



IT TAKES A LEADER TO TAKE YOU PLACES.

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GROWTH IS... MOVING FROM STRENGTH TO STRENGTH

Flamingos, known for their undeniable beauty, are also recognised as a species that stays strong by sticking together, no matter how trying the circumstances are. But for a flock to be strong, it needs an equally resilient leader to take them in the right direction. Just like Gati, the leader of the logistics industry in India.

Gati Limited is India's leader in providing Express Distribution services, Supply Chain Solutions, Cold Chain Transportation Solutions, Warehousing, International Freight Forwarding, Custom Clearance and e-Commerce Solutions.

Founded in 1989 as a cargo management company, Gati pioneered Express Distribution Services in India. With a track record of 24 years, Gati is one of India's most coveted companies, employing 3500 people, and serving over 5000 customers – including the top 10 brands in the Automotive, Healthcare, Engineering and Consumer Durables industry.

Gati has a strong market presence in the Asia Pacific region and SAARC countries, with offices in China, Singapore, Hong Kong, Thailand and Nepal, and has plans to foray into other markets.

In a Company where every employee demonstrates dedication and commitment to succeed, it's little wonder that Gati is the leader, taking the industry places.



VALUES ARE... A FORCE TO BE RECKONED WITH

Flamingos, as is ingrained in their DNAs for centuries, instinctively have values that bond them, make them work together – disciplined and harmoniously, and move together as one formidable force. Like them, employees at Gati are instilled with values that are the key driving force to align the Company towards customer sensitivity and deliver beyond customer's expectations.

OUR ATTITUDE

Elegant customisation: We absorb global and home trends with curiosity, and customise our offerings with an elegant method to meet the customer's wide range of expectations, and care for his objects like precious pearls.

OUR BEHAVIOUR

Sensitive streamlining: With passion, integrity and responsibility we take ownership to converge towards organised teamwork with cost-efficient, sensitive customer focus.

OUR ACTION

Domino discipline: In all transactions, we follow a domino game-like disciplined chain of consecutive actions at any given time & place, to achieve the goal of customer value protection and quality delivery.

OUR DELIVERY PROMISE

Caring for our customers' precious objects with domino discipline, we promise to stay ahead in service quality, wide network, high-calibre responsible people, technology & automation.



AWARDS ARE... MORE FEATHERS TO OUR CAP

Gati's effort at maintaining the standard of excellence has indeed gotten it a long way. But it's the recognition the Company has received, that encourages it to push ahead. These awards are a testament to Gati's commitment to provide its customers with unparalleled service and connectivity.

YEAR	AWARD CATEGORY/BY	AWARD
2013	Business Partners Awards – 2013	Mahindra Logistics Best Express Service Award
2013	Rasbic Awards 2012-13 Recruiting & Staffing Best-in-Class Awards	Most Innovative Recruiting & Staffing Program / Initiative
2013	Star Group & National Quality Excellence Awards	Supply Chain People Development Award
2013	Benny Awards	Compensation Benefits Insurance Program
2013	Foundation for Liberal & Management Education	30 Best HR Leaders – Mr. J. Subramanian
2013	2nd Asia Manufacturing Supply Chain Summit	Achievement in Continuous Improvement
2013	Mahindra Transport Excellence Awards	Lady Transport Personality of the Year 2012 & Lady Transporter of the Year 2012 – Regional Winner (South), Ms. Chitra Shinde
2012	Cyber Media “DQ LIVE”	Dataquest Business Technology Excellence Award & Dataquest Technology Innovation Award 2012 in the mobility segment
2012	Express & Logistics Supply Chain Conclave	Face of the Year Award – Ms. Chitra Shinde
2012	Express & Logistics Supply Chain Conclave	Best Logistics Service Provider of the Year – Road
2012	CIO Magazine and IDG Media	CIO Award – Mr. G S Ravi Kumar
2012	T2P Consultants Limited & CLIP India in collaboration with Chartered Institute of Logistics and Transport – Logistics Talent Hunt 2012	Logistics Promoter Award – Mr. Mahendra Agarwal
2012	Indian Chamber of Commerce	Executive of the Year Award (Logistics) – Mr. Mahendra Agarwal



SUCCESS IS... STAYING AHEAD

Flamingos flying in formation are indeed a beautiful sight to witness. But there is more to it than just being a spectacular sight. The formation helps the flock boost its flying efficiency, taking it higher and further. Gati too is like this formation – a streamlined unit comprising successful verticals, which together take the Company higher and further, and with greater efficiency. Success never looked this good!

GATI KINTETSU EXPRESS PRIVATE LTD. (GATI-KWE) – EXPRESS DISTRIBUTION AND SUPPLY CHAIN SOLUTIONS

2012-13 was a successful year for our flagship Express Distribution and Supply Chain business, given the economic challenges of rising fuel cost leading to rise in operational costs, declining air freight business, declining GDP and tighter financial market conditions. GATI-KWE revenues stood at ₹ 896 Cr., showing a year on year growth of 11 percent. Our Road Express business has shown a growth of 10 percent on gross revenue, as against industry growth of 9 percent, maintaining its market leadership position of 28 percent in the Road Express segment.

In pursuit of driving excellence the company has embarked on a Quality Improvement program to further enhance our commitment to high quality, with guidance from our JV Partners – KWE. We have implemented “The GATI-KWE Way” aimed at minimizing defects through implementation of KAISEN, LEAN and 5S Principles. The rigorous Quality Drive initiative has seen improvement in the service levels by 8 percent over the previous year. The defects in damages and shortages were reduced by 20 percent.

We recognise the impact of technology and continue to invest in technology in order to improve our operational efficiencies. All our major hubs today are centrally monitored through CCTV coverage 24x7, helping reduce damages and loss of goods during loading and unloading. We have introduced Tablet PCs for our Business Partners, automating the pickup process in real time, thus improving the turnaround time, visibility and load planning of pickup requests.



During the year, GATI-KWE added 150 vehicles to the existing company owned fleet, taking the total fleet count to 351, in addition to the 4000 vehicles of our business partners and vendors. We have also invested in expanding our current infrastructure at Noida, Lucknow and Chennai for distribution operations. In addition we have taken up 2 lakh sq.ft. space for 3PL operations in Chennai for GATI-KWE and KWE India customers.

GATI-KWE embarked on a Business Transformation Exercise in partnership with IBM. The focus of the partnership is to identify cost-saving opportunities and expect significant amount of savings across its cost structures.

As we move forward we remain committed to improving time of delivery, quality of delivery and visibility of information to our customers at all times.

GATI KAUSAR LTD.

The Cold Chain Industry in India is booming and is expected to touch INR 400 Billion by 2015. Gati Kausar, the cold chain arm of Gati Limited, is ably placed to cater to this growing market. With expertise that spans over 26 years in the cold chain industry, Gati Kausar is India's leading cold chain transportation provider of choice across user verticals such as healthcare, meat & poultry, bio-pharma, frozen & fresh produce, dairy products, organised retail and quick service restaurants.

Gati Kausar registered a growth of 14 percent year on year, and the business revenues stood at ₹ 45.85 Cr. During the year, 65 new refrigerated vehicles were added to the existing fleet of 215 vehicles. The fleet size is expected to grow significantly through the addition of vendor vehicles. With a network that reaches across the country, Gati Kausar provides Full Truck Load services for long haul transportation across India, and services from distribution centres or cold storages, to varied end-users through the deployment of in-city vehicles. These services are customised for customers who require real-time temperature control, through multi-temperature facility vehicles with humidity control, door sensors and movable partitions. GPS was implemented in all secondary vehicles and 50 percent in primary vehicles. Gati Kausar is also entering into the cold storage market, and is in the process of setting a chain of cold storage units across major metros. To strengthen its business further, Gati Kausar is looking for a potential strategic business partner who will help in the growth of its business service offering and service capabilities.



GATI E-CONNECT – THE E-COMMERCE BUSINESS DIVISION

The Indian e-Commerce market is among the fastest growing online markets, and is at an estimated 30 percent CAGR vis-à-vis a global growth rate of 8-10 percent. Busy lifestyle, urban traffic congestion, lack of time for offline shopping and lower online pricing are all leading to an evolution in online shopping.

Gati e-Commerce Solutions has seen a significant growth as a result of the online shopping boom, and has grown almost by two-fold this year. The e-Commerce team has established its own network and Pick and Pack centres at Delhi, Bangalore, Pune and Mumbai for the white goods segment to manage its operations across the country. Pick and Pack centres are one-of-its-kind last mile delivery units that manage inventory, packaging and distribution for traders, thereby reducing their time and cost-of-order processing.

A dedicated fleet of 200 vehicles and 300 bikes deliver over 10000-plus shipments per day. It is the first service provider in the country to cater to 6700 direct pin codes, with a payment option of 'Cash On Delivery' and 'Prepaid basis'. The Gati e-Commerce delivery network is spread across another 14000 remote locations, which include the tier 2 and tier 3 cities. In addition, for time-critical shipments, a 'Same Day' delivery service has been introduced for 6 major metros, where the shipments are picked up in the morning and are delivered by noon the same day.

The online portal of Gati Connect has delivered over 1300 dozen Ratnagiri Mangoes to people across the country, during this season.



RESPONSIBILITY IS... CHAMPIONING HOPE

Flamingos are known to exhibit a strong sense of responsibility – not just towards their young, but also towards the colony as a whole – through sharing, helping and caring. Like the Flamingo, Gati too strongly believes in being a socially responsible corporate; a living demonstration of the expression – as we grow, so must others. CSR is an integral part of Gati's culture and the Company is committed to fulfilling its responsibilities as a member of the society and community. Gati and its group companies, in various capacities, contribute towards the field of Education, Community and Environment. Gati constantly seeks opportunities to give back to the society, and hopes to make a difference to the lives of people by sharing its business success with them.



EDUCATION

Gati Government High School, Hyderabad, Andhra Pradesh

Gati partnered with the Government of Andhra Pradesh and built the Gati Government High School. The school, which presently has around 1000 students, has 25 classrooms, adequate sanitary facilities and a large playground. Gati financially supports the school in conducting annual events, rewarding and recognising outstanding students and undertakes the expenses related to housekeeping, security and maintenance of the school building.



Gati MC High School, Nagore, Tamil Nadu

In the year 2005, 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. This year, Gati undertook the renovation of the school building that included plumbing, flooring, electrical and painting work, giving the school a new look.



