Secured by a property at Samalkha, New Delhi			75.00	

Notes to the Financial Statements

(₹ in Million)

(8)	TRADE PAYABLES	Security to the Extent	
		30th June 2012	30th June 2011
	Particulars of Nature of Security		
	For services	20.30	276.36
	Due to Subsidiaries	-	39.10
		20.30	315.46
(9)	OTHER CURRENT LIABILITIES		
	Current maturities of Long Term Debt		
	From Banks		526.84
	From Others	110.78	872.57
	Other Liabilities		
	- Statutory Dues	16.32	258.12
	- Security Deposits	14.52	75.04
	- Others	39.32	373.27
	- Unpaid/Unclaimed dividends	8.02	7.17
		188.96	2113.00
(10)	SHORT TERM PROVISIONS		
	Provision for Employee Benefits	6.06	33.21
	Premium for redemption of Foreign Currency Convertible Bonds	-	288.06
	Others		
	Taxation(Net of Advance Tax)	316.23	163.04
	Interim Dividend	51.95	-
	Proposed Final Dividend	43.29	43.00
	Tax on dividend	15.45	6.98
	Contingencies	100.00	-
		532.98	534.29

Notes to the Financial Statements

(11) FIXED ASSETS

(₹ in Million)

	Gross Block					Depreciation				Net Carrying Value		
Description	As at 01.07.2011	Additions During the Year	Deductions During the Year	Transferred (a)	Balance As On 30.06.2012	As On 01.07.2011	For the Year	Adjustment On Deductions	Adjustment on(a)	Total Depreciation	30th June 2012	30th June 2011
Tangible Assets												
Land												
Freehold	752.33	14.06	188.28	55.40	522.71	-	-	-	-	-	522.71	752.33
Leasehold	103.38	-	-	-	103.38	-	-	-	-	-	103.38	103.38
Buildings	555.00	13.46	2.37	501.87	64.22	42.94	7.54	0.35	38.65	11.48	52.75	512.15
Vehicles	314.50	15.84	12.14	253.96	64.23	165.01	32.09	7.92	140.11	49.07	15.16	149.56
Plant & Machinery	387.37	6.74	35.65	356.75	1.71	101.60	14.28	7.89	107.48	0.51	1.20	285.77
Computers	318.45	9.30	2.33	313.49	11.91	255.29	18.27	(4.03)	268.30	9.30	2.61	62.99
Ships	1,505.90	5.53	-	1,511.42	-	249.45	56.86	-	306.30	-	-	1,256.45
Ship taken on finance lease	651.55	72.54	96.13	627.96	-	85.21	25.14	-	110.34	-	-	566.34
Furniture & Fittings	198.31	19.52	0.04	192.00	25.79	90.36	9.47	0.04	83.79	16.00	9.79	107.95
Office Equipments	136.78	4.15	1.44	136.05	3.44	42.35	6.58	0.50	46.96	1.46	1.98	94.43
Intangible Assets												
Computer Software	149.11	5.39	0.17	154.33	-	132.17	6.56	6.41	132.32	0.00	(0.00)	16.94
Total	5,072.66	166.53	338.55	4,103.24	797.40	1,164.38	176.78	19.07	1,234.26	87.82	709.58	3,908.28
Previous Year	5,022.34	145.83	95.51	-	5,072.66	950.38	232.60	18.60	-	1,164.38	3,908.28	2,180.85
Capital Work-in-Progress											156.54	46.24
										Total	866.12	3,954.52

Note :

- As per Business Transfer Agreements (Refer Note Nos. 26 & 27)
- A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increases in the value of assets by ₹ 4.6 Mn, ₹ 14.1 Mn and ₹ 14.84 Mn respectively and aggregating to ₹ 33.56 Mn was transferred to Revaluation Reserve.
- Depreciation for the year includes ₹ 0.095 Mn in respect of above revaluations.
- Deduction to Assets includes ₹ 10.71 Mn (previous year ₹ 4.31 Mn) on account of exchange rate difference on restatement of foreign currency loans.
- The increase/decrease in the rupee liability arising out of the restatement of foreign currency convertible bonds, has been adjusted to the carrying cost of respective fixed assets to be depreciated over their remaining depreciable life. The depreciation for the current year includes ₹ 0.37 Mn (previous year- ₹ 0.42 Mn) arising on account of this adjustment.

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
(12)	NON CURRENT INVESTMENTS Long Term Investments(At Cost) Non-trade Fully Paid Equity Shares of Joint Stock Companies Quoted 1,600,300 shares of TCI Finance Ltd. of ₹ 10/- each. (Market Value - ₹ 50.41 Mn ; previous year - ₹ 86.90 Mn) Unquoted 18,750,000 shares of Amrit Jal Ventures Ltd. of ₹ 10/- each. (Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Ltd.) 18,000 shares of ITAG Infrastructure Ltd. of ₹ 10/- each Subsidiaries 5,940,898 Shares of Gati Holdings Ltd.of \$1 (USD) each (Taken over by Gati Asia Pacific Pte Ltd. and 7,267,176 Shares allotted in lieu thereof) 7,267,176 Shares of Gati Asia Pacific Pte Ltd. of \$1 (SGD) each 860,000 Shares of Trymbak Commercial & Trading Pvt. Ltd. of ₹ 10/- each 365,000 Shares of Ocimum Commercial & Trading Pvt. Ltd. of ₹ 10/- each 1,075,000 Shares of Sumeru Commercial & Trading Pvt. Ltd. of ₹ 10/- each 155,000 Shares of Newatia Commercial & Trading Pvt. Ltd. of ₹ 10/- each 3,697,800 Shares of Kausar India Ltd. of ₹ 10/- each 23,00,000 Shares of Gati Import Export Trading Ltd. of ₹ 10/- each 352,163 Shares of Zen Cargo Movers Pvt. Ltd. of ₹ 10/- each 3,50,000 Shares of Gati-Kintetsu Express Pvt Ltd. of ₹ 10/- each (Formely known as RedSun Supply Chain Solutions Limited) (3,50,000 shares acquired and 50,000 shares sold during the year) 1,00,10,000 Shares of Gati Ship Private Ltd. of ₹ 10/- each (1,00,00,000 Shares allotted during the year) 10,000 Shares of Gati Logistics Parks Private Ltd. of ₹ 10/- each 10,000 Shares of Gati Projects Private Ltd. of ₹ 10/- each 10,000 Shares of Gati Express Distribution Private Ltd. of ₹ 10/- each (Allotted during the year)	14.39 14.39 187.50 0.18 187.68 - 275.05 8.60 3.65 10.75 1.55 247.82 23.00 3.52 3.50 1,800.10 0.10 0.10 0.10 2,377.84 2,579.91	14.39 187.50 0.18 187.68 271.92 - 8.60 3.65 10.75 1.55 247.82 23.00 3.52 0.50 0.10 0.10 0.10 - 571.62 773.69
(13)	LONG TERM LOANS AND ADVANCES Unsecured - Considered Good Capital Advances Balance of consideration for assignment of right to a ship Advances and Rental Deposits Earnest Money and Security Deposits	290.99 - 9.96 1.44 302.38	349.99 20.30 121.78 276.81 768.32
(14)	OTHER NON CURRENT ASSETS Foreign Currncy Monetary Item Translation Difference Account(Note 30d) Deferred employee stock option compensation	88.11 6.47 94.58	16.03 16.03
(15)	INVENTORIES (As taken, valued and certified by the Management) Stores and Spare Parts (At lower of cost and net realisable value)	- -	100.75 100.75

Notes to the Financial Statements

(₹ in Million)

Particulars	30th June 2012	30th June 2011
(16) TRADE RECEIVABLES (Unsecured)		
Outstanding for more than six months from the due date		
Considered Good	1.03	85.81
Considered Doubtful	9.66	-
	10.69	85.81
Less : Provision for doubtful debts	9.66	-
	1.03	85.81
Others	256.26	1,533.65
	257.29	1,619.46
(17) CASH AND BANK BALANCES		
Cash in Hand	11.85	7.64
Remittances in Transit	-	45.71
Balances with Banks		
In Current Accounts	318.39	108.15
In Deposit Accounts	181.55	46.13
In Unpaid/Unclaimed Dividend Accounts	8.02	7.17
	519.81	214.80
(18) SHORT TERM LOANS AND ADVANCES		
Unsecured - Considered Good		
Prepaid Expenses	1.55	16.42
Cenvat Credit Receivable	8.59	1.49
Loans & Advances to Subsidiaries	91.22	104.90
Loans & Advances to Related Parties	100.00	100.00
Loans & Advances to Others	616.06	1,254.33
Advances to employees	0.38	5.34
Interest Accrued	48.19	23.70
Due from Subsidiaries	224.29	-
Tax Deducted at Source	264.77	397.39
Others	6.18	6.17
	1,361.23	1,909.75
In the opinion of the Board, all assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.		
(19) REVENUE FROM OPERATIONS		
Freight, Demurrage and Miscellaneous charges	6,665.86	7,883.24
Logistics and other services	108.04	198.21
Shipping Freight, Charter Hire, Miscellaneous charges	162.60	919.73
Other Operating Income	38.00	46.50
	6,974.50	9,047.69
(20) OTHER INCOME		
Rent	1.79	1.76
Excess Commission paid to Managing Director in earlier year recovered	2.13	-
Profit on sale of fixed asset (Net)	85.00	6.30
Profit on sale of Investments(Net)	891.80	-
Difference in Exchange (Net)	16.28	1.69
Dividends	0.30	-
Interest	40.77	23.47
(Includes notional gain ₹ 19.14 Mn on restatement of foreign currency monetary items.		
Previous year notional loss 2.81 Mn)	1,038.08	33.22
(21) OPERATING EXPENSES		
Freight	4,177.38	4,901.71
Vehicles' trip expenses	182.98	206.14
Tyres and Tubes	8.25	5.49
Rent	28.13	65.11
Other Operating Expenses	242.52	370.38
Claims for Loss & Damages (Net)	11.74	24.77