Adult Literacy Program

GATI-KWE partnered with CII for the Adult Literacy Program, aimed at educating tribals in the Khammam and Vishakhapatnam districts. GATI-KWE supported this initiative as CII's Technology and Logistic Partner by donating computers and transporting them to Visakhapatnam for this cause.



Book Donation Drive

GATI-KWE conducted an in-house 'Book Donation Drive' in May-June 2013. The objective of this drive was to collect books and donate them to underprivileged school children. The Book Donation Drive received an overwhelming support from Gati'ites who came forward and donated books and cash for this noble cause. The books collected were presented to children at Thara (a shelter home for homeless children), and the cash donations were used to buy books for the Gati Government School Library.



COMMUNITY

MoU with Oxfam

To support the community in times of natural calamities, GATI-KWE signed an MoU with Oxfam India in May 2013. As per the MoU, GATI-KWE would be Oxfam's Logistics Partner in its humanitarian activities in India. Oxfam India, an affiliation of Oxfam International, works towards humanitarian activities such as setting up disaster relief centres and helping rebuild livelihoods for people displaced due to natural calamities.

Delivering aid to Uttarakhand's flood affected

In June 2013, a cloudburst in the state of Uttarakhand caused devastating floods and landslides. Many lives were lost, while many more went missing. The flood led to several villages being completely washed off. As a small support to the relief operations being carried out by Oxfam, the GATI-KWE team dedicated vehicles to carry relief material to the affected areas. In addition to this, dedicated warehouse space was also offered for storage of relief materials.



Gati'ites join together for Uttarakhand calamity

In an effort to do their bit for the survivors of the Uttarakhand calamity, Gati'ites came together and voluntarily contributed two days of their salary. The Company contributed a sum equivalent to double the employees' contribution. The funds collected are being used to carry out development work in Uttarakhand.

Clothes Donation Drive

GATI-KWE conducted an in-house "Clothes Donation Drive" in the month of July 2013. The objective of this drive was to encourage Gati'ities

to donate their unwanted clothes to the needy, instead of just throwing them out. Gati'ites in large numbers came forward and took part in this initiative. All the clothes collected were handed over to an NGO, who in turn are giving it to the needy people in rural areas.



Medical checkup camp at Thara

In Jan 2013, the GATI-KWE Team, in association with Share India (MediCiti Institute of Medical Sciences), organised a medical checkup camp for the children at Thara. The tests conducted at the camp included a general checkup (height, weight, BP), dermatology, ear, eye & dental checkup, and a hemoglobin test. The children were also vaccinated for TT and Hepatitis, and given de-worming medicines. Some students who were diagnosed with medical problems were provided with the necessary medication. Post completion of the tests, the doctors present at the camp advised the children on the dos and don'ts of personal hygiene.



Donations

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

ENVIRONMENT

Lending support to WOW

Gati has always been committed towards building a clean and green society. As a step towards this, Gati is supporting ITC-PSPD Ltd. & RRRL's National Recycling Project – Wealth out of Waste (WOW). This project aims to protect the environment and reduce global warming, by creating awareness among the people on the importance of 'Recycling', and encouraging them to segregate waste and dispose it responsibly. Gati is supporting this environmental cause by collecting recyclable material from all its office locations and giving it for recycling. The recycling of waste leads to huge environmental benefits like saving trees, water conservation, reducing landfills, etc.



Recycling E-waste: An initiative towards a greener IT

Since the past 3 years, Gati has been disposing its old IT hardware in an organised and environment friendly manner. All old IT hardware is being consolidated and handed over to Eco Recycling Limited for recycling. This initiative is aimed at reducing air and water pollution caused by hazardous disposal. Additionally, recycling also reduces the amount of greenhouse gas emissions caused by the manufacturing of new products, and helps keep the environment green.

Green Offices

As a step towards its internal 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.



The Sunderban Project: An Ecological Initiative

The Tagore Society for Rural Development (TSRD) has been running six projects in the state of West Bengal to help create awareness among the Sunderban communities. To help the TSRD in its mission, Gati has sponsored the publication of study material (books & journals), which will be distributed to schools, colleges and self-help groups, so that the necessary steps can be taken to preserve the eco-harmony of the Sunderbans.

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. Sunil Kumar Alagh
Director



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



Mr. Yoshinobu Mitsuhashi
Director



Mr. Sanjeev Jain
Director – Finance



Mr. P.N. Shukla
Director

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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
- DCB Bank
- Standard Chartered Bank
- The South India Bank
- Syndicate Bank
- Kotak Mahindra Bank
- Catholic Syrian 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

Registrar and Share Transfer Agents

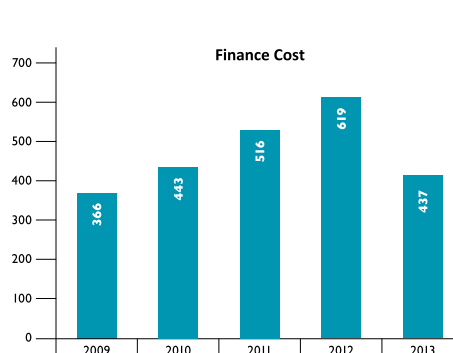
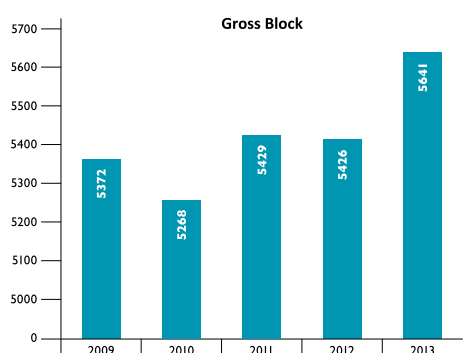
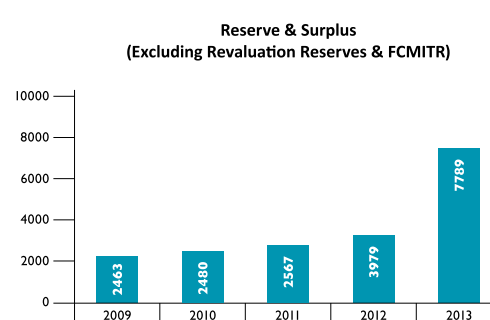
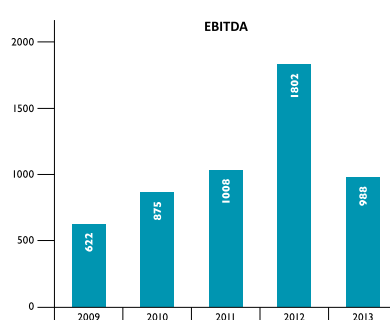
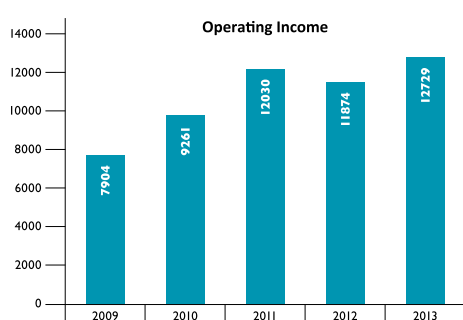
M/s Karvy Computershare Private Limited
Plot No. 17-24,
Vittal Rao Nagar,
Madhapur,
Hyderabad - 500 081,
Andhra Pradesh, India.
Email: mohsin.mohd@karvy.com
Tel: +91 40 4465 5000, Extn.: 51, 52
Fax: +91 40 4465 5024

CONSOLIDATED FINANCIAL HIGHLIGHTS

Particulars	2013	2012	2011	2010	2009
Operating Income	12729	11874	12030	9261	7904
Total Income	12895	12891	12113	9335	8030
EBITDA	988	1802	1008	875	622
Finance Cost	437	619	516	443	366
Depreciation	248	370	254	272	264
Profit Before Tax	232	667	238	160	(176)
Income Tax	60	252	96	65	10.5
Profit After Tax (including minority interest)	173	415	142	95	(187)
Dividend on Equity Share Capital (%)	30	55	25	20	-
Dividend Payout	52	95	43	34	-
Equity Share Capital	173	173	172	170	170
Reserve & Surplus (Excluding Revaluation Reserves & FCMITR)	7789	3979	2567	2480	2463
Net worth	7962	4152	2903	2827	2632
Gross Block	5641	5426	5429	5268	5372
Net Block	3871	3862	4100	4178	4456
Loan	4770	4617	4470	4541	4768

KEY INDICATORS

Particulars	2013	2012	2011	2010	2009
Equity Share Capital (in millions)	173	173	172	170	170
Earnings per Share (₹)	1.99	4.80	1.65	1.12	(2.2)
Cash Earnings Per Share (₹)	4.85	9.07	4.51	4.41	0.01
Operating Income per Share (₹)	147.03	137.15	141.67	109.79	94.74
Book Value per Share (₹)	91.96	47.95	33.82	33.25	31.06
Debt : Equity Ratio	0.60	1.11	1.62	1.61	1.81
PBDIT/Operating Income (%)	7.20	13.95	8.22	9.44	7.87
Net Profit Margin (%)	1.34	3.22	1.17	1.03	(2.36)
Return on Net worth (%)	2.17	10.00	4.88	3.36	(7.09)
Return on Capital Employed (%)	2.21	10.21	4.45	3.53	(8.64)



Notice to Shareholders

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Wednesday, November 6, 2013, at 10.30 am, at Hotel Radisson BLU, 8-2-409, Road no.6, Banjara Hills, Hyderabad – 500 034, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as of June 30, 2013, the statement of Profit & Loss for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To declare dividend on the equity shares of the Company for financial year 2012-13.
3. To appoint a Director in place of Mr. N Srinivasan, who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Sunil Kumar Alagh, who retires by rotation, and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. APVN Sarma, who retires by rotation, and being eligible offers himself for reappointment.
6. To appoint the Statutory Auditors and Branch Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business:

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

"RESOLVED THAT" Mr. P N Shukla, 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 for the office of Director of the Company, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation.

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

"RESOLVED THAT" pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals as may be necessary, the Articles of Association of the Company, be and is hereby altered in the following manner.

The following clauses shall be inserted in Article 2 as:

Investor Director

n) "Investor Director" means the KWE Nominee Director appointed from time to time to the Board of the company, in accordance with these Articles or their respective alternates appointed in accordance with the Articles and an "Investor Director" means any one of them.

Liquidity Event

o) Liquidity Event shall mean the occurrence of:

Shareholding of KWE in Gati-Kintetsu Express Private Limited, a subsidiary of the company falling to a level below 10% of the total issued and paid-up equity share capital.

The following clause shall be inserted after Article 109 as:

Number of KWE Designated Directors

109A. The Board shall always consist of one KWE Designated Director, till the occurrence of a Liquidity Event. The Company shall procure that the KWE Designated Director is not declared, identified or designated as an occupier of any factory in relation to the Company or as an employer of any employees of the Company.

Registered Office:

1-7-293, M G Road,
Secunderabad – 500 003.

July 31, 2013

By order of the Board
For GATI LIMITED

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. 7 and 8 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under Item Nos. 3,4,5 and 7 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, 2013 are circulated. Any member desirous of having a copy of detailed accounts may write to the Company and copies thereof will be available for reference at the venue of the Meeting.
- 4) The Register of Members and Share Transfer Books will remain closed from November 4, 2013 to November 6, 2013 (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 may 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 Board of Directors for the year ended June 30, 2013, if approved at the meeting, will be paid within the stipulated time.
 - (a) 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 November 4, 2013.
 - (b) 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 November 4, 2013.
- 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.
 - 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, 2006, 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, 2006 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.
- 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 view of the above the Company will send Notices/Documents/Annual Reports, etc., to the shareholders through email, wherever the email addresses are available; and through other modes of services where email addresses 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) Shareholders are requested to update their complete profile along with ECS details, as per the formats annexed at the end of this annual report, to enable us to serve you better.
- 14) Details of Directors seeking re-appointment/appointment at the Annual General Meeting scheduled to be held on November 6, 2013, (Pursuant to Clause 49 (IV)(E) and 49(IV)(G)(i) of the Listing Agreement) are given below:

Name of Director	Mr. N Srinivasan	Mr. Sunil Kumar Alagh
Qualification	FCA	Graduate in Economics (Hons.) & MBA (IIM, Calcutta)
Expertise in specific functional areas.	<p>Mr. Srinivasan was the Senior Partner of Fraser & Ross and Deloitte Haskins & Sells. Mr. Srinivasan is closely associated with development of profession of accounting and auditing in India, having been the past Chairman of the Southern India Regional Council and a Central Council Member of the Institute of Chartered Accountants of India. He was the past President of Institute of Internal Auditors India, the Regional President and Director of Internal Auditors Inc., Florida and Madras Chamber of Commerce & Industry. He is a Managing Committee Member of Indo-Australian Chamber of Commerce, Associated Chamber of Commerce & Industry and Madras Chamber of Commerce & Industry & Employees Federation of Southern India. He is on the Board of several reputed companies.</p>	<p>Mr. Sunil Alagh is Chairman of SKA Advisors, a Business Advisory / Consultancy firm with a focus on Marketing and Brand building strategies. He has worked with ITC Ltd. Jagatjit Industries Ltd. and Britannia Industries Ltd. He was the MD & CEO of Britannia Industries Ltd. from 1989 to 2003. During his tenure, Britannia figured in the Forbes Magazine list of 300 Best Small Companies in the world for 3 years. It also became No. 1 Food Brand in India.</p> <p>He is a Member of Board of Governance of IIM, Bangalore, in addition he is on the Advisory Board of Jawaharlal Darda Institute of Engineering & Technology, Yavatmal and on the Executive Committee of the Federation of India Chambers of Commerce and Industry (FICCI). He is a former member of the Board of IL&FS Investsmart Ltd., the Indian Advisory Board of Schindler, Switzerland and the Round Table on Higher Education under the Ministry of HRD, Government of India. He was also an erstwhile Member of the Board of Governors of the IIM, Indore and Governing Council of the National Institute of Design, Ahmedabad.</p> <p>He was honoured with the 'Gold Medal Kashalkar Memorial Award 2000' for outstanding contribution to the food processing industry in India. He was a finalist for the Ernst and Young Entrepreneur of the Year Award, 2002.</p>
Date of Appointment on the Board of the Company	18.10.2000	22.04.2004
Details of Shares held in the Company as on 30.06.2013	56,000	1,04,500
List of Companies in which outside Directorships held as on 30.06.2013 (excluding Private, Section 25 Companies & Foreign Company)	<p>United Breweries (Holdings) Ltd., Tractors and Farm Equipment Ltd., UB Engineering Ltd., India Cements Capital Ltd., Redington (India) Ltd., The United Nilgiri Tea Estates Company Ltd., Trinetra Cement Ltd. TAFE Motors & Tractors Ltd., Essar Shipping Ltd., Mc Dowell Holdings Ltd., The India Cements Ltd., Kartiken Logistics Ltd., Best & Crompton Engineering Ltd., Redington (India) Investments Ltd.</p>	<p>United Breweries Ltd., Indofil Industries Ltd., and Gati Import Export Trading Ltd.</p>

Name of Director	Mr. N Srinivasan	Mr. Sunil Kumar Alagh
Chairman / Member of the Committees of other Companies on which he is a Director as on 30.06.2013	Chairman of Audit committee in United Breweries (Holdings) Ltd., UB Engineering Ltd., Redington (India) Ltd., TAFE Motors & Tractors Ltd., Member of Audit Committee in Tractors and Farm Equipment Ltd., India Cements Capital Ltd., Essar Shipping Ltd., The United Nilgiri Tea Estates Company Ltd.,	Chairman of Remuneration Committee in United Breweries Ltd., and Member of Audit Committee in United Breweries Ltd and Chairman of Shareholders / Investors' Grievance Committee in Indofil Industries Ltd.
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. APVN Sarma	Mr. P N Shukla
Qualification	Mr. APVN Sarma joined the Indian Administrative Service in 1974	MSc Physics & LLB from Allahabad University and graduated in Business Management from Perth University, Australia
Expertise in specific functional areas.	Mr. APVN Sarma joined the Indian Administrative Service in 1974 and held a series of posts in districts and departments in A.P. He was Collector and District Magistrate in Nalgonda, Guntur and Warangal districts, Headed the Enforcement divisions in the State Commercial Tax and State Excise departments and also a member Secretary of the Andhra Pradesh State Electricity Board during 1989-1992. He was Secretary to Govt. of AP in General Administration Department (1992-95) and later in the Medical, Health and Family Welfare Department (1995-1996). Mr. Sarma was Chairman and Managing Director of Singareni Collieries Company Ltd., Joint Secretary (Coal) in the Department of Coal, Government of India. Mr. Sarma served for two years as the Chief Executive of Tirumala Tirupati Devasthanam, a trust that manages the renowned Balaji Temple. He also worked as Secretary, Ministry of Shipping in Government of India from February, 2008 till superannuation on 31st Oct, 2009.	He is a Rail transport Operations & Logistics specialist. He worked in various capacities in Safety, Commercial & Operations department in Railways. He started his career on Central Railway and worked on Northern, South Central, South-Western Railways & Railway Boards respectively. His association with Coal, Steel, POL, Minerals, Containers and Express cargo movement of Railways has been long and intense. He is advising ports for infrastructure requirements and is a management consultant.
Date of Appointment on the Board of the Company	01.02.2011	19.10.2012
Details of Shares held in the Company as on 30.06.2013.	NIL	1,000
List of Companies in which outside Directorships held as on 30.06.2013 (excluding Private, Section 25 Companies & Foreign Company)	Rashtriya Ispat Nigam Ltd., Neyveli Lignite Corporation Ltd., Andhra Pradesh Gas Power Corporation Limited, SEW Vizag Port Terminal Ltd., Seaways Shipping & Logistics Limited and Allahabad Bank.	Gati Kausar India Ltd.
Chairman / Member of the Committees of other Companies on which he is a Director as on 30.06.2013	Chairman of Audit Committee in Rashtriya Ispat Nigam Ltd., and Chairman of Remuneration Committee in Neyveli Lignite Corporation Ltd.	NIL
Category	Independent Director	Independent Director
Relationship with other Directors	Not related to any other Director	Not related to any other Director

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

Item No. 7

Mr. P N Shukla was appointed as an Additional Director of the Company with effect from October 19, 2012 pursuant to Section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company. Mr. Shukla holds office of Director up to the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. Shukla for the Office of Director.

None of the Directors other than Mr. Shukla is interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 7 for the approval of the members.

Item No. 8

In order to strengthen its leadership position in India and establish global footprint, the Company transferred substantial part of its Express Distribution and Supply Chain business (EDSC) to Gati-Kintetsu Express Pvt. Ltd. (GKEPL), a subsidiary of the Company on a going concern basis on March 31, 2012 to form the joint venture with Kintetsu World Express, Japan (KWE/Investor). A Share Purchase Share Subscription and Shareholders Agreement was entered between the Company, its Promoters, Gati-Kintetsu Express Pvt. Ltd., Kintetsu World Express India Pvt. Ltd., and KWE-Kintetsu World Express (S) Pte. Ltd., and the Investor acquired 30% stake in GKEPL. As per the aforesaid Shareholders Agreement, the Investor has the right to appoint two Investor Directors' on the Board of the GKEPL and one Investor Director on the Board of the Company.

In view of the above, the Company co-opted Mr. Yoshinobu Mitsuhashi as the Investor Director on its Board with effect from June 29, 2012. Accordingly, the right of appointment of Investor Director is required to be reflected in the Articles of Association, by way of an amendment. The amendment of Articles of Association requires shareholders approval through a special resolution as per section 31 of the Companies Act, 1956.

Hence, your Directors propose this resolution under Item no.8 for your approval.

None of the Directors, except Mr. Yoshinobu Mitsuhashi, is in any way concerned or interested in this resolution.

Annexure to the Notice of the Annual General Meeting, as per Section 102 of the Companies Bill, 2013.