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
	Commission	3.60	30.22
	Vehicles' taxes	3.06	5.59
	Vehicles' and ships Insurance	8.88	19.79
	Power, Fuel and Water Expenses	62.08	219.27
	Stores and Spare Parts Consumed	4.64	5.47
	Port and Survey Expenses	41.79	256.52
		4,775.06	6,110.46
(22)	EMPLOYEE BENEFITS EXPENSES		
	Salaries, Wages and Bonus	737.30	953.95
	Gratuity	5.62	6.95
	Contribution to Provident and Other Funds	28.57	37.67
	Contribution to Employees' State Insurance	6.04	7.02
	Other Expenses	28.77	50.64
		806.31	1,056.23
(23)	FINANCE COST		
	Interest	456.93	503.47
	Other borrowing Costs	14.00	16.86
		470.93	520.33
(24)	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation for the year	176.78	232.72
	Add / (Deduct) : Amortization of foreign currency monetary item translation difference account	95.28	(16.45)
	Deduct : Transfer from Fixed Assets Revaluation Reserve	0.10	0.13
		271.97	216.14
(25)	OTHER EXPENSES		
(A)	ADMINISTRATIVE EXPENSES		
	Rent	170.07	198.96
	Rates and Taxes	1.76	2.13
	Insurance (includes ₹ 2 Mn towards Keyman Insurance Policy; previous year ₹ 2 Mn)	9.66	10.49
	Telephone expenses	20.77	25.32
	Printing and Stationery	19.17	27.52
	Travelling expenses	55.35	69.88
	Legal expenses	12.04	14.53
	Advertisement Expenses	24.87	29.93
	Office Maintenance and Repairs	96.52	112.50
	Miscellaneous expenses	215.27	310.56
	Remuneration to Directors:	22.13	26.05
	Remuneration to Auditors:		
	Audit Fees	1.33	1.39
	Tax Audit Fees	0.63	0.63
	Bad Debts and irrecoverable balances written off (Net)(a)	16.96	10.79
	Charity and Donations	4.83	4.63
	(a) Includes provision for doubtful debts ₹ 9.66Mn	671.35	845.30
(B)	REPAIRS & MAINTENANCE EXPENSES		
	Motor Trucks	15.87	24.29
	Other Vehicles	9.75	12.02
	Plant and Machinery	4.54	5.21
	Buildings	0.36	0.97
	Computers	20.49	25.70
	Ships	11.51	34.74
		62.51	102.92
		733.86	948.22

Notes to the Financial Statements

(26) With a view to restructure its business and operations

a) The company has entered into Business Transfer Agreement(BTA) with its wholly owned subsidiary Redsun Supply Chain Solutions Limited(Since renamed as Gati-Kintetsu Express Private Limited) for transfer of substantial part of its Express Distribution and Supply Chain business division on a going concern basis without payment of any monetary consideration effective at the close of business hours on 31st March 2012.

b) The amount of assets and liabilities pertaining to the business division transferred to the subsidiary pursuant to the BTA are as follows:

Particulars	Amount as on 31st March, 2012	(₹ in Mn)
Total Assets	2,550.56	
Total Liabilities	3,801.15	
Surplus	1,250.59	

c) The excess amount of liabilities over amount of assets of ₹ 1250.59 Mn has been accounted as surplus in these accounts.

d) No values have been assigned to any specific asset or liability comprised in the Business Division

(27)a) The company has also entered into Business Transfer Agreement(BTA) with its wholly owned subsidiary Gati Ship Private Limited for transfer of its shipping business division as a going concern on slump sale basis effective at the close of business hours on 31st March 2012 for a consideration of ₹ 1800 Mn.

b) In discharge of the consideration amount, Gati Ship Private Ltd has allotted to the company One Crore Equity Share of ₹ 10 each fully paid at a premium of ₹ 170 per share aggregating to ₹ 1800 Mn pursuant to the BTA

c) The amount of total assets and liabilities pertaining to the business division transferred to the subsidiary pursuant to the BTA are as follows:

Particulars	Amount as on 31st March, 2012	(₹ in Mn)
Total Assets	3,585.97	
Total Liabilities	684.07	
Net Assets	2,901.90	

d) No values have been assigned to any specific asset or liability comprised in the Business Division

(28) The Company has made investment in Share Capital and has also given loans & advances to two subsidiaries Kausar India Ltd. and Zen Cargo Movers Pvt. Ltd., including receivables from the subsidiaries, aggregating to ₹ 346.6 Mn & ₹ 14.4 Mn respectively. The net worth of these two subsidiaries has fully eroded because of losses suffered from year to year. The business in which Kausar India Limited is the cold chain solutions. This business has a lot of potential. Kausar India Limited has always being making cash profits and the losses are only on account of depreciation. The business of Zen Cargo is clearing agency very closely related to the freight forwarding business of the parent company. The same is in the process of stabilization. Both the subsidiaries will continue to have the required support from holding company. The performance of this subsidiaries is expected to improve in the near future. Under the circumstances no provision is considered necessary by the management at present for any diminution in the value of investments and also in respect of loss that may arise from other receivables from the two subsidiaries.

Particulars	Transferred Business Operations				Continuing Business Operations	
	Shipping Division		EDSC Division		EDSC Division	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue from Operations	162.60	919.73	6119.64	7421.25	692.25	706.70
Other Income	17.93	2.99	0.00	0.00	1020.15	30.24
Operating Expenses	128.64	584.87	4052.63	4929.65	593.79	595.94
Other Expenses	123.61	222.32	1286.47	1696.36	130.08	85.77
Finance Expense	108.76	157.88	289.72	296.33	72.45	66.12
Depreciation and Amortization	89.40	119.17	75.02	88.98	107.54	8.00
Extraordinary Income	0.00	0.00	0.00	0.00	3.40	0.00
Profit Before Tax	-269.89	-161.52	415.80	409.93	811.94	-18.88
Tax Expense	0.00	1.04	37.90	85.47	200.00	0.00
Profit After Tax	-269.88	-162.57	377.90	324.46	611.94	-18.88

Notes to the Financial Statements

(30)

- a) During an earlier year the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL), (the erstwhile Indian Airlines Ltd.) due to continuous failure and defaults by NACIL. The matter now stands referred to the arbitration of the Arbitral Tribunal appointed by the parties. Pending decision of the Arbitral Tribunal a sum of ₹ 265.98 Mn is included in loans and advances being the difference between the amount of Bank Guarantee invoked by NACIL and claims acknowledged by the Company. In the Company's view there are fair chances of recovery of ₹ 265.98 Mn. The Company has filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. As per the legal advice received by the company endorsed by another eminent jurist, no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf .

b) Exceptional Items :	(₹ in Mn)
1. Surplus on transfer of EDSC business division	1,250.59
2. Loss on transfer of shipping business division	1,101.90
Less. Business transfer related Expenses	45.29
Less. Provision for contingencies	100.00
Net Surplus	3.40

- c) Pursuant to the notification issued by the ministry of Corporate Affairs dated 29th December 2011 on Accounting Standard 11, the company has opted to adjust the carrying cost of depreciable fixed assets/ to amortize the exchange differences on the Long term Foreign Currency Monetary Items over their tenure. Accordingly as on June 30, 2012, ₹ 88.11 Mn has been carried forward in the " Foreign Exchange Monetary Translation Difference Account". Consequently the net profit is higher by ₹ 88.11 Mn for year ended 30th June, 2012.
- d) Due to inadequacy of profits, the remuneration paid to the Managing Director and erstwhile Whole-time Director is in excess of the prescribed limits under the Companies Act, 1956 by ₹ 22.47 Mn which requires approval of the Shareholders and the Central Government.
- e) Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2012. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2012. (Assessment Year 2012-13).
- f) Out of the 1,02,32,400 convertible warrants allotted to the promoter on 13th February, 2010, 8,50,000 warrants were converted into shares on 31st March 2011. 93,82,400 warrants lapsed on 12th August, 2011 and amount received on allotment of warrants of ₹ 16,40,58,800 was forfeited and transferred to Capital Reserve Account.
- g) The Company has granted options under the Companies Employees Stock Options Scheme and 19,48,141 Options are outstanding(Previous year 30,71,980) as at 30th June 2012. Of this 9,09,402 Options will vest in 2012-13, 7,84,539 Options in 2013-14, 2,06,200 options in 2014-15 and 48,000 options in 2015-16.
- h) The Board of Directors of the Company has allotted 22,182 Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) of US\$1,000 each, thereby raising US\$ 22.182 Mn on December 12, 2011. The bonds are convertible any time from December 12, 2012 upto the close of business on November 13, 2016 by holders of the Bonds into fully paid equity shares of the company with a par value of ₹ 2 each with full voting rights at an initial conversion price of ₹ 38.51 per share with USD/INR reference exchange rate that is fixed at ₹ 52.2285 per US\$. Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed in US dollars at 132.8341 percent of principle amount on December 13, 2016 giving a Yield to Maturity of 5.76 percent per annum calculated on semi-annual basis. The FCCBs earlier issued which were listed on the Singapore Stock Exchange have been fully redeemed along with the redemption premium on 13th December 2011.
- i) The Company has taken a ship on finance lease during the financial year 2008-09 and accordingly as per AS-19, the asset has been capitalized with corresponding Liability.