S. No.	Particulars	Item No. 7	Item No. 8
1	Nature of concern or interest, financial or otherwise, if any, (every director or manager, every KMP and relatives of the persons)	Mr. P N Shukla is concerned or interested in the resolution	Mr. Yoshinobu Mitsuhashi is concerned or interested in the Resolution
2	Any other information and facts that may enable members to understand the meaning, scope and implications of the item of business and to take decision thereon	Profile of the director forms part of this notice	As per the Share Purchase Share Subscription and Shareholders Agreement dated 13.02.2013 between the Company, its Promoters, Gati-Kintetsu Express Pvt. Ltd., Kintetsu World Express India Pvt. Ltd., and KWE-Kintetsu World Express (S) Pte. Ltd., the Investor has a right to appoint one Director as their nominee on the Board of Gati Ltd, so long as their holding in Gati-Kintetsu Express Pvt. Ltd, doesn't fall to a level below 10% of its total issued & paid up equity capital. Accordingly, it is proposed to alter the Articles of Association of the Company to include a clause to this effect.
3	If the item relates to or affects any other company then, the extent of shareholding interest in that other company by every promoter, director, manager, KMP, if such shareholding is not less than 2% of the paid up share capital.	Mr. P N Shukla is an Independent Director in Gati Kausar India Ltd., which is a Subsidiary Company. None of the promoter, director, & KMP holds any share in Gati Kausar India Ltd.	This item is relating to investment in Gati-Kintetsu Express Pvt. Ltd. None of the promoters, directors, & KMP of the Company hold any shares in Gati-Kintetsu Express Pvt. Ltd.
4	Time & place, where the documents, if any, which may be related to special business are available for inspection.	NA	NA

Registered Office :

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

By order of the Board

For GATI LIMITED

July 31, 2013

VSN Raju

Company Secretary

Directors' Report

Dear Members,

Your Directors take pleasure in presenting their Report for Gati Limited for the year ended June 30, 2013.

Financial Highlights

(₹ in Million)

Particulars	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Income	12895	12890	1694	8013
Profit before Finance Cost, Depreciation & Amortization taxation & Exceptional item	988	1802	242	1697
Less: Finance cost	437	619	59	471
Depreciation & Amortization (Net)	248	370	21	272
Profit before tax & exceptional items	303	813	162	955
Exceptional items	(71)	(145)	0	3
Profit Before tax	232	668	162	958
Less: tax expenses net of excess of previous year	60	253	(92)	238
Profit after tax (Net of Minority)	96	415	254	720
Add: Balance in Profit and Loss brought forward from previous year			638	100
Profit Balance available for appropriation			892	820
Proposed dividend			52	95
Tax on dividend			3	15
General reserve			26	72
Balance Profit/(Loss) carried forward			811	638

Dividend

Your Directors are pleased to recommend a dividend of 30% on the share capital of ₹ 173 Mn. for the year ended June 30, 2013 (previous year 55% including special interim dividend of 30%). This would absorb a sum of ₹ 55 Mn. including dividend tax of ₹ 3 Mn.. An amount equivalent to ₹ 26 Mn. has been transferred to general reserve.

Amalgamation of subsidiaries

The Hon'ble High Court of Andhra Pradesh on March 19, 2013 sanctioned the Scheme of Arrangement under Section 391 to 394 of the Companies Act 1956, (the Scheme) in terms of which the following subsidiaries namely 1. Gati Express Distribution Limited, 2. Trymbak Commercial and Trading Private Limited, 3. Newatia Commercial and Trading Private Limited, 4. Ocimum Commercial and Trading Private Limited and 5. Sumeru Commercial and Trading Private Limited stood amalgamated with the company with effect from March 31, 2013. The Company accounted for the amalgamation as per Purchase Method in terms of Accounting Standard 14 and the surplus due to excess of assets over liabilities amounting to ₹ 5555.4 Mn. crores was credited to a Special Reserve as prescribed under the Scheme.

The objective of the amalgamation was:

- i) To provide focused management attention to the Business of the Transferor companies so as to reap the benefits of consolidation.
- ii) To have diversified businesses which would enable it to manage risks in a better way.
- iii) To reduce duplication of systems and processes and associated costs to enhance shareholder value.

Review of Operations

In order to strengthen Gati's leadership position in India and establish its global foot print, your company signed a strategic Joint venture agreement with Kintetsu World Express-Japan ("KWE"), a global logistic leader listed at Tokyo. Financial year 2012-13 was the first full year of the operations of Gati Limited after the Company restructured its business by transferring substantial part of its 'Express Distribution and Supply Chain' division to its subsidiary Gati-Kintetsu Express Pvt. Ltd. (JV Company). 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 ₹ 3300 Mn. with effect from March 31, 2012. Consequently, the financial numbers of previous financial year are not comparable with that of the financial year ended June 30, 2013.

Having successfully completed business restructuring and capital infusion, your Company continued to focus on the growth of e-Commerce, Cold Chain and International Freight Forwarding business apart from providing strategic direction to all its subsidiaries and management of portfolios of investments.

During the year under review, at consolidated level, your Company achieved a turnover of ₹ 12,895 Mn. as against ₹ 12,890 Mn. in the previous and EBIDTA of ₹ 988 Mn. as against ₹ 1,802 Mn. in the previous year. Your company has recorded a profit before tax of ₹ 232 Mn. and profit after tax of ₹ 96 Mn. as against ₹ 668 Mn. and ₹ 415 Mn. respectively in the previous year.

At standalone level, your Company recorded a turnover of ₹ 1,694 Mn. as against ₹ 8,013 Mn. in the previous year. Further, profit before tax was ₹ 162 Mn. and profit after tax was ₹ 254 Mn. as against ₹ 958 Mn. and ₹ 720 Mn. respectively in the previous year.

Subsidiaries

Post amalgamation of Five subsidiaries during the year, the number of subsidiaries of the company stood at 12 viz. Gati-Kintetsu Express Pvt. Ltd., Gati Kausar India Ltd., Gati Ship Ltd., Gati Import Export Trading Ltd., Zen Cargo Movers Pvt. Ltd., Gati Logistics Parks Pvt. Ltd., Gati Projects Pvt. Ltd., Gati Asia Pacific Pte Ltd., Gati Hong Kong Ltd., Gati China Holdings Ltd., Gati Cargo Express (Shanghai) Co. Ltd., Gati Cargo Malaysia SDN BHD.

Gati-Kintetsu Express Pvt. Ltd., (GKE)

The FY 2012-13 had its share of challenges and the economy slowed down with both the GDP and IIP declining over previous years. The logistics industry overall has seen slowdown in the Road Freight Index (RFI) over the previous year despite the cost of fuel and inflation having an upward trend.

The joint venture which operates as a subsidiary of the company offers solutions in Express Distribution – Road and Air, Transport solutions for bulk and FTL transportation and Supply Chain solutions that spans across the value chain in Demand Planning, Inventory management, transportation solutions and reverse logistics. In the Road Express business, your company has seen growth of 10% on gross revenue against industry growth rate of 9% where the first three quarters have had a slow start resulting in much lower growth compared to budget and the 5 years CAGR. In Air Express Business, there has been negligible growth of around 1% against negative industry growth rate of 2%. The Industry witnessed consolidation activities and mode changes from Air to Road Express and Road Express to Transportation. Automotive Industry which is one of the major contributors to the Express Business, has under performed during this period facing inventory pile up at most of the companies. The Transport Solution Product has had a growth of 15% against an industry growth of 12%.

Your company retains its market leadership position in the Road Express but recognizes the competition in our space and has embarked on a Quality Improvement program to further enhance our commitment to high quality with the strong involvement of JV Partner. We have implemented “The GATI-KWE Way” aimed at minimizing defects through implementations of KAISEN, LEAN and 5S Principles. Whilst transportation remains a challenging domain, we continue to improve the delivery time, quality of delivery and visibility of information to our customers.

Rail as a mode is used extensively to leverage on delivery capability and to ensure service efficiency.

During the year under review, Gati-Kintetsu recorded a revenue of ₹ 8938 Mn., an EBIDTA of ₹ 878 Mn. and Profit after tax of ₹ 336 Mn. against ₹ 1,983 Mn., ₹153 Mn. and ₹ 11 Mn. respectively in the previous year.

During the year under review, Gati-Kintetsu declared maiden dividend aggregating to ₹ 120 Mn. to the shareholders. Accordingly, your company received an amount of ₹ 84 Mn..

In the first year of operation Gati-Kintetsu Express Private Limited had been assigned rating of A-(Single A Minus) for its long term bank facilities and A2+ (A two Plus) for short term bank facilities by CARE and ICRA.

Project Udaan

Gati-Kintetsu Express Private Limited has signed up with IBM for taking up the business transformation exercise, which internally is named as “Project Udaan”. This project basically enables to identify cost saving opportunities and expects significant amount of savings across its cost structures.

Gati Kausar India Ltd

During the year, the name of Kausar India Ltd., subsidiary of the Company was changed to Gati Kausar India Ltd to reflect the subsidiary status and leverage the brand “Gati”. Gati Kausar is in the business of Cold Chain operations and is one of the largest refrigerated trucking networks in the country. It has set high growth plan for cold chain business in terms of placing itself as an integrated cold chain solutions provider in the country. The current owned fleet size of Gati Kausar is 215 vehicles out of which 65 vehicles were procured during the year. The fleet size is expected to grow significantly through vendor vehicles. The vehicles are VTS enabled with real time tracking equipment and are catering to the top notch customers in the country. Gati Kausar is exploring options to induct a strategic partner to strengthen its business service offering.

During the year under review, Gati Kausar recorded a revenue of ₹ 458 Mn., an EBIDTA of ₹ 49 Mn. and Loss of ₹ 24 Mn. as against ₹ 402 Mn., ₹ 59 Mn. and ₹ 21 Mn. respectively in the previous year. Gati Kausar continues to generate cash profits.

Gati International and Subsidiaries

Gati International, the international business of Gati Ltd. provides end to end Freight Forwarding services, specializing in Air, Ocean & Land Freight to SAARC countries, CHA services and associated supply chain value added services.

During the year under review, the International business recorded revenue of ₹ 529 Mn., an EBIDTA of ₹ 23 Mn. and Profit after tax of ₹ 20 Mn. as against a revenue of ₹ 756 Mn., negative EBIDTA of ₹ 52 Mn. and Loss after tax of ₹ 55 Mn. in the previous year.

To stay focused and keeping an eye on growth markets in APAC, your Company has consolidated its position in China, Hong Kong, Thailand and Singapore.

Gati Ship Ltd. (GSL)

During the year, the Company divested 40% stake in GSL to a strategic partner. For the financial year 2012-13, GSL recorded a revenue of ₹ 254 Mn., negative EBITDA of ₹ 108 Mn. and Loss of ₹ 314 Mn. against ₹ 47 Mn., ₹ 73 Mn. and ₹ 104 Mn. respectively in the previous year. GSL had operations only for 3 months in the previous year; hence the financial numbers of previous year are not comparable with that of the financial year ended June 30, 2013.

GSL has entered into strategic alliance with International Shipping and Logistics FZE Dubai (A Subsidiary of Tata Steel) to start a new Container Liner Service from Gujarat to Kerala. ISL-Gati Express Service has been successfully launched in the month of June, 2013. The alliance is expected to improve the performance.

Your Board is conscious of the serious business challenges being encountered by GSL and is looking at various alternatives to make the business financially viable and reduce dependency on your Company.

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 2012-13.

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, 2013 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)

Your Company has an outstanding FCCBs of US\$ 22.18 Mn. as on June 30, 2013, for repayment in December 2016.

New Companies Bill 2013

The new Companies Bill is a landmark in the history of Corporate India.

The bill is a step towards globalization and is an attempt to meet the changing environment and is progressive and futuristic duly envisaging the technological and legal developments. Your Company will transform its policies / provisions / etc., to be in conformity with the new Companies Bill.

Technology

Your Company recognizes the impact of technology and continues to invest in technology in order to improve operational efficiency and productivity. For the operations of GKEPL, major hubs are now centrally monitored through CCTV coverage 24x7, helping reduce damages and loss of goods during loading and unloading and also Tablet PCs were introduced to automate the pickup process in real time, thus improving the turnaround time of a pickup request.

Air India & Gati Arbitration

In the year 2009, the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL)(the erstwhile Indian Airlines Ltd.,) and now Air India (AI), due to continuous failure and defaults by NACIL. The matter was referred to arbitration of the Arbitral Tribunal appointed by the parties. The Company had filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. The hearing of the Arbitration has been concluded and the Award of the Arbitral Tribunal is awaited. Pending decision of the Arbitral Tribunal, a sum of ₹ 266 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 ₹ 266 Mn.. as well as the legal expenses of ₹ 10.2 Mn.. As per the legal advice received by the Company, which has also been endorsed by another eminent jurist, no liability is contemplated to arise in the matter and no provision is considered necessary in the accounts in this regard. The Statutory Auditors have drawn attention to this as an emphasis of matter.

Future Prospects

The Company in its journey towards enhanced shareholder value, strategic leadership and more realizable financial capability has successfully consummated joint venture with KWE, Japan and amalgamation of its subsidiaries. This consolidates the position of the Company enabling it to focus on business synergy leveraging KWE relationships, adopting approach of solution selling than product selling and balanced approach to develop new business from SME and large corporate clients to improve margins.

With the emergence and popularity of eCommerce in the market, your Company has started focusing on this segment aggressively. e-Commerce is growing exponentially and it has given boost to trade movements within and outside the country. Thus, your Company would now focus more on the growth of e-Commerce, Cold Chain and International Freight Forwarding businesses apart

from providing strategic direction to all its subsidiaries and management of portfolio of investments. Growth in International trade is providing impetus to the demand for freight forwarding in India. Key economic indicators including 100 % FDI in logistics shows a healthy economic outlook for India. e-Commerce sector is growing manifold and many foreign companies are actively participating in this segment. Your company is pursuing this segment to support its trade movements by way of importation and providing other value added services. 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 (COD) 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.

For the financial year 2013-14, the Company is expected to post an overall growth of 15% at consolidated level.

Further, the Company's major subsidiary viz. Gati-Kintetsu Express Pvt. Ltd is expected to grow at 15% in the FY 2013-14. The continued growth in outsourced logistics services is expected to offset any decline in industry intensity as expected from the modest GDP performance. We see growth potential in one stop offering by 3PL players for warehouse operations, distribution and transportation. Keeping this in mind, we are focused on growing our Supply Chain solutions business. In terms of profitability, the Company expects significant improvement in PAT due to various strategic initiatives.

Fixed deposits

As on June 30, 2013, fixed deposits from the public and shareholders stood at ₹ 192.97 Mn. out of which ₹ 4.88 Mn. remained unclaimed. There were no overdue deposits.

Directors

During the year, your Board co-opted Mr. P N Shukla as an Additional Director of the Company with effect from October 19, 2012. Mr. Shukla is an Independent and Non-Executive Director. As per the provisions of Section 260 of the Act, Mr. Shukla holds office up to the date of the forthcoming Annual General Meeting (AGM) of the Company and is eligible for appointment as a Director. Resolution seeking approval of the members for the appointment of Mr. Shukla as Director of the Company will be placed 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. N Srinivasan, Mr. Sunil Alagh and Mr. APVN Sarma retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Mr. TS Rao, an Independent Director resigned from the Board w.e.f October 19, 2012 due to his pre-occupation.

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

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 2004-05 was transferred by the Company to the Investor Education and Protection Fund (IEPF) and the unclaimed dividend pertaining to the financial year 2005-06 is due for transfer to IEPF.

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 June 30, 2013, 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 accounts have been prepared on a 'going concern' basis, for the financial year ended June 30, 2013.

Auditors

The Statutory Auditors of the company M/s R S Agarwala & Co, Chartered Accountants, Kolkata and Branch Auditors, M/s B K Agarwal & Co, 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 2013-14. They have furnished a confirmation to the effect that their proposed re-appointment, if made, would be within the limits 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.

Personnel

Particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956, is part of the report. In terms of section 219 (1) (b) (iv) of the Act, the report is being sent without the particulars of the employees. Any shareholder interested in obtaining a copy of the same, may write to the Company Secretary.

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

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.

Management Discussion and Analysis (MD&A)

MD&A is provided as a separate section in the annual report.

Acknowledgement

Your Company is grateful to the customers and business partners, for their support and encouragement, especially in the time of slow economic growth. Your Board is appreciative of the passion, dedication and commitment demonstrated on the job by all the employees. Your Directors wish to place on record their gratitude to the customers, Government, Financial Institutions, Banks and Shareholders for their continuing support, guidance, and assistance over the years.

For and on behalf of the Board

Secunderabad
July 31, 2013

K. L. Chugh
Chairman

Annexure – I

In accordance with the requirement of Section 217(I) (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. The total rail movement stands at 25% of the total weight of 7,86,340 tonnes moved during the year. We are further increasing north south and west south rail connectivity as planned. This addresses fuel reduction and backhaul related consumption, and the railway can be operated on one way, vs. a round trip by road. Gati-Kintetsu will continue in this area by offering multimodal connectivity. Network design of GKE is built to mitigate high fuel consumption through mapping shortest viable distances that are periodically evaluated for alternatives that lowers the total consumption of fuel.

Further, the following measures are implemented continuously by the Company and its subsidiaries:

1. Vehicles were purchased carefully in compliance with all the latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. BSIII/BS IV models.
2. The strict periodical maintenance of the Company's vehicles was done as per the manufacturer's prescribed norms, to ensure optimum fuel consumption & better vehicle maintenance.
3. Stringent checks for vehicles and exit of vehicles older than 5 years.
4. Drivers' training programs are being organized and conducted periodically to improve their driving skills, safe driving, better vehicle maintenance and improved fuel efficiency of vehicle.
5. Providing DIP i.e., Drivers Information Package which would educate them about the dos and don'ts, RIC (Route Information card) and the check-list to be followed before departing the vehicle & monitoring through Vehicle Tracking System.
6. A centralized Network Monitoring Centre to provide support to vendors and drivers 24/7.

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. 46 in Notes on 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 01.07.2012	4,97,093	4,68,359	11,21,720
	Options granted, but not vested/not exercised as on 01.07.2012	NIL	13,14,141	6,34,000
b.	Options granted during the year	4,97,093	2,21,407	NIL
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 2012-13	NIL	NIL	NIL
e.	Options Exercised during FY 2012-13	NIL	NIL	NIL
f.	Total No. of shares arising as a result of Exercise of Option	NIL	NIL	NIL
g.	Options lapsed during FY 2012-13	NIL	2,29,925	6,34,000

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
h.	Variation of terms of options	The vesting period was deferred		NIL
i.	Money realised by exercise of options	NIL	NIL	NIL
j.	Total No. of options in force as on June 30, 2013	4,97,093	13,05,623	NIL
k.	Grant details to:			
	(i) members of Senior Managerial personnel	4,97,093	85,907	NIL
	(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	2.17		
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	₹ 31,25,102		
	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortalsed Amount)	Profit after Tax ₹ in lakhs 2,535.55 Less: Additional Employee compensation cost of Fair Value over Intrinsic Value ₹ in lakhs (Profit) (106.89) Adjusted PAT ₹ in lakhs 2,642.42 Adjusted EPS 2.26		
n.	Weighted average exercise price and fair value of Stock Options granted:			
	Stock Options granted & accepted on	Weighted average exercise price (in ₹)	Weighted average Fair value (in ₹)	Closing market price at BSE on the date of grant (in ₹)
	07.08.2009	35.05	52.29	47.40
	12.01.2013	28.00	39.95	35.60
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 1.69% (last one year) 1.34%		

Annexure-III

Report on Corporate Governance

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed and administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

Company's Philosophy

Gati Limited ('Gati' or 'the Company') believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximizing long-term corporate value.

The Company's philosophy on Corporate Governance focuses on the attainment of the highest 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.

Gati's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board;
- Timely flow of information to the members of the Board and Board Committees;
- Well developed systems and processes for risk management and financial reporting;
- Timely and accurate disclosure of all material operational and financial information.

Board of Directors

As on June 30, 2013, the Board of Gati had ten Directors, comprising (i) eight Independent Directors, including the Chairman (ii) two Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

Each Director informs the Company on an annual basis about the Board and Board Committee positions he occupies in other companies, including Chairmanships, and notifies changes during the term of their directorship in the Company. None of the Directors on the Board are Members of more than ten Committees or Chairmen of more than five Committees across all the public companies in which they are Directors. 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.

Meetings of the Board

The Board of Directors must meet at least four times a year, with a maximum time gap of four months between two Board meetings. During the financial year under review, the Board met six times: on August 9, 2012, September 27, 2012, October 19, 2012, January 12, 2013, February 23, 2013 and May 9, 2013. The necessary quorum was present at all the meetings. Video/teleconferencing facilities were also used to facilitate Directors travelling abroad or at other locations to participate in the meetings.

The table below gives the composition of the Board and their attendance at the board meetings held during the year and at the previous Annual General Meeting held on October 19, 2012.