The ships along with the other assets and liabilities have been transferred to its wholly own subsidiary Gati Ship Private Limited (refer note 27(c))

(₹ in Million)

Lease Payments	2011 - 12(June 30, 2012)		2010 - 11(June 30, 2011)	
	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year			1.18	1.04
1 year to 5 years			7.61	4.36
Total	-	-	8.79	5.40

Notes to the Financial Statements

(₹ in Million)

		30th June 2012	30th June 2011
j)	Contingent Liability not provided for in respect of		
	Bank Guarantees	151.35	190.86
	Guarantees and Counter Guarantees outstanding		471.35
	Estimated amount of contracts remaining to be executed on capital account and not provided for	25.73	36.00
k)	Earning per share		
	(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS	719.96	143.01
	(ii) Weighted average no. of ordinary shares for Basic EPS (Nos. in Mn)	86.58	85.37
	Add : Adjustments for foreign currency convertible bonds and stock options(Nos. in Mn)	30.23	18.12
	Weighted average no. of ordinary shares for Diluted EPS(Nos. in Mn)	116.62	103.49
	(iii) Nominal value of Ordinary Shares (₹)	2.00	2.00
	(iv) Basic Earning per Ordinary Share (₹)	8.33	1.68
	(v) Diluted Earning per Ordinary Share (₹)	6.17	1.38

I) Related Party Disclosures

Related parties with whom transactions have taken place during the year

i) Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Founder & CEO)

Mr. Lagad Himmat Singh Daulat Rao (Whole-Time Director)

ii) Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother of Mr. Mahendra Agarwal)

iii) Associates

1. Gati Intellect Systems Ltd.
2. TCI Finance Ltd.
3. Giri Roadlines & Commercial Trading Pvt. Ltd.
4. Jubilee Commercials & Trading Pvt. Ltd.
5. Gati Shipping Ltd.
6. Gati Cargo Management Services Ltd.
7. TCI Hi-ways Pvt. Ltd.
8. TCI Industries Ltd.
9. Mahendra Kumar Agarwal & Sons (HUF)
10. ITAG Infrastructure Ltd.
11. ITAG Business Solutions Ltd.
12. Gati (Thailand) Ltd.
13. Mahendra Investment Advisors Pvt.Ltd.
14. Amrit Jal Ventures Ltd.

iv) Subsidiaries / Step Down Subsidiaries

1. Gati Holdings Ltd.
2. Gati Asia Pacific Pte Ltd.
3. Gati Hong Kong Ltd.
4. Gati China Holdings Ltd.
5. Gati Middle East FZE Ltd.
6. Gati Cargo Express(Shanghai) Co.Ltd.
7. Gati Japan Ltd.
8. Gati Cargo Malaysia SDN BHD.
9. Newatia Commercial & Trading Pvt. Ltd.
10. Trymbak Commercial & Trading Pvt. Ltd.
11. Ocimum Commercial & Trading Pvt. Ltd.
12. Sumeru Commercial & Trading Pvt. Ltd.
13. Kausar India Ltd.
14. Gati Import Export Trading Ltd.
15. Zen Cargo Movers Pvt. Ltd.
16. Gati Kintetsu Express Pvt Ltd
(Formerly known as REDSUN Supply Chain Solutions Ltd.)
17. Gati Ship Private Ltd.
18. Gati Logistics Parks Private Ltd.
19. Gati Projects Private Ltd.
20. Gati Express and Distribution Private Ltd.
(Incorporated on 17th Oct 2011)

Notes to the Financial Statements

(₹ in Million)

SL	Nature of Transaction	Key Management Personnel & Relative	Associates	Subsidiaries	30th June 2012	30th June 2011
A	Expenditure					
	Rent		9.44		9.44	13.52
	Freight and Other Charges		906.28	126.76	1,033.04	336.61
	Port Expenses		3.92		3.92	9.86
	Interest			4.00	4.00	2.05
	Key Management Personnel					
	Remuneration	23.96			23.96	25.64
B	Receipts					
	Freight and Other Charges		0.67	43.34		84.98
	Interest			9.06	9.06	7.84
	Rent		0.34		0.34	0.37
C	Finance and Investment					
	Investments			1,806.72	1,806.72	67.43
	Loans - Given			8.64	8.64	15.20
	Loans - Repaid			21.42	21.42	1.83
	Advances - Given		151.40	346.51	497.91	
	Advances - Repaid			22.45	22.45	
	Deposits and Advances - Given			74.98	74.98	42.23
	Deposits and Advances - Repaid			56.48	56.48	63.31
	Unsecured Loans - Fixed Deposits			46.21	46.21	24.51
D	Balance at the year end					
	Investments		202.07	2,377.84	2,579.91	773.69
	Sundry Debtors		0.54	18.76	19.29	75.07
	Loans		-	92.11	92.11	104.89
	Advances		151.40	349.58	500.98	25.52
	Sundry Creditors		2.40	4.86	7.25	38.29
	Deposits and Advances			13.10	13.10	25.00
	Advances towards Fixed Assets	5.70			5.70	5.70
	Unsecured Loans - Fixed Deposits			46.21	46.21	24.51
	Corporate Guarantees			133.75	133.75	471.35

(₹ in Million)

		30th June 2012	30th June 2011
M)	Segment Information		
	Primary Business Segment		
	Express Distribution & Supply Chain :Covers integrated cargo services – Road, Rail and Air Transportation.		
	Coast-to-Coast (Shipping) : Covers Sea Transportation		
	1. Segment Revenue (net sale/income)		
	a) Express Distribution & Supply Chain	6,812.55	8,134.80
	b) Coast-to-Coast (Shipping)	162.60	919.73
	Total	6,975.15	9,054.53
	Less: Inter-Segment Revenue	0.65	6.84
	Net sales/income from operations	6,974.50	9,047.69
	2. Segment Results		
	Profit before tax and interest from each Segment		
	a) Express Distribution & Supply Chain	3,017.83	1,016.47
	b) Coast-to-Coast (Shipping)	(1,263.03)	(3.65)
	Total	1,754.80	1,012.82
	Less : Interest (Net of Income)	470.93	520.33
	Other un-allocable expenditure net of un-allocable income	326.02	262.97
	Total Profit / (Loss) before tax	957.85	229.52

Notes to the Financial Statements

(₹ in Million)

3. Other Information		
Segment Assets		
a) Express Distribution & Supply Chain	2,985.90	4,835.36
b) Coast-to-Coast (Shipping)	0.00	3,527.35
Unallocated Corporate Assets	1,337.44	978.59
Total Assets	4,323.34	9,341.30
Segment Liabilities		
a) Express Distribution & Supply Chain	875.89	4,567.68
b) Coast-to-Coast (Shipping)	92.91	1,354.73
Total Liabilities	968.80	5,922.41
Capital employed	3,354.55	3,418.89
Depreciation		
a) Express Distribution & Supply Chain	182.56	96.98
b) Coast-to-Coast (Shipping)	89.40	119.17
Total Depreciation	271.97	216.14
The company operates mainly in India and the overseas earnings is less than threshold limits. Hence, there are no separate geographical segments.		

(₹ in Million)

		30th June 2012		30th June 2011	
N)	Additional Information				
	I. Value of Imported and Indigeneous Stores & Spare Parts				
	Consumed during the year	%	Value	%	Value
	Imported	26.31	2.49	44.78	7.13
	Indigeneous	73.69	6.99	55.22	16.91
		100.00	9.48	100.00	24.04
	II. Expenditure in Foreign Currency				
	Travelling Expenses		4.46		8.40
	Insurance		3.29		6.17
	Port Expenses		63.22		135.86
	Charter Hire		42.61		203.09
	Dry docking expenses and Repairs		0.92		2.54
	Professtional Fee		4.88		23.29
	Miscellaneous		27.69		15.30
	III. Value of Imports on C.I.F. Basis				
	Spare Parts		2.49		7.13
	IV. Earnings in Foreign Currency				
	Freight		89.19		542.16

o) The figures of the Current Year are not readily comparable with those of the previous year due to -

- The current year financials reflect the operations of EDSC and Shipping Division upto to 31st Mar 2012 only, since those business were transferred to two separate wholly owned subsidiaries with effect from that date.
- The previous year's figures have been reclassified/regrouped to confirm to Schedule VI(as amended) of the Companies Act, 1956.

31) ACCOUNTING POLICIES

Recognition of Income & Expenditure

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

Gratuity and Leave Encashment

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund and a provision for leave encashment is made on the basis of actuarial valuation

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

- Fixed assets are stated at cost and / or at revaluation. Cost includes borrowing cost and indirect expenditure capitalized to the extent it relates to the construction activity or incidental thereto.
- Dry docking and other expenses at the time of acquisition of ships are capitalised.
- Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from revaluation reserve created on revaluation of Fixed Assets to Statement of Profit and Loss.

Depreciation

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

Investments

Investments are stated at cost.

Foreign Exchange Transaction

- Foreign currency transactions are recorded at average rate for the month.
- Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates.

In terms of the amendments to Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:

- Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset
 - In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance life of the long-term monetary item, not beyond 31 March 2020.
- Any income or expense on account of exchange difference either on settlement or translation is recognized in the profit & loss account.
 - In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

Taxation

Income Tax

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

The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected.

Impairment of Assets

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

Signatures to Notes "1" to "31"

In terms of our Report of even date

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

Sanjeev Jain
Director-Finance

R. S. Agarwala
Partner
Membership No. : F-5534

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Secunderabad
August 9, 2012

Cash Flow Statement for the year ended 30th June 2012

(₹ in Million)

Particulars	30th June 2012	30th June 2011
(I) Cash flows from Operating Activities		
Net Profit After Tax	719.96	143.01
Add :		
Provision for tax	237.89	86.51
Exceptional Items	(3.40)	-
Net profit before taxation and exceptional items	954.45	229.52
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	271.97	216.14
Other Personnel expenses	-	15.96
Interest on borrowings (Net)	470.93	507.88
Bad debts written off (Net)	16.96	10.79
(Profit) / Loss on sale of fixed assets (Net)	(85.00)	(6.30)
(Profit) / Loss on sale of Investment	(891.80)	-
Dividend Income	(0.30)	-
Interest Income	(40.77)	(23.47)
Rental income received	(1.79)	(1.76)
Operating profits before working capital changes	694.65	948.77
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	1,328.93	(300.03)
(Increase) / Decrease in Inventories	100.75	1.67
(Increase) / Decrease in Loans & Advances	763.45	(460.06)
Increase / (Decrease) in Short Term Borrowings	(1,202.53)	120.37
Increase / (Decrease) in Trade Payables	(295.16)	143.46
Increase / (Decrease) in Other Liabilities	(1,929.32)	303.32
Increase / (Decrease) in Provisions	(268.02)	0.57
Cash generated from operations	(807.25)	758.07
(Income tax paid) Net tax refund received	192.57	(97.43)
Exceptional Items	3.40	-
Net Cash from Operating Activities	(611.28)	660.64
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital WIP	(110.30)	(25.80)
(Increase) / Decrease in Capital Advances (Net)	58.45	(14.57)
(Increase) / Decrease in FCMITD	(88.11)	-
Proceeds from sale of investments	892.30	-
Interest received	40.77	23.47
Rent income	1.79	1.76
Dividend Income	0.30	-
Transfer of Assets due to Business transfer	2,868.98	-
(Purchase) / Sale of Fixed Assets (Net)	147.20	(121.18)
Advances made	-	-
Investments made	(1,806.72)	(67.43)
Net Cash from Investing Activities	2,004.66	(203.74)
(III) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	1.15	36.98
Increase / (Decrease) in Reserve	(14.19)	-
Increase / (Decrease) in Share premium	(161.19)	-
Receipt of Secured Loans	-	1,072.54
Transfer / Repayment of Secured Loans	(1,654.73)	(541.67)
Receipt of Unsecured Loans	1,245.23	-
Repayment of Unsecured Loans	-	(387.38)
Dividend Paid (including dividend tax)	(49.98)	(39.13)
Interest on loans paid	(470.93)	(512.69)