Name	Category and Designation	Attendance Particulars	
		Board meetings	Last AGM
Mr. K L Chugh	Independent Director – Chairman	6	Yes
Mr. Mahendra Agarwal	Promoter, Founder & CEO	6	Yes
Dr. Ram S. Tarneja	Independent Director	5	Yes
Mr. N. Srinivasan	Independent Director	5	Yes
Dr. P. S. Reddy	Independent Director	3	No
Mr. Sunil Kumar Alagh	Independent Director	5	Yes
Mr. A P V N Sarma	Independent Director	4	Yes
Mr. Yoshinobu Mitsuhashi	Independent Director	4	Yes
Mr. Sanjeev Kumar Jain	Director – Finance	6	Yes
Mr. P N Shukla*	Independent Director	3	NA
Mr. T. S. Rao**	Independent Director	1	NA

* Appointed w.e.f. October 19, 2012

** Resigned w.e.f. October 19, 2012

The number of other directorships, committee chairmanships/memberships held in other companies by each of the Directors is tabled below:

Name	No. of other Directorships and Committee Membership / Chairmanship		
	Other Directorships	Committee	
		Membership	Chairmanship
Mr. K L Chugh	1	-	-
Mr. Mahendra Agarwal	3	-	-
Dr. Ram S. Tarneja	10	4	2
Mr. N. Srinivasan	14	4	4
Dr. P. S. Reddy	1	-	-
Mr. Sunil Kumar Alagh	3	2	-
Mr. A. P. V. N. Sarma	6	-	1
Mr. Yoshinobu Mitsuhashi	-	-	-
Mr. Sanjeev Kumar Jain	1	-	-
Mr. P. N. Shukla	1	-	-

Information given to the Board:

The Company provides inter-alia the following information to the Board and the Board Committees. Such information is submitted either as part of the agenda papers in advance of the meetings, or by way of presentations and discussion materials during the meetings.

- Annual operating plans and budgets, capital budgets, updates and all variances
- Quarterly, half-yearly and annual results of the Company and its subsidiaries
- Detailed presentations on the business performance of the Company and its material subsidiaries
- Minutes of meetings of the Audit Committee and other Committees
- Contract in which Directors are interested
- Update on the significant legal cases of the Company
- Subsidiary companies minutes, financial statements and significant investments

Code of Conduct:

The Company has adopted 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.

Committees of the Board

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

The Company has Three Board-level Committees, namely:

1. Audit Committee
2. Compensation & HR Committee
3. Investors Grievance Committee

Audit Committee

The management is responsible for the Company's internal controls and the financial reporting process, while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. 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 primary responsibilities of the Audit Committee are to:

1. Supervise the financial reporting process
2. Review the quarterly and annual financial results before placing them to the Board, along with related disclosures and filing requirements
3. Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function and remuneration of the Chief Internal Auditor
4. Discuss with the management, the Company's major policies with respect to risk assessment and risk management
5. Hold discussions with statutory auditors on the nature and scope of audits and any views that they have about the financial control and reporting processes
6. Ensure compliance with accounting standards and with listing requirements with respect to the financial statements
7. Recommend the appointment and removal of statutory auditors and their fees
8. Ensure that adequate safeguards have been taken for legal compliance for the Company
9. Review related party transactions

The Audit Committee entirely comprises of Independent Directors. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, economics, strategy and management.

During the financial year 2012-13, the Audit Committee met four times: on August 9, 2012, October 18, 2012, January 12, 2013 and May 9, 2013. The table below gives the composition and attendance record of the Audit Committee.

S. No.	Name	Position	Number of meetings during the year 2012-13	
			Held	Attended
1	Mr. N. Srinivasan	Chairman	4	4
2	Mr. T. S. Rao*	Member	4	1
3	Dr. Ram S. Tarneja	Member	4	4
4	Mr. P N Shukla**	Member	4	0

* Resigned w.e.f. October 19, 2012

** Nominated w.e.f. May 9, 2013

The Audit Committee invites executives 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 October 19, 2012.

Compensation & HR Committee:

The Board has constituted a 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), Non-Executive Director(s), framing of policies and systems of the Employee Stock Option Scheme, and looking after the issues relating to major HR policies.

During the financial year 2012-13, the Compensation & HR Committee met four times: on August 9, 2012, October 19, 2012, January 12, 2013 and May 9, 2013. The table below gives the composition and attendance record of the Compensation & HR Committee.

S. No.	Name	Position	Number of meetings during the year 2012-13	
			Held	Attended
1	Mr. K L Chugh	Chairman	4	4
2	Dr. Ram S Tarneja	Member	4	4
3	Dr. P S Reddy	Member	4	2
4	Mr. Sunil Kumar Alagh	Member	4	4

Directors Remuneration

The remuneration paid/payable to the Executive Directors is given below:

a) Executive Directors:

(₹ in Million)

Particulars	Mr. Sanjeev Jain, Director – Finance
Salary	4.20
PF contribution/Superannuation funds	0.50
Rent Free Accommodation/Perks/Allowances	1.38
Total	6.08

b) Non-Executive Directors:

The remuneration including commission payable to the Non-Executive Directors during the year under review is in conformity with the applicable provisions of the Companies Act, 1956, and is duly considered and approved by the Board and the shareholders.

The details of sitting fee paid, commission payable to the Non-Executive Directors during the year 2012-13 and stock options granted, accepted & outstanding are as follows:

Name	Sitting fee (₹)	Commission (₹)	Stock options* (Nos.)
Mr. K L Chugh	1,60,000	2,20,000	92,500
Dr. Ram S Tarneja	2,20,000	1,20,000	85,500
Mr. N. Srinivasan	1,80,000	1,65,000	89,000
Mr. T. S. Rao**	50,000	-	-
Dr. P.S. Reddy	1,00,000	1,20,000	85,500
Mr. Sunil Kumar Alagh	1,40,000	1,20,000	85,500
Mr. A P V N Sarma	90,000	1,20,000	20,000
Mr. P N Shukla	60,000	60,000	20,000
Mr. Yoshinobu Mitsuhashi	-	1,20,000	-
TOTAL	10,00,000	10,45,000	4,78,000

* Stock options granted, accepted and outstanding as on June 30, 2013

** Resigned w.e.f. October 19, 2012

Commission for the FY 2012-13 will be paid to the Directors after approval of accounts by the shareholders at the ensuing AGM

Investors' Grievance Committee:

The Investors' Grievance Committee is empowered to perform the functions of the Board, relating to handling of shareholders' queries and grievances. It primarily focuses on:

1. Review of investor complaints and their redressal
2. Review of queries received from investors
3. Review the performance of the share transfer agent
4. Review of corporate actions related to shareholder issues

The Committee consists of three Directors, including an Executive Director. The Chairman of the Committee is an Independent Director. The Investors' Grievance Committee met two times during the FY 2012-13: on July 27, 2012 and January 12, 2013. The table below gives the composition and attendance record of the Investors' Grievance Committee.

S. No.	Name	Position	Number of meetings during the year 2012-13	
			Held	Attended
1	Dr. P. S. Reddy	Chairman	2	2
2	Mr. APVN Sarma*	Member	2	1
3	Mr. Mahendra Agarwal	Member	2	1
4	Mr. T. S. Rao **	Member	2	1

* Nominated w.e.f. October 19, 2012

** Resigned w.e.f. October 19, 2012

Dr. P. S. Reddy was nominated as Chairman for this committee in place of Mr. T. S. Rao, who had resigned from the Board w.e.f. October 19, 2012, and Mr. APVN Sarma was nominated as member of the committee w.e.f. October 19, 2012.

Mr. V S N Raju, Company Secretary of the Company, officiates as secretary of the Committee and is also designated as Compliance Officer in terms of the Listing Agreement with the Stock Exchanges.

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.

An analysis of the investor complaints received and redressed during the year 2012-13, is given below:

S. No.	Nature of Complaint	Received	Disposed	Pending
1	Non-receipt of dividend warrants	16	16	NIL
2	Non-receipt of Annual Report	8	8	NIL

Name, designation and address of Compliance Officer:

Mr. VSN Raju

Company Secretary & Compliance Officer

Gati Limited

1-7-293, M.G. Road,

Secunderabad – 500 003.

Tel: 040 - 2784 3788 / 2784 4284

Fax: 040 - 2789 4284

Email: investor.services@gati.com

Subsidiary Companies:

Company has subsidiary companies, details of which are provided elsewhere in this Annual Report

General Body Meetings

(a) Annual General Meeting:

Date of AGM	Time	Venue	No. of Special resolutions passed
October 19, 2012	10.30 am	Hotel Radison BLU, 8-2-409, Road No. 6, Banjara Hills, Hyderabad – 500034	2
November 16, 2011	10.00 am	Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad – 500 034	3
October 27, 2010	11.00 am	Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad – 500 034	3

(b) Extraordinary General Meeting:

During the year, the Company has not conducted any Extraordinary General meeting.

Postal Ballot:

During the year, the Company has not transacted any business through postal ballot.

Unclaimed Shares:

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

Disclosures

(i) Disclosures on materially significant related party transactions, which 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, and 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 have been denied access to the audit committee during the financial year ended June 30, 2013.

CEO and CFO Certification

The Chief Executive Officer and the Chief Financial Officer of the Company certify to the Board on financial reporting and internal controls 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.

Additional Shareholders' Information

Annual General Meeting:

Day and Date: Wednesday, November 6, 2013

Time: 10.30 am

Venue: Hotel Radisson BLU, 8-2-409, Road No. 6, Banjara Hills, Hyderabad – 500 034.

Financial Calendar

Tentative calendar for declaration of financial results in FY 2013-14

Results for the quarter ended September 30, 2013	October / November, 2013
Results for the quarter ended December 31, 2013	January / February, 2014
Results for the quarter ended March 31, 2014	April / May, 2014
Results for the year ended June 30, 2014	July / August, 2014

Book Closure Dates:

The dates for book closure are from November 4, 2013 to November 6, 2013 (both days inclusive) for the purpose of payment of dividend.

Dividend

The Board of Directors has proposed a dividend of 30% on equity shares of Rs. 2 each. The Dividend if approved by the shareholders at the 18th Annual General Meeting scheduled to be held on November 6, 2013, will be paid within the stipulated time.

Unclaimed dividend:

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 all dividends remaining unpaid / unclaimed for a period of seven years from the date they became due for payment will have to be transferred to the Investors' Education and Protection Fund (IEPF) set up by the Central Government. The details of outstanding unpaid dividend accounts are given below.