Cash Flow Statement for the year ended 30th June 2012

(₹ in Million)

Particulars	30th June 2012	30th June 2011
Net Cash from Financing Activities	(1,104.65)	(371.35)
Foreign Currency translation difference	16.28	1.69
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	305.01	87.24
Cash and Cash equivalents in the beginning of the year	214.80	127.56
Cash and Cash equivalents in the end of the year	519.81	214.80
Cash flow from Activities during the year	305.01	87.24

Notes :

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

In terms of our Report of even date

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

R. S. Agarwala
Partner
Membership No. : F-5534

Secunderabad
August 9, 2012

Sanjeev Jain
Director-Finance

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Statement Relating to Subsidiary Companies as on 30TH June, 2012

(₹ in Million)

S.No	Name of Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1	Gati Asia Pacific Pte. Ltd.	319.45	(142.74)	241.23	99.28		65.25	(16.05)		(16.05)	
2	Gati Hong Kong Ltd.	24.70	(27.46)	27.78	30.54		89.58	(5.94)		(5.94)	
3	Gati China Holdings Ltd.	110.04	2.76	120.18	7.37			(0.83)		(0.83)	
4	Gati Cargo Express (Shanghai) Co. Ltd.	81.92	(70.41)	138.50	126.99		496.86	(13.94)		(13.94)	
5	Gati Japan Ltd.(Dissolved)										
6	Gati Middle East Fze. Ltd.(Dissolved)										
7	Gati Cargo Malaysia SDN BHD	9.31	(16.60)	1.44	8.73		19.60	(7.65)		(7.65)	
8	Newatia Commercial & Trading Pvt. Ltd.	1.55	3.72	15.85	10.58		118.98	0.76	0.23	0.53	
9	Trymbak Commercial & Trading Pvt. Ltd.	8.60	18.61	30.14	2.93		369.65	6.03	1.89	4.14	
10	Ocimum Commercial & Trading Pvt. Ltd.	3.65	2.75	8.09	1.69		123.07	0.93	0.27	0.66	
11	Sumeru Commercial & Trading Pvt. Ltd.	10.75	38.49	59.06	9.82		866.44	14.53	4.73	9.80	
12	Kausar India Ltd.	37.07	(57.55)	273.61	294.09	0.01	402.14	(20.86)	0.75	(21.61)	
13	Zen Cargo Movers Pvt. Ltd.	3.62	(9.32)	6.38	12.08		6.70	(3.23)		(3.23)	
14	Gati Import Export Trading Ltd.	23.00	14.60	145.27	107.67		381.96	3.34	1.11	2.23	
15	Gati-Kintetsu Express Pvt. Ltd. (Formerly REDSUN supply chain solutions Ltd)	5.00	1,794.62	4,561.86	3,376.54		1,983.68	16.55	5.50	11.05	
16	Gati Ship Private Limited	100.10	1,595.64	2,658.36	962.62		46.82	(104.35)		(104.35)	
17	Gati Projects Private Limited	0.10		0.12	0.02						
18	Gati Logistics Parks Private Limited	0.10		157.03	156.93						
19	Gati Express Distribution Private Limited	0.10	(0.01)	0.09	0.01			(0.01)		(0.01)	

Converted into Indian Rupees at the exchange rate ISGD = 43.96
 Converted into Indian Rupees at the exchange rate IHKD = 7.17
 Converted into Indian Rupees at the exchange rate IRMB = 8.75
 Converted into Indian Rupees at the exchange rate IAED = 15.14

Statement Pursuant to Section 212 (e) of the Companies Act, 1956 Relating to Subsidiary Companies

(₹ in Million)

S. No	Name of Subsidiary Company	Financial year of Subsidiary ended on	No. of equity shares held by Gati Limited and / or subsidiaries	Extent of interest of Gati Limited in the capital of the subsidiary	Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Gati Limited with or provided for in the accounts of Gati Limited	Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Gati Limited and is not dealt with in the accounts of Gati Limited
1	Gati Asia Pacific Pte. Ltd.	30th June, 2012	7,267,176 shares of SGD 1 each	100% held by Gati Ltd	Nil	Loss of ₹ 16.1 Mn.
2	Gati Hong Kong Ltd.	30th June, 2012	3,444,337 shares of HKD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of ₹ 5.9 Mn.
3	Gati China Holdings Ltd.	30th June, 2012	2,036,602 shares of USD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of ₹ 0.8 Mn
4	Gati Cargo Express (Shanghai) Co. Ltd.	30th June, 2012	1,200,000 shares of USD 1 each	100% held by Gati China Holdings Ltd	Nil	Loss of ₹ 13.9 Mn
5	Gati Japan Ltd.(Dissolved)	30th June, 2012	49063 shares of USD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	
6	Gati Middle East Fze. Ltd.(Dissolved)	30th June, 2012	1,000,000 shares of AED 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	
7	Gati Cargo Malaysia SDN BHD	30th June, 2012	1,00,000 shares of RM 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of ₹ 7.6 Mn
8	Newatia Commercial & Trading Pvt. Ltd.	30th June, 2012	155,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Profit of ₹ 0.5 Mn.
9	Trymbak Commercial & Trading Pvt. Ltd.	30th June, 2012	860,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Profit of ₹ 4.1 Mn.
10	Ocimum Commercial & Trading Pvt. Ltd.	30th June, 2012	365,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Profit of ₹ 0.7 Mn.
11	Sumeru Commercial & Trading Pvt. Ltd.	30th June, 2012	1,075,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Profit of ₹ 9.8 Mn.
12	Kausar India Ltd.	30th June, 2012	3,697,800 shares of ₹ 10 each	99.76% held by Gati Ltd	Nil	Loss of ₹ 21.6 Mn.
13	Zen Cargo Movers Pvt. Ltd.	30th June, 2012	352,163 shares of ₹ 10 each	97.24% held by Gati Ltd	Nil	Loss of ₹ 3.2 Mn.
14	Gati Import Export Trading Ltd.	30th June, 2012	23,00,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Profit of ₹ 2.2 Mn.
15	"Gati-Kintetsu Express Private Ltd. (Formerly REDSUN supply chain solutions Ltd)"	30th June, 2012	3,50,000 shares of ₹ 10 each	70% held by Gati Ltd	Nil	Profit of ₹ 11.0 Mn.
16	Gati Ship Private Ltd	30th June, 2012	1,00,10,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Loss of ₹ 104.3 Mn.
17	Gati Logistics Parks Private Ltd	30th June, 2012	10,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	
18	Gati Projects Private Ltd.	30th June, 2012	10,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	
19	Gati Express Distribution Private Limited	30th June, 2012	10,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	

Auditors Report

To the Board of Directors of Gati Limited

We have audited the attached Consolidated Balance Sheet of Gati Limited (the Parent Company) and its subsidiary companies collectively called the 'Gati Group' as at 30th June 2012, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. The financial statements of the Branches, Subsidiary and Associate Companies have been audited by others auditors whose reports have been furnished to us and our opinion is based solely on the reports so furnished.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS-21), Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rule 2006.
4. Based on our audit and on consideration of reports of other auditors on separate financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, read together with paragraph 2 above, give a true and fair view in conformity with the accounting principle generally accepted in India.
 - a) In the case of Consolidated Balance Sheet of the state of affairs of the Gati Group as at 30th June 2012.
 - b) In the case of Consolidated Statement of Profit and Loss, of the profit of the Gati Group for the year ended on that date and
 - c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Gati Group for the year ended on that date.

Camp: Secunderabad

Date : August 9 , 2012

For R.S.Agarwala & Co.

Chartered Accountants

Firm Regn No. 304045E

R.S.Agarwala

Partner

Membership No.F-5534

Consolidated Balance Sheet as at 30th June 2012

(₹ in Million)

Particulars	Notes	30th June 2012	30th June 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	173.16	172.01
Reserves and Surplus	2	4038.29	2636.26
Money Received against Share Warrants		-	164.06
		4211.45	2972.33
Minority Interest		536.67	-
Non-Current Liabilities			
Long Term Borrowings	3	2640.79	1775.68
Deferred Tax Liabilities(Net)	4	100.96	103.62
Other Long Term Liabilities	5	6.46	69.60
Long Term Provisions	6	39.73	-
		2787.94	1948.90
Current Liabilities			
Short Term Borrowings	7	1374.51	1308.25
Trade Payables	8	670.07	714.16
Other Current Liabilities	9	866.00	2257.86
Short Term Provisions	10	593.03	550.94
		3503.61	4831.21
Total		11039.67	9752.44
ASSETS			
Non - Current Assets			
Fixed Assets	11		
Tangible Assets		3840.68	4080.37
Intangible Assets		21.15	19.86
Goodwill on Consolidation		101.22	216.90
Capital Work in Progress		156.54	148.29
Non-Current Investments	12	202.08	202.08
Long Term Loans and Advances	13	1402.30	877.03
Other Non-Current Assets	14	94.65	16.03
		5818.62	5560.56
Current Assets			
Inventories	15	107.91	121.10
Trade Receivables	16	1890.08	1902.98
Cash & Bank Balances	17	1400.76	318.76
Short Term Loans and Advances	18	1809.41	1846.25
Other Current Assets	19	12.88	2.79
		5221.04	4191.88
Total		11039.66	9752.44
The Notes form an integral part of these Consolidated Financial Statements	I-34		