Sl. No.	Dividend for the year	Dividend %	Date of declaration	Due date for transfer
1	2005-06 : Final	35%	11.10.2006	10.11.2013
2	2006-07 : Final	40%	13.10.2007	12.11.2014
3	2007-08 : Final	40%	22.10.2008	21.11.2015
4	2009-10 : Final	20%	27.10.2010	26.11.2017
5	2010-11 : Final	25%	16.11.2011	15.12.2018
6	2011-12 : Interim	30%	29.06.2012	28.07.2019
7	2011-12 : Final	25%	19.10.2012	18.11.2019

Note: No dividend was declared for the FY 2008 - 09

The Company has transferred the unclaimed dividend to the IEPF and filed the relevant forms with Registrar of Companies, Andhra Pradesh till the financial year 2004-05

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 bonds are listed with Singapore Stock Exchange Limited (SGX-ST).

The listing fee for the year 2013-14 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

International Securities Identification Number (ISIN):

ISIN is a unique identification number of traded scrip. The Company's' ISIN for equity shares is INE152B01027.

Monthly high / low stock quotations at BSE & NSE

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Jul - 2012	42.35	34.30	42.40	34.50
Aug - 2012	43.25	35.60	43.10	35.50
Sep - 2012	42.10	35.15	41.95	35.50
Oct - 2012	45.55	34.80	45.90	34.00
Nov - 2012	37.55	33.75	39.90	34.10
Dec - 2012	39.25	34.15	42.00	34.40
Jan - 2013	39.15	34.50	39.15	34.50
Feb - 2013	35.90	25.80	35.85	26.00
Mar - 2013	32.00	24.55	32.05	24.55
Apr - 2013	29.60	26.10	29.50	26.15
May - 2013	32.35	25.75	32.50	25.70
Jun - 2013	30.30	24.55	30.30	24.60

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 (₹)	NSE Nifty	Share price (₹)	BSE Sensex
As on July 1, 2012	41.10	5284	40.60	17439
As on June 30, 2013	25.95	5842	26.05	19396

Share Transfer System

All queries and requests relating to share transfers/transmissions may be addressed to our Registrar and Transfer Agent:

Karvy Computershare Private Limited

(Unit: Gati Limited)

Plot No. 17-24, Vittal Rao Nagar

Near Image Hospitals

Madhapur, Hyderabad – 500 081

Tel: 040 - 4465 5000 - 152

E-mail: mohsin.mohd@karvy.com

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.

Dematerialization of Shares

The Company's scrip forms part of the compulsory dematerialization segment for all investors with effect from August 28, 2000. To facilitate easy access of the dematerialized system to the investors, the Company has signed up with both the depositories namely the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and has established connectivity with the depositories through its Registrar and Transfer Agent, Karvy Computershare Private Limited.

98% of the total shares have been dematerialised upto June 30, 2013. Dematerialization of shares is done through Karvy Computershare Private Limited and on an average the dematerialization process is completed within 7 days from the date of receipt of a valid dematerialization request along with the relevant documents. The below table gives the breakup of dematerialized shares and physical shares as on June 30, 2013:

Particulars	Shares on June 30, 2013	%
Physical Shares	16,26,537	2
NSDL	7,55,90,946	87
CDSL	93,64,804	11
Total	8,65,82,287	100

Secretarial Audit

As stipulated by SEBI, a Qualified Practicing 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.

Distribution Schedule as on June 30, 2013:

No. of shares		No. of Shareholders	% of total Shareholders	No. of shares	% to Total Capital
Upto	5000	42880	97.10	1,01,11,466	11.68
5001	10000	609	1.38	22,44,066	2.59
10001	20000	286	0.65	21,96,483	2.54
20001	30000	111	0.25	14,08,396	1.63
30001	40000	55	0.12	10,01,023	1.16
40001	50000	36	0.08	8,26,759	0.95
50001	100000	92	0.21	33,25,011	3.84
100001	And above	92	0.21	6,54,69,083	75.61
TOTAL		44161	100.00	8,65,82,287	100.00

Distribution of Shareholding on the basis of ownership

S. No	Description	No. of shares as on June 30, 2013	% Equity
1	Company Promoter/Promoter group	3,79,78,430	43.86
2	Banks	1,88,197	0.22
3	Foreign Institutional Investors	12,27,436	1.42
4	Non Resident Indians	14,77,920	1.71
5	Bodies Corporate	1,32,00,670	15.25
6	Public	3,25,09,634	37.54
	TOTAL	8,65,82,287	100.00

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.mohd@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: 040 - 2784 4284 / 2784 3788
Email: investor.services@gati.com

Certificate on Corporate Governance

To
The Members of Gati Limited,

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the Financial Year ended June 30, 2013.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations and representation given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements.

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.

For DVM Gopal & Associates
Company Secretaries

Place: Hyderabad
Date: July 31, 2013

DVM Gopal
Proprietor
CP No. 6798

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, 2013.

For GATI LIMITED

Place: Secunderabad
Date: July 31, 2013

Mahendra Agarwal
Founder & CEO

Indian economy and the logistics sector

Global economic growth is expected to remain subdued in FY 2013-14 at slightly above 3% as in the previous year and the Indian economy is expected to experience one of the slowest growth in the decade with a GDP growth rate of 5.3%. However the Indian logistics industry is still expected to sustain a CAGR of 15% out to FY 2016 with increase in cold chain storage and transportation activities. Industry analysts and rating agencies have positioned the Indian Logistics industry as “Stable” for 2014. The trend of outsourcing logistic activities to organized third-party logistics (3PLs) has continued to find its favour amongst domestic companies as it leaves them free to focus on their core competencies. Multinational companies doing business in India prefer to outsource all their major logistics requirements due to the unfamiliarity with the local policies, regulations and market.

The opportunities, risks and risk mitigation plans of the company are discussed in detail below.

Opportunities

Outsourcing of Logistics activities - The organized sector of the Indian Logistics industry currently represents an estimated 6% of total direct spend. The share of the market of the organised sector, of which Gati is a part, 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, the gap between direct logistics spend and total logistics costs is primarily due to inventory holding costs and losses due to inefficiencies, the reduction of both are being addressed by outsourcing of logistics activities to the organized sector.

e-Commerce - The size of e-tailing industry is estimated to grow from current USD 1 billion to USD 56 Billion by 2023. It is expected that the incremental merchandise will come from urban, semi urban centres and emerging towns. Current business challenges within domestic e-Commerce market are rapid changes in product cycles, pricing, dominance of cash-on-delivery transactions, defective merchandise and elevated levels of product returns.

The Company is uniquely placed to provide services in Metros, Capitals, Tier 2 and 3 cities and ease all the distribution challenges faced by the e-Commerce industry in India including the reverse logistics. The Company is therefore increasing its capacity to cater to this industry with high quality, value, and branded product delivery. The Company also operates “Gati -Connect” which is online web store to cater to the e-Commerce market. The store of Gati products can give access to the Indian market for the products of multinational Company’s right from online trading portal, freight forwarding and distribution to the end-customer.

Integrated Network and Technology Innovations - We believe that companies like us, providing integrated solutions that include warehouse operations, distribution, and inventory management combined with strong focus on customer service would grow the most in the next decade. As these three segments require different skills it will be the integrators who can provide a single window solution to take away the complete logistics requirements independent of mode and urgency that have opportunity ahead of them. A great combination of technology, operations excellence and lowering costs will create such solutions. Keeping this in mind, we are focused on growing our Supply Chain solutions business which in the last year has introduced innovative solutions that include demand planning, vendor management, inventory ownership, transportation and express distribution to clients using our various subsidiary companies who specialize in these areas.

Introduction of Goods and Services Tax (GST) - 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 will primarily benefit larger organized players with a pan-India presence. The GST will free up the inter-state movement and the same will result in reduction of warehouses and transportation through high capacity vehicles across the country. The logistics cost is expected to fall by 15% in the GST regime and the same will help the express industry to compete with full truck load model.

Risk and Concerns

Macro-economic Risks - Global macro-economic condition has recently been typified by weak growth in economies like US and Europe, inflationary strains in developing countries and unprecedented volatility in overall business environment. These factors negatively affect consumer confidence even domestically and can cause disruptions with our client businesses. 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. As our revenues are not overly dependent on any specific sector or customer, it limits our exposure to any sector specific trends. However, the shortfall we saw in automotive sector was offset by the growth in pharmaceuticals and consumer durables.

Fragmented nature of Industry - Gati, being part of a fragmented industry faces 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.

Government Regulations and delay in introduction of GST - Structural inefficiencies continue to plague the logistics Industry in the varied forms of complex taxation, border check posts, low highway travel speeds, port congestion and customs delays. These factors remain as effective barriers to improve 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. Continued delay in progress of 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.

Risk of Brand Equity loss and need for quality - We are in the service business and maintaining a good reputation and customer confidence in our services is critical to our business. With the manifestation of internet use in India and our growing B2C business through e-Commerce, anything that damages our reputation over digital media can be a loss of brand equity and therefore a risk to the business.

Inflationary Risks - Consequences of prolonged domestic inflation on Gati's key cost drivers like fuel may have a negative impact on our profit margins and earnings to the extent that we are unable to pass on all or a portion of such incremental cost to our customers, which may have a negative impact on our business and our profitability. We have a defined fuel surcharge mechanism in our contracts with our clients to counter the volatility in fuel prices.

Lack of skilled talent - 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 demand 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 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 for the future.

Technology Risks - Our ability to serve clients most effectively depends on the reliability of our technology backbone. We use technology systems to create and manage dockets, route trucks, and track-n-trace packages, manage inventory in our warehouses and manage all of our day-to-day business. Any disruption to the IT assets or the database will affect the quality of services provided by the Company and will not be able to provide real time update on the movement of shipment to the customers which results in loss of reputation.

Currency Risk - The Indian currency has been depreciating since June 2012 and the depreciation has been 7% till June 2013. The Company has direct exposure to depreciation of INR against USD in the following:

- Exposure of Foreign currency convertible bonds, however the payout of the same is due in the FY2016.
- Payments to freight forwarding agents abroad and receivables in foreign currency from shipping business

Risk Mitigation

Gati-Kintetsu Express Private Limited has signed up with IBM for taking up the business transformation exercise, which internally is named as "Project Udaan". This project basically enables to identify cost saving opportunities and expects significant amount of savings across its cost structures.

The Company eagerly awaits the implementation of GST which is expected to be rolled out between FY 2014 to FY 2016. The Company has the physical network in place and is adequately equipped to meet the compliances of GST to stand out to gain the market share from the unorganised sector.