In terms of our Report of even date

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

R. S. Agarwala
Partner
Membership No. : F-5534

Secunderabad
August 9, 2012

Sanjeev Jain
Director-Finance

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Consolidated Statement of Profit and Loss for the year ended 30th June 2012

(₹ in Million)

Particulars	Notes	30th June 2012	30th June 2011
REVENUE			
Revenue from Operations	20	11801.78	12029.83
Other Income	21	1088.97	83.36
Total		12890.75	12113.18
EXPENSES			
Purchase of Stock in Trade	22	1796.60	2159.93
Change in Inventories of Stock-in-trade	23	0.16	-
Operating Expenses	24	7102.82	6807.41
Employee Benefits Expenses	25	1135.94	1129.72
Finance Costs	26	619.21	516.39
Depreciation and Amortization Expenses	27	369.58	254.26
Other Expenses	28	1053.70	1008.14
Total		12078.01	11875.85
Profit before Exceptional Items and Tax		812.74	237.33
Exceptional Items	31	(145.29)	-
Profit Before Tax		667.45	237.33
Tax Expense			
Current Tax		255.24	109.71
Deferred Tax		(2.66)	7.65
MAT credit		(0.20)	(21.05)
Profit for the year		415.07	141.02
Earning per Share(Rupees)			
Basic		4.80	1.65
Diluted		3.56	1.21
The Notes form an integral part of these Consolidated Financial Statements	I-34		

In terms of our Report of even date

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

R. S. Agarwala
Partner
Membership No. : F-5534

Secunderabad
August 9, 2012

Sanjeev Jain
Director-Finance

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Notes to Consolidated Financial Statements

(₹ in Million)

Particulars		30th June 2012	30th June 2011		
(I)	SHARE CAPITAL				
	Authorised				
	12,50,00,000 Equity Shares of ₹ 2/- each (100,000,000 in previous year)	250.00	200.00		
	500,000 Redeemable Preference Shares of ₹ 100/- each (1,000,000 in previous year)	50.00	100.00		
		300.00	300.00		
	Issued,Subscribed and Paid-up :				
	86,582,287 (Previous year 86,004,900) Equity Shares of ₹ 2/- each fully paid up	173.16	172.01		
Terms/rights attached to equity shares					
The Company has only one class of equity shares of par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the shareholders, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their share holding.					
Reconciliation of the number of Shares outstanding					
Particulars		30th June 2012 No.of Shares	30th June 2012 (₹ in Million)	30th June 2011 No.of Shares	30th June 2011 (₹ in Million)
Shares at the beginning of the year		86,004,900	172.01	85,154,900	170.31
Allotted under Employee Stock Option Scheme		577,387	1.15	-	-
Alloted on Conversion of Warrants		-	-	850,000	1.70
Shares at the end of the year		86,582,287	173.16	86,004,900	172.01
Details of shareholders holding more than 5 % shares					
Name of Share Holders		30th June 2012 No.of Shares Held	30th June 2012 % of Holding	30th June 2011 No.of Shares Held	30th June 2011 % of Holding
TCI FINANCE LTD		13,324,350	15.39	13,324,350	15.49
MAHENDRA INVESTMENT ADVISORS PVT LTD		8,065,105	9.31	9,932,760	11.55
MANISH AGARWAL BENEFIT TRUST		4,500,000	5.20	4,500,000	5.23
DHRUV AGARWAL BENEFIT TRUST		4,342,000	5.01	4,500,000	5.23
		30,231,455	34.91	32,257,110	37.51
Shares reserved for issue under options and contracts/commitments.					
i) 19,48,141 equity shares of ₹ 2/- each are reserved under employee stock option scheme as on 30th June 2012(Previous year 30,71,980). Of this 9,09,402 options, 7,84,539 options, 2,06,200 options and 48,000 options will vest in the year 2012-13, 2013-14, 2014-15 and 2015-16 respectively.					
ii) On December 12, 2011, the Company issued of 22,182 Foreign Currency Convertible Bonds of US\$ 1,000 each for a total amount of US\$ 22,182,000. The Bonds are convertible at any time on and after December 31, 2012 up to the close of business on November 13, 2016 by holders of the Bonds into fully paid equity shares with full voting rights with a par value of ₹ 2/- each at an initial conversion price of ₹ 38.51 per share with a fixed rate of exchange on conversion of ₹ 52.2285 to 1 US\$.					

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
(2)	RESERVES AND SURPLUS		
	Revaluation Reserve		
	As per last balance sheet	68.94	69.07
	Less: Transferred	9.25	-
	Less: Transferred to Statement of Profit and Loss	0.10	0.13
		59.60	68.94
	Securities Premium Account		
	As per last balance sheet	1,731.32	1,745.45
	Additions during the year(i)	1157.49	47.60
	Less: Deductions during the year(ii)	187.01	61.73
		2701.80	1,731.32
	Share Option Outstanding account		
	As per last balance sheet	39.15	34.43
	Additions during the year(iii)	1.74	8.60
	Less: Deduction on cancellation of options not exercised(iii)	9.54	3.88
	Transferred to Securities Premium Account	6.74	-
		24.61	39.15
	Translation Reserve		
	As per last balance sheet	18.18	40.05
	Less: Deduction during the year	13.14	21.86
		5.04	18.18
	Other Capital Reserves		
	As per last balance sheet	43.97	43.97
	Add: Forfeiture of Share Application/ Convertible Warrants	164.19	-
		208.17	43.97
	General Reserve		
	As per last balance sheet	669.16	654.86
	Add: Transferred from statement of profit and loss	72.00	14.30
		741.16	669.16
	Shipping Business Reserve(Utilized)		
	As per last balance sheet	35.00	35.00
		35.00	35.00
	Tonnage Tax Reserve(Utilized)		
	As per last balance sheet	92.91	92.91
		92.91	92.91
	Surplus / Loss		
	As per last balance sheet	(62.37)	(139.12)
	Add: Profit for the year	415.07	141.02
	Less: Interim dividend	51.95	-
	Proposed Final dividend	43.29	43.00
	Tax on dividend	15.45	6.98
	Transferred to General Reserve	72.00	14.30
		170.01	(62.37)
		4038.28	2636.26
<p>(i) On allotment of 5,77,387 shares under Employee Stock Option Scheme and transferred from Stock Option Outstanding Account</p> <p>(ii) Provision for pro-rata premium on redemption of Foreign Currency Convertible Bonds.</p> <p>(iii) In respect of options granted under the Companies Employees Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options(based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Consequently salaries, wages and bonus includes ₹ -49.80 lakhs (previous year ₹ 159.63 lakhs) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunds/lapsed.</p>			

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	Non - Current		Current Maturities	
		30th June 2012	30th June 2011	30th June 2012	30th June 2011
(3) LONG TERM BORROWINGS					
	Term Loans				
	From Banks	707.81	1233.65	336.40	526.84
	From Others	176.32	-	53.76	-
	Finance Lease - obligations	420.57	436.38	100.70	104.00
	Unsecured				
	From Others	4.40	0.70	4.71	-
	Fixed deposits	82.64	104.93	106.11	83.94
	Foreign Currency Convertible Bonds	1249.05	-	-	670.80
		2640.79	1775.68	601.68	1385.57

OTHER INFORMATION PERTAINING TO NATURE OF SECURITY

	Particulars of Nature of Security	Security to the Extent	
		30th June 2012	30th June 2011
	Term Loans		
	From Banks		
	Property Situated at MG Road, Secunderabad	84.84	
	Property at Peenya, Bangalore, Subservient Charge on the current & fixed assets of the Company with coverage up to 50% of the loan amount	500.00	
	Exclusive Charge on entire movable fixed assets, specifically on plant & machinery, Computers, Furniture & Fixtures, office equipments	400.00	
	Hypothecation of Trucks and Vehicles	36.81	
	From Others		
	Trucks and Vehicles acquired against Individual Loan	30.88	
		1052.53	
(4) DEFERRED TAX LIABILITY			
	Difference between book and tax depreciation	100.96	103.62
		100.96	103.62
(5) OTHER LONG TERM LIABILITIES			
	Interest Accrued	6.46	69.60
		6.46	69.60
(6) LONG TERM PROVISIONS			
	Premium on redemption of Foreign Currency Convertible Bonds	39.73	-
		39.73	-
(7) SHORT TERM BORROWINGS			
	Secured		
	Working Capital Loans		
	From Banks	1253.46	1308.25
	Short term Loans		
	From Banks	75.00	-
	Unsecured		
	From Others	46.05	-
		1374.51	1308.25
	OTHER INFORMATION PERTAINING TO NATURE OF SECURITY		
	Particulars of Nature of Security	Security to the Extent	
		30th June 2012	30th June 2011
	Secured Working Capital Loan from Bank		
	Working Capital Loans are secured by hypothecation of book debts and other current assets of the company on paripasu basis with other consortium lenders as primary security along with land and building properties as collateral.	1253.46	1308.25
	Secured Term Loans from Banks		
	Secured by a property at Samalkha, New Delhi	75.00	-
		1328.46	1308.25

Notes to Consolidated Financial Statements

(₹ in Million)

(8)	TRADE PAYABLES		
		Security to the Extent	
		30th June 2012	30th June 2011
	Particulars of Nature of Security		
	Sundry Creditors other than acceptance	670.07	714.16
		670.07	714.16
(9)	OTHER CURRENT LIABILITIES		
	Current maturities of Long Term Borrowings	-	-
	From Banks	336.44	526.84
	From Others	265.24	858.74
	Other Liabilities		
	- Statutory dues	95.85	288.00
	- Salary Payable	0.69	-
	- Security Deposit	64.16	75.04
	- Others	95.60	502.07
	- Unpaid/Unclaimed Dividend	8.02	7.17
		866.00	2257.86
(10)	SHORT TERM PROVISIONS		
	Provision for Employee Benefits	43.36	35.27
	Premium for redemption of Foreign Currency Convertible Bonds	-	288.06
	Others		
	Taxation(Net of Advance Tax)	338.38	177.63
	Interim Dividend	51.95	-
	Proposed Final Dividend	43.29	43.00
	Tax on Dividend	15.45	6.98
	Expenses	0.61	-
	Contingencies	100.00	-
		593.03	550.94