To ensure business continuity, a Disaster Recovery Site is in place in Gati, with remote servers placed at off-site location and all locations enabled to access and switch-over within a short span of time to ensure that customers' business is not affected.

The Company has a well documented policy for inclusion of "Diesel price hike" clause in all contracts / agreements wherein "Diesel price hike index" is included and customers pay the additional cost calculated by the specified "Diesel price hike index". Our continued focus on better productivity, cost management and 'diesel surcharge' mechanism mitigate the fuel price hike to a great extent.

The Company has penetrated the need for utmost quality in every aspect of the logistics and supply chain among its employees and the process through various training campaigns on quality.

Economist and Financial experts are of the opinion that the value of the rupee is deeply undervalued and the rupee will find its value in the due course. The Company does not foresee much impact due to exchange loss on redemption of FCCB.

For Business outlook and way forward, kindly refer to the future prospects in the Directors Report.

Business Highlights

Group Revenue

Gati, being the pioneer and with its strong network firmly holds the market leadership position in express distribution industry and endeavour to pioneer and grow other business model in the logistics sector like e-Commerce Distribution model, integrated supply chain model and cold chain distribution system, etc. Gati has been growing consistent over the last five years except for a dip in FY 2011-12 due to downsizing of the shipping business and the degrowth in trading arm of the group.

Gati registered a growth of 7.2% in FY 2012-13 despite poor growth in Indian economy with the business developments in the sunrise sectors like e-Commerce Distribution and Cold Chain along with the growth in the main express distribution business.

Key Business Segments

Express Distribution and Supply Chain Segment:

Contribution to Revenue - 84%

Segment Revenue - ₹ 10736 Mn.

The segment comprises of the business carried out by various subsidiaries with in Gati's fold and comprises of the following

Gati-Kintetsu Express Business:

Gati-Kintetsu provides the freight services Gati provides integrated multimodal logistics services by road, rail and air network that spans the length and breadth of India with a reach of 99.3% covering 653 districts out of 657 districts in India. Gati has a large fleet of 4000 vehicles and an assured space across 28 airline sectors.

International Business:

Gati International, the global wing of Gati Ltd. is one of the leading providers of freight forwarding and logistics services, specialized in air freight and ocean freight shipments and associated Supply Chain Management Solutions with a special focus in Asia Pacific Region.

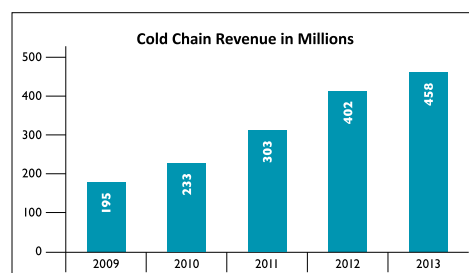
e-Commerce business:

Gati e-Commerce Division provides services through E-fulfilment centres at 17 locations across the country through which the E-Com Players can inventory their consignments and deliver to their customer in bare minimum time frame. The Division can deliver any range of E-tailing products with "Cash on Delivery" model in 5000 plus pin codes. The division has a very own online shopping portal that is open for vendors to sell the products.

Cold Chain Business:

Gati carries on its cold chain distribution business through "Gati Kausar India Limited", a subsidiary of the Company which offers customized solutions for temperature sensitive shipments through its cutting edge technology and a vast fleet of refrigerated vehicles equipped with advanced climate - control and vehicle tracking systems.

Gati Kausar provides customized temperature sensitive services for Consumer foods, Pharmaceuticals, Poultry, Retail and Agri-food sectors. Gati Kausar is an undisputed leader in the industry, specializing in fast, reliable and customized solutions in cold chain logistics.



Continuous growth in Cold chain business

Cold chain segment has shown continuous progress in terms of revenue. The group expects to grow in multiple folds in the coming years with the addition of 65 Nos of Reefer vehicles consolidating to 215 Vehicles in various capacities. The group foresee to replicate the Gati model in cold chain segment with leased vehicles and warehouses. The below graph depicts the growth in revenue of the cold chain business during the last five years (₹ In Millions).

Fuel Station Segment

Gati deals in petrol and diesel business along with other motor parts and lubricants through its fuel stations. Presently Gati is operating four fuel stations at Bangalore, Belgaum, Indore and Shadnagar (near Hyderabad).

Contribution to Revenue - 13%

Segment Revenue - ₹ 1671 Mn.

Shipping Segment

Gati Ship Limited, a subsidiary of Gati Limited operates two ships Viz., Gati Majestic & Gati Pride. Gati Majestic operates between North India and South India covering the sea ports of Kandla, Mundra and Cochin with an operating partnership of International Shipping Logistics FZE, a Tata Group Company. Gati Pride operates on the Yangoon-Chennai route.

Gati Ship Limited also operates two container yards at Chennai and Port Blair which increases capability and provides for efficient handling of the cargo.

Contribution to Revenue - 2%

Segment Revenue - ₹ 240 Mn

Others

Gati is first in India to provide an integrated trading arm. Gati provides import solutions and integrated trading arm to ease distribution across India.

Contribution to Revenue - 1%

Segment Revenue - ₹ 91 Mn

Financial Review

Share Capital

The equity share capital as of June 30, 2013 was ₹ 173.16 Mn. comprising of 8,65,82,287 equity shares of ₹ 2 each. There has been no change in the equity share capital during the year.

Reserves & Surplus

Reserve & Surplus increased by ₹ 3747 Mn. primarily on account of special reserve arising consequent to amalgamation of five subsidiaries with the Company under the High Court approved Scheme net of adjustment of loss on account of 40% disinvestment in Gati ship Limited.

The securities premium account has been charged with the premium payable on redemption of FCCB due for redemption in December 2016.

Borrowings

The Company has repaid the major part of the term loan during the financial year and the net increase in total borrowings is due to the capex expenditure and depreciation of rupee in FCCB.

Other Non-current Liabilities

The increase in other non-current liabilities is majorly due to the provisioning for premium on redemption of FCCBs. The Company had refinanced its FCCBs in December 2011 for a period of 5 years and the FCCBs are due for repayment in December 2016.

Current Liabilities other than borrowings

The current liabilities have majorly increased due to acceptance of higher deposits from business partners, provision for employee benefits, taxation and other business liabilities. The increase has been marginally compensated by lesser dividend unpaid as on the balance sheet date when compared to last year and absorption of loss on unrecoverable current asset using the contingency provision which was prudently provided for in the last year.

Fixed Assets

During the financial year 2012-13 the group has made significant amount of investment in the 132 new Trucks/65 Reefer vehicles and its associated container for the reduction of operating cost and expansion of cold chain business respectively.

The group has been investing in the new corporate building and the same is expected to be completed by Mid FY 2013-14 and also the Company has invested in technology related Assets.

The increase in the fixed assets has been compensated by sale of two ships owned by Gati Ship Limited and some part of surplus lands at various locations owned by the Company.

Non Current Assets other than Fixed Asset

The increase in non-current assets includes the goodwill of ₹ 4469 Mn which is due to restructuring of the investment in Gati-Kintetsu and Gati Kausar.

Apart from the goodwill, there are increases in earnest money deposit and security deposits given by us to our vendors and landlords. The same has been compensated by lesser capital advances as of FY ended June 30, 2013.

Current Assets

The total current assets has increased due to the following reasons

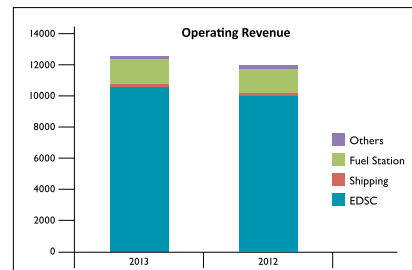
- Trade receivables have gone up by ₹ 313 Mn due to increased sales.
- Operational advances and Loans to other parties have gone up by ₹ 400 Mn.
- Tax advances and TDS have gone up by ₹ 133 Mn waiting for the assessments to be completed.
- There are marginal increases in the current assets due to increases in the prepaid expenses and accrued interest.

The above increases have been compensated by reduction in cash and bank balances to the extent of ₹ 935 Mn.

Revenue from Operations

The below diagram depicts the contribution made by each segment to the consolidated revenue in FY 2012-13

The major increase in the revenue is on account of increase in Express Distribution & Supply Chain to extent ₹ 922 Mn and ₹ 193 Mn in fuel sales. The above has been compensated by a decrease in other sales to the extent ₹ 291 Mn.



Other Income

The other income is on the lower side in the FY 2012-13 when compared to the last year as the last year included profit on sales of investments in mutual funds to the extent of ₹ 892 Mn.

Operating Expenses and consumption of stock

The increase in operating expenses to the extent of 7.56% is mainly due to increase in operating income to the same extent.

Employee Benefit Expenses

Increase in employee benefit expenses to the extent of 8.84% is mainly due to increase in salaries to the existing employees and newer recruitments

Finance Costs

Finance cost has come down by 29% due to the following:

1. Funding of business from fund infusion through joint venture;
2. Reduction in interest rate due to better credit rating;
3. Efficient management of cash in the business.

Depreciation and Amortization

The major decrease in the depreciation and amortisation when compared to last year is because the last year depreciation included the full amortisation of FCMITR in repayment of FCCB in December 2011 and the decrease is further due to sale of ships.

Other Expenses

There are no major variations in the other expenses and the marginal increase is due to increase in the volume of business.

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, nature of business and size 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.

The company through its Internal Audit Department carries out periodical audits at various location / functions and reports on the deviations to the internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations are presented to the Audit Committee and the status of the implementation of recommendations are reviewed on a regular basis.

While the Internal Audit team plays a critical role in providing objective assurance, the Risk Management team provides management consultancy to assist making better decisions.

Risk Assessment and Mitigation

Risk basically is an “effect of uncertainty on objectives”, risks are inevitable and, in practice, cannot be avoided. Risk, therefore have to be Identified, Measured and Managed to meet organizational 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 controls, compliance with policies, strategic 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 Vigilance team, which has a presence in the field, supports for Operational Risk Management.

The reviews 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 company has embedded Risk Management activities in the operational responsibilities of management at various levels and made them an integral part of overall governance. 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.

Human Resources

People are our greatest asset and we fondly refer to them as “Gati’ites”. We owe our success to the dedication and commitment of our Gati’ites. As on June 30, 2013, we are a team of 3560 Gati’ites. Nurturing internal talent into leadership roles is important to the organization. The company has structured ‘Capability