Notes to Consolidated Financial Statements

(II) FIXED ASSETS

(₹ in Million)

Description	Gross Block				Depreciation			Net Carrying Value	
	As at 01.07.2011	Additions During the Year	Deductions During the Year	Balance As On 30.06.2012	As On 01.07.2011	For the Year	Adjustment On Deductions	Balance As On 30.06.2012	30th June 2012
Tangible									
Land									
Freehold	752.33	14.06	188.28	578.11	-	0.00	-	578.11	752.33
Leasehold	103.38	-	-	103.38	-	0.00	-	103.38	103.38
Buildings	555.00	13.46	2.37	566.09	42.86	9.54	0.35	52.05	512.15
Vehicles	313.19	19.48	16.63	316.04	162.05	41.90	11.05	192.90	151.14
Plant & Equipments	733.63	64.70	50.40	747.93	263.38	72.53	21.59	314.31	470.25
Computers	321.59	19.68	4.28	336.99	257.25	22.18	-2.37	281.80	64.46
Ships	1505.90	5.53	-	1511.42	249.45	65.42	-	314.87	1256.45
Furniture & Fixtures	199.82	20.95	0.84	219.93	91.54	12.61	0.75	103.40	108.28
Office Equipments	140.02	6.94	1.88	145.08	44.42	8.49	0.66	52.25	95.60
Intangible									
Computer Software	152.23	5.39	0.17	157.45	132.24	10.48	6.41	136.31	19.86
Good will									
LEASED ASSETS									
Assets taken on finance lease	651.55	188.35	96.13	743.77	85.21	31.27	0.00	116.48	566.34
Total	5428.62	358.55	360.98	5426.19	1328.40	274.41	38.44	1564.37	4100.23
Previous Year	5268.27	271.84	111.49	5428.62	1090.43	270.84	32.87	1328.40	4100.23
Capital Work-in-Progress									148.29
								Total	4248.52

Note :

- A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increases in the value of assets by ₹ 4.60 Mn, ₹ 14.13 Mn and ₹ 14.84 Mn respectively and aggregating to ₹ 33.56 Mn was transferred to Revaluation Reserve.
- Depreciation for the year includes ₹ 0.10 Mn in respect of the above revaluations.
- Addition to the assets includes ₹ 104.52 Mn(previous year Deduction ₹ 4.31 Mn) on account of exchange rate difference on account of foreign currency loan.
- The increase/decrease of rupee liability arising out of the restatement of foreign currency convertible bonds, has been adjusted to the carrying cost of respective fixed assets to be depreciated over their remaining depreciated life. The depreciation for the current year includes ₹ 0.37 Mn(previous year ₹ 0.42 Mn) arising on account of this adjustment.

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
(12)	Long Term Investment(At Cost) Non-Trade Fully Paid Equity Shares of Joint Stock Company Quoted 1,600,300 of TCI Finance Ltd. of ₹ 10/- each. (Market Value - ₹ 504.09 Lakhs ; previous year - ₹ 868.96 Lakhs) 100 Shares of SBI of ₹ 10 each (Market Value - ₹ 2,15,900; previous year - ₹ 2,40,465)	14.39 0.01 14.40	14.39 0.01 14.40
	Unquoted 18,750,000 of Amrit Jal Ventures Ltd. of ₹ 10/- each. (Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Ltd.) 18,000 shares of ITAG Infrastructure Ltd. of ₹ 10/- each	187.50 0.18 202.08	187.50 0.18 202.08
(13)	LONG TERM LOANS AND ADVANCES Unsecured - Considered Good Capital Advance Advances to Suppliers Balance of consd. for assignmt. of Right to a Ship Advances and Rental Deposits Earnest Money and Security Deposits Other Deposits	400.72 2.42 - 654.93 101.17 243.06 1402.30	270.08 - 20.30 121.78 276.81 188.07 877.03
(14)	OTHER NON CURRENT ASSETS Foreign Currency Monetary Item Translation Difference Account(Note 33c) Pre-Operative Expenses Deffered Employees Stock option Compensation	88.11 0.08 6.47 94.65	- - 16.03 16.03
(15)	INVENTORIES (As taken, valued and certified by the Management) Stores and Spare Parts (At lower of cost and net realisable value)	 107.91 107.91	 121.10 121.10
(16)	TRADE RECEIVABLES (Unsecured) Outstanding for more than six months from the due date Considered Good Considered Doubtful Less : Provision for doubtful debts Others	 162.12 63.73 225.85 9.66 216.19 1673.89 1890.08	 112.03 - 112.03 - 112.03 1790.95 1902.98
(17)	CASH AND BANK BALANCES Cash in Hand Remittances in Transit Balances with Banks In Current Accounts In Deposit Accounts In Unpaid/Unclaimed Dividend Accounts	21.72 - - 977.94 393.09 8.02 1400.76	12.17 45.71 - 166.47 87.24 7.17 318.77

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
(18)	SHORT TERM LOANS AND ADVANCES		
	Unsecured - Considered Good		
	Prepaid Expenses	5.86	20.06
	Cenvat Credit Receivable	10.73	1.49
	Loans to Other Companies	285.19	100.19
	Operational Advances	486.05	433.52
	Advances to Employees	5.93	5.34
	Interest Accrued	43.96	23.70
	Tax Deducted at Source	310.91	412.74
	Others	660.78	849.20
		1809.41	1846.25
(19)	OTHER CURRENT ASSETS		
	Other	12.77	-
	Preliminary Exp. to the extent not written off	0.11	2.79
		12.88	2.79
In the opinion of the Board, all assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.			
(20)	REVENUE FROM OPERATIONS		
	Freight, Demurrage and Miscellaneous Charges	9571.43	8691.56
	Logistics & Other Services	44.57	-
	Warehousing Charges	108.04	198.21
	Shipping Freight, Charter Hire, Miscellaneous charges	193.57	919.73
	Other Operating Income	38.00	-
	Sale of Products	1846.17	2220.33
		11801.78	12029.83
(21)	OTHER INCOME		
	Rent	1.90	1.40
	Excess Commission paid to Managing Director in earlier year recovered	2.13	-
	Miscellaneous Income	28.17	45.51
	Profit on sale of Fixed Asset (Net)	87.84	7.41
	Dividends	2.70	-
	Interest	37.71	18.80
	Profit on sale of Investments(Net)	891.80	-
	Difference in Exchange (Net)	36.72	10.24
		1088.97	83.36
(22)	PURCHASE OF STOCK-IN-TRADE		
	Diesel, Petrol, Lubricants	1441.86	2159.93
	Mobiles	354.50	-
	Others	0.24	-
		1796.60	2159.93
(23)	CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
	Opening Stock	16.77	-
	Closing Stock	16.60	-
		0.17	0.00

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
(24)	OPERATING EXPENSES		
	Freight	5255.39	5486.24
	Vehicles' trip Expenses	334.03	272.25
	Tyres and Tubes	25.83	19.87
	Warehouse Rent	37.64	65.11
	Other Operating Expenses	1042.69	379.85
	Claims for Loss & Damages (Net)	21.51	24.77
	Commission	3.60	30.22
	Vehicles' taxes	3.06	9.44
	Vehicles' and ships Insurance	14.99	21.64
	Power, Fuel and Water Expenses	237.30	219.28
	Stores and Spare Parts Consumed	28.42	22.22
	Transport and Warehousing	9.04	-
	Port and Survey Expenses	89.32	256.52
		7102.82	6807.41
(25)	EMPLOYEE BENEFIT EXPENSES		
	Salaries, Wages and Bonus	1043.53	1021.27
	Gratuity	5.77	6.97
	Contribution to Provident and Other Funds	35.96	38.05
	Contribution to Employees' State Insurance	8.05	7.07
	Other Personnel Expenses	42.63	56.36
		1135.94	1129.72
(26)	FINANCE COST		
	Interest	602.51	499.53
	Other Borrowing Costs	16.70	16.86
		619.21	516.39
(27)	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation for the year	274.41	270.84
	Add: Amortization of foreign currency monetary item translation difference account	95.27	(16.45)
	Deduct: Transfer from Fixed Asset to Revaluation Reserve	0.10	0.13
		369.58	254.26
(28)	OTHER EXPENSES		
A	ADMINISTRATIVE EXPENSES		
	Rent	240.23	209.99
	Rates and Taxes	2.11	2.37
	Insurance (includes ₹ 2 Mn towards Keyman Insurance Policy; previous year ₹ 2 Mn)	13.95	11.13
	Telephone expenses	29.94	27.74
	Printing and Stationery	24.43	28.20
	Travelling Expenses	72.10	73.33
	Legal Expenses	12.93	16.61
	Advertisement Expenses	54.17	29.32
	Office Maintenance and Repairs	133.06	116.79
	Miscellaneous Expenses	296.60	341.12
	Other Admin.	22.07	-
	Remuneration to Directors	22.21	26.05
	Remuneration to Auditors:		
	Audit Fees	2.53	3.12
	Tax Audit Fees	0.81	0.78
	Bad Debts and irrecoverable balances written off (Net)(a)	20.57	13.30
	Preliminary Exp. Written off	0.01	-
	Charity and Donations	4.83	5.33
	(a) Includes provision for doubtful debts ₹ 96,58,895	952.53	905.16

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
B	REPAIRS & MAINTENANCE EXPENSES		
	Motor Trucks	21.23	23.05
	Other Vehicles	13.24	12.57
	Plant and Machinery	6.03	5.83
	Computers	10.99	25.82
	Buildings	0.41	0.97
	Computers	20.49	-
	Ships	15.77	34.74
	Dry docking expenses	13.02	-
		101.17	102.98
	OTHER EXPENSES TOTAL	1053.70	1008.14

Notes to Consolidated Financial Statements

(29) With a view to restructure its business and operations

a) The company has entered into Business Transfer Agreement(BTA) with its wholly owned subsidiary company, namely Redsun Supply Chain Solutions Limited(Since renamed as Gati Kintetsu Express Private Limited) for transfer of its Express Distribution and Supply Chain business division on a going concern basis without payment of any monetary consideration effective at the close of business hours on 31st March 2012.

b) The amount of assets ₹ 2550.56 Mn and liabilities ₹ 3801.150 Mn pertaining to the business division transferred to the subsidiary pursuant to the BTA.

c) No values have been assigned to any specific asset or liability comprised in the Business Division.

(30)a) The company has also entered into Business Transfer Agreement(BTA) with its wholly owned subsidiary company namely Gati Ship Private Limited for transfer of its shipping business division as a going concern on slump sale basis effective at the close of business hours on 31st March 2012 for a consideration of ₹ 1800 Mn.

b) In discharge of the consideration amount, Gati Ship Private Ltd has allotted to the company One Crore Equity Share of ₹ 10 each fully paid at a premium of ₹ 170 per share aggregating to ₹ 1800 Mn pursuant to the BTA

c) The amount of assets ₹ 3585.97 Mn and liabilities ₹ 684.07 Mn pertaining to the business division transferred to the subsidiary pursuant to the BTA.

d) No values have been assigned to any specific asset or liability comprised in the Business Division

(31)	Exceptional Items :	(₹ in Mn)
	Business Transfer Expenses	45.29
	Provision for Contingencies	100.00
	Total	145.29

(32)The company has made investment in Share Capital and has also given loans & advances to two subsidiaries Kausar India Ltd. and Zen Cargo Movers Pvt. Ltd., including receivables from the subsidiaries aggregating to ₹ 346.60 Mn & ₹ 14.40 Mn respectively. The net worth of these two subsidiaries has fully eroded because of losses suffered from year to year. The business in which Kausar India Limited is the cold chain solutions. This business has a lot of potential. Kausar India Limited has always being making cash profits and the losses are only on account of depreciation. The business of Zen Cargo is clearing agency very closely related to the freight forwarding business of the parent company. The same is in the process of stabilization. Both the subsidiaries will continue to have the required support from holding company. The performance of this subsidiaries is expected to improve in the near future. Under the circumstances no provision is considered necessary by the management at present for any diminution in the value of investments and also in respect of loss that may arise from other receivables from the two subsidiaries.

Notes to Consolidated Financial Statements

(₹ in Million)

33	30th June 2012	30th June 2011
a) Contingent Liability not provided for in respect of		
Bank Guarantees	151.34	190.86
Guarantees and Counter Guarantees outstanding		471.35
Estimated amount of contracts remaining to be executed on capital account and not provided for	38.97	36.00

- b)** During an earlier year the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL), (the erstwhile Indian Airlines Ltd.,) due to continuous failure and defaults by NACIL. The matter now stands referred to the arbitration of the Arbitral Tribunal appointed by the parties. Pending decision of the Arbitral Tribunal a sum of ₹ 265.98 Mn is included in loans and advances being the difference between the amount of Bank Guarantee invoked by NACIL and claims acknowledged by the Company. In the Company's view there are fair chances of recovery of ₹ 265.98 Mn. The Company has filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. As per the legal advice received by the company, no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf .
- c)** Pursuant to the notification issued by the ministry of Corporate Affairs dated 29th December 2011 on Accounting Standard 11, the company has opted to adjust the carrying cost of depreciable fixed assets/ to amortize the exchange differences on the Long term Foreign Currency Monetary Items over their tenure. Accordingly as on June 30, 2012, ₹ 88.11 Mn has been carried forward in the " Foreign Exchange Monetary Translation Difference Account". Consequently the net profit is higher by ₹ 88.11 Mn for year ended 30th June, 2012.
- d)** Due to inadequacy of profits, the remuneration paid to the Managing Director and erstwhile whole time Director is in excess of the prescribed limits under the Companies Act, 1956 by ₹ 22.47 Mn., which requires approval of the Share holders and the Central Government.
- e)** Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2012. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2012. (Assessment Year 2012-13).
- f)** Out of the 1,02,32,400 convertible warrants allotted to the promoter on 13th February, 2010, 8,50,000 warrants were exercised for conversion for allotment of shares on 31st March 2011. 93,82,400 warrants lapsed on 12th August, 2011, the upfront amount paid for allotment and amount received on allotment of warrants of ₹ 164.06 was forfeited and transferred to Capital Reserve Account.
- g)** The Company has granted options under the Companies Employees Stock Options Scheme and 19,48,141 Options are outstanding(Previous year 30,71,980) as at 30th June 2012. Of this 9,09,402 Options will vest in 2012-13, 7,84,539 Options in 2013-14, 2,06,200 options in 2014-15 and 48,000 options in 2015-16.
- h)** The Board of Directors of the Company has allotted 22,182 Zero Coupon Unsecured Foreign Currency Convertible Bonds(FCCB) of US\$1,000 each, thereby raising US\$ 22.182 Mn. on December 12, 2011. The bonds are convertible any time from December 12, 2012 upto the close of business on November 13, 2016 by holders of the Bonds into fully paid equity shares of the company with a par value of ₹ 2 each with full voting rights at an initial conversion price of ₹ 38.51 per share with USD/INR reference exchange rate that is fixed at ₹ 52.2285 per US\$. Unless previously converted, redeemed or purchased and canceled , the Bonds will be redeemed in US dollars at 132.8341 percent of principle amount on December 13, 2016 giving a Yield to Maturity of 5.76 percent per annum calculated on semi-annual basis. The FCCBs earlier issued which were listed on the Singapore Stock Exchange have been fully redeemed along with the redemption premium on 13th December 2011.
- i)** The Company has taken a ship on finance lease during the financial year 2008-09 and accordingly as per AS-19, the asset has been capitalized with corresponding Liability.

(₹ in Million)

Lease Payments	2011 - 12(June 30, 2012)		2010 - 11(June 30, 2011)	
	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year	113.04	100.04	1.18	1.04
1 year to 5 years	565.51	352.04	7.61	4.36
More than 5 years	342.87	145.74	-	-
Total	1,021.42	597.81	8.79	5.40

Notes to Consolidated Financial Statements

(₹ in Million)

		30th June 2012	30th June 2011
j)	Earning per share		
	(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS	415.07	141.02
	(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	86.39	85,369,147
	Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	30.23	18,122,633
	Weighted average no. of ordinary shares for Diluted EPS (Nos.)	116.62	103.49
	(iii) Nominal value of Ordinary Shares (₹)	2.00	2.00
	(iv) Basic Earning per Ordinary Share (₹)	4.80	1.65
	(v) Diluted Earning per Ordinary Share (₹)	3.56	1.21

k) Related Party Disclosures

Related parties with whom transactions have taken place during the year

i) Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Founder & CEO)

Mr. Lagad Himmat Singh Daulat Rao (Whole-Time Director)

ii) Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother of Mr. Mahendra Agarwal)

iii) Associates

1. Gati Intellect Systems Ltd.
2. TCI Finance Ltd.
3. Giri Roadlines & Commercial Trading Pvt. Ltd.
4. Jubilee Commercials & Trading Pvt. Ltd.
5. Gati Shipping Ltd.
6. Gati Cargo Management Services Ltd.
7. TCI Hi-ways Pvt. Ltd.
8. TCI Industries Ltd.
9. Mahendra Kumar Agarwal & Sons (HUF)
10. ITAG Infrastructure Ltd.
11. ITAG Business Solutions Ltd.
12. Gati (Thailand) Ltd.
13. Mahendra Investment Advisors Pvt. Ltd.
14. Amrit Jal Ventures Ltd.

Notes to Consolidated Financial Statements

(₹ in Million)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	30th June 2012	30th June 2011
A	Expenditure				
	Rent		9.44	9.44	13.52
	Freight and Other Charges		906.28	906.28	167.11
	Port Expenses		3.92	3.92	9.86
	Interest				-
	Key Management Personnel				
	Remuneration	23.96		23.96	25.64
B	Receipts				
	Freight and Other Charges		0.67	0.67	33.09
	Interest				
	Rent		0.34	0.34	-
C	Finance and Investment				
	Investments				
	Loans - Given				
	Loans - Repaid				
	Advances - Given		151.40	151.40	
	Advances - Repaid				
	Deposits and Advances - Given				1.60
	Deposits and Advances - Repaid				1.60
	Unsecured Loans - Fixed Deposits				
D	Balance at the year end				
	Investments		202.07	202.07	202.07
	Sundry Debtors		0.54	0.54	8.16
	Loans				
	Advances		151.40	151.40	-
	Sundry Creditors		24.04	24.04	8.39
	Deposits and Advances				
	Advances towards Fixed Assets	5.70		5.70	5.70
	Unsecured Loans - Fixed Deposits				
	Corporate Guarantees				

N)	Additional Information				
	I. Value of Imported and Indigeneous Stores & Spare Parts				
	Consumed during the year	%	Value	%	Value
	Imported	26.31	4.91	44.78	7.13
	Indigeneous	73.69	9.71	55.22	16.91
		100.00	14.62	100.00	24.04
	II. Expenditure in Foreign Currency				
	Travelling Expenses		6.87		8.40
	Insurance		3.29		6.17
	Port Expenses		63.22		135.86
	Charter Hire		70.18		59.39
	Dry docking expenses and Repairs		13.94		2.54
	Professtional Fee		4.88		23.29
	Miscellaneous		29.14		15.30
	III. Value of Imports on C.I.F. Basis				
	Spare Parts		4.91		7.13
	IV. Earnings in Foreign Currency				
	Freight		98.52		542.16

m) Previous year figures have been reclassified/regrouped to conform the Schedule VI(as amended) of the Companies Act, 1956.

n) Segment Information

Primary Business Segment

Express Distrubution and Supply Chain: Covers Intgrated cargo Services - Road / Rail and Air Transportation

Shipping : Covers Sea Transportation

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

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
1)	Segment Revenue (Net Sale / Income from each Segment)		
	a) Express Distribution & Supply Chain	10830.63	9045.56
	b) Shipping	209.43	919.73
	c) Fuel Sales	1478.12	1301.74
	d) Other Sales	381.96	928.98
	Total	12900.14	12196.00
	Less: Inter Segment Revenue	9.39	166.19
	Net Sales / Income from Operations	12890.75	12029.82
2)	Segment Results (Profit (+) / Loss (-) before tax and interest from each Segment)		
	a) Express Distribution & Supply Chain	2754.62	957.60
	b) Shipping	-1351.11	0.77
	c) Fuel Sales	22.92	14.97
	d) Other Sales	5.51	10.01
	Total	1431.95	983.33
	Less: i) Interest (net of Income)	-619.21	-497.59
	ii) Other unallocable expenditure net off	-	-248.41
	Total Profit before tax	812.74	237.33
3)	Capital Employed		
	Segment Assets		
	a) Express Distribution & Supply Chain	6776.46	4835.36
	b) Shipping	2658.36	3527.35
	c) Fuel Stations	113.14	89.69
	d) Unallocated/ Corporate	389.81	978.59
	Total Assets	9937.77	9430.99
	Segment Liabilities		
	a) Express Distribution & Supply Chain	5303.91	4567.68
	b) Shipping	962.62	1354.73
	c) Fuel Stations	25.02	16.70
	Total Liability	6291.55	5939.11
	Capital Employed	3646.22	3491.88

Secondary Business Segment

(₹ in Million)

	Particulars	30th June 2012	30th June 2011
1)	Segment Revenue (Net Sale / Income)		
	a) India	12253.84	11548.98
	b) international	755.83	638.59
	Total	13009.68	12187.57
	Less: Inter Segment Revenue	118.93	93.19
	Net Sales / Income from Operations	12890.75	12094.39
2)	Segment Results		
	a) India	1495.02	1002.08
	b) international	-54.01	-18.74
	Total	1440.01	983.34
	Less: i) Interest	-628.26	-497.59
	ii) Other unallocable expenditure net off	-	-248.41
	Total Profit before tax	812.75	237.34
3)	Capital Employed		
	Segment Assets		
	a) India	9350.32	8317.97
	b) International	297.26	220.16
	Unallocated Corporate Assets	290.19	978.59
	Total Assets	9937.77	9516.72
	Segment Liabilities		
	a) India	6131.67	6659.97
	b) International	159.89	120.13
	Total Liability	6291.56	6780.10
	Capital Employed	3646.22	2736.62

Notes to Consolidated Financial Statements

o) The Consolidated Financial Statements include result of all the subsidiaries of Gati Ltd.

(₹ in Million)

Name of Subsidiary Company	Country of Origin	% of Share Holding	Consolidated as
Gati Asia Pacific Pte. Ltd.(GAP)	Singapore	100% held by Parent	Subsidiary
Gati Hong Kong Ltd.	Hong Kong	100% held by GAP	Subsidiary
Gati China Holdings Ltd.(GCHL)	Mauritius	100% held by GAP	Subsidiary
Gati Cargo Express (Shanghai) Co. Ltd.	China	100% held by GCHL	Subsidiary
Gati Cargo Malaysia SDN BHD	Malaysia	100% held by GAP	Subsidiary
Gati Japan Ltd.(Dissolved)	Japan	100% held by GAP	Subsidiary
Gati Middle East FZE Ltd.(Dissolved)	UAE	100% held by GAP	Subsidiary
Newatia Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Trymbak Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Ocimum Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Sumeru Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Gati-Kintetsu Express Pvt. Ltd.	India	70% held by Parent	Subsidiary
Kausar India Ltd.	India	99.76% held by Parent	Subsidiary
Gati Import Export Trading Ltd.	India	100% held by Parent	Subsidiary
Zen Cargo Movers Pvt. Ltd.	India	97.24% held by Parent	Subsidiary
Gati Ship Private Ltd	India	100% held by Parent	Subsidiary
Gati Logistics Parks Private Ltd	India	100% held by Parent	Subsidiary
Gati Projects Private Ltd.	India	100% held by Parent	Subsidiary
Gati Express Distribution Pvt. Ltd.	India	100% held by Parent	Subsidiary

- 1) The accounts of the Subsidiary Companies have been audited by the respective statutory auditors and the financial statements of these Companies have been considered in the consolidation.
- 2) The Consolidated Financial Statements have been prepared on the following principles.
 - a) In respect of subsidiary company, the financial statements have been consolidated on a line by line basis by adding together the book values of like items of Assets, Liabilities, Income and expenditure, after fully eliminating intra-group balances and unrealized profits/losses on the intragroup transactions as per Accounting Standard 21 "Consolidated Financial statement"
 - b) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognized as "Translation reserve/ asset".
 - c) The excess of cost to the company of its investment in Subsidiary and Associate is recognized in the financial statement as good will, which is tested for impairment on every Balance Sheet date. The excess of company's share of equity and reserves of the Subsidiary and Associate companies over the cost of acquisition is treated as capital reserve.

34) ACCOUNTING POLICIES

Recognition of Income & Expenditure

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

Gratuity and Leave Encashment

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund and a provision for leave encashment is made on the basis of actuarial valuation

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

- a) Fixed assets are stated at cost and / or at revaluation. Cost includes borrowing cost and indirect expenditure capitalized to the extent it relates to the construction activity or incidental thereto.
- b) Dry docking and other expenses at the time of acquisition of ships are capitalized.
- c) Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from revaluation reserve created on revaluation of Fixed Assets to Statement of Profit and Loss.

Depreciation

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

Investments

Investments are stated at cost.

Foreign Exchange Transaction

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

Taxation

Income Tax

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

Impairment of Assets

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

Accounting Policies of Subsidiaries

Significant Accounting Policies followed by subsidiaries, to the extent, different and unique from parent.
Gati Asia Pacific Pte. Ltd.

a) Depreciation

Depreciation on Fixed Assets is calculated on a straightline basis over the estimated useful life of the assets as follows

Motor vehicles	7 years
Equipment	3 years
Computers	3 years
Furniture & Fixtures	3 years
Office equipment's	3 years

b) Basis of Preparation

The consolidated financial statements of the overseas subsidiaries have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). In the current financial year, the company has adopted all the new and revised FRS's and interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1st July 2011.

Signatures to Notes "1" to "34"

In terms of our Report of even date

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

Sanjeev Jain
Director-Finance

R. S. Agarwala
Partner
Membership No. : F-5534

VSN Raju
Company Secretary

Secunderabad
August 9, 2012

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director

Cash Flow Statement for the year ended 30th June 2012

(₹ in Million)

Particulars	30th June 2012	30th June 2011
(I) Cash flows from Operating Activities		
Net Profit After Tax	415.07	141.02
Add :	0.00	0.00
Provision for tax	252.38	96.31
Exceptional Items	145.29	-
Net profit before taxation and exceptional items	812.74	237.33
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	369.58	254.26
Other Personnel expenses	0.00	15.96
Interest on borrowings (Net)	619.21	497.59
Bad debts written off (Net)	20.57	13.30
(Profit) / Loss on sale of Investment	-891.80	0.00
(Profit) / Loss on sale of fixed assets (Net)	-87.84	-7.41
Interest Income	-37.71	-
Dividend Income	-2.70	-
Rental income received	-1.90	-1.40
Operating profits before working capital changes	800.15	1009.65
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	-44.40	-419.02
(Increase) / Decrease in Inventories	13.19	5.83
(Increase) / Decrease in Loans & Advances	-550.36	-495.27
(Increase) / Decrease in Other current assets	-0.61	-143.68
(Increase) / (Decrease) in Short Term Borrowings	66.26	165.79
Increase / (Decrease) in Trade Payables	-44.09	256.79
Increase / (Decrease) in Other Liabilities	-1454.99	468.88
Increase / (Decrease) in Provisions	-123.24	1.80
Cash generated from operations	-1338.09	850.77
(Income tax paid) Net tax refund received	192.57	-100.32
Exceptional Items	-145.29	0.00
Net Cash from Operating Activities	-1290.81	750.45
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital WIP	-8.25	-16.25
(Increase) / Decrease in Capital Advances (Net)	-130.64	-46.81
(Increase) / Decrease in FCMITD	-88.11	6.66
Proceeds from sale of investments	892.30	-
Interest received	37.71	18.80
Dividend Income	2.70	0.00
Rent income	1.90	1.40
(Purchase) / Sale of Fixed Assets (Net)	72.35	-244.43
Net Cash from Investing Activities	779.95	-280.63
(III) Cash Flow from Financing Activities		
Issue of Share Capital	1.15	36.98
Increase / (Decrease) in Reserve	-125.41	-
Increase / (Decrease) in Share premium	947.79	0.00
Receipt of Secured Loans	0.00	1189.13
Repayment of Secured Loans	-387.63	-620.93
Increase in minority interest	536.67	0.00
Receipt of Unsecured Loans	1252.74	-397.94
Dividend Paid (including dividend tax)	-49.98	-39.13
Interest on loans paid	-619.21	-521.20
Net Cash from Financing Activities	1556.14	-353.09
Foreign Currency translation difference	36.72	10.24
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	1082.00	126.97
Cash and Cash equivalents in the beginning of the year	318.77	191.80
Cash and Cash equivalents in the end of the year	1400.76	318.77
Cash flow from Activities during the year	1082.00	126.97

Notes :

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

In terms of our Report of even date

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

Sanjeev Jain
Director-Finance

R. S. Agarwala
Partner
Membership No. : F-5534

VSN Raju
Company Secretary

Secunderabad
August 9, 2012

For and on behalf of the Board

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N.Srinivasan
Director



Mr. K.L.Chugh
Chairman, Gati Limited

Mr. Satoshi Ishizaki
President & CEO, KWE

Mr. Mahendra Agarwal
Founder & CEO, Gati Limited

February 13, 2012 - Gati joined hands with
Kintetsu World Express to form GATI-KWE.



Head Office and Registered Office

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For more information about our services and offerings,
visit us at www.gati.com or call us on our Call Free No. 1800-180-4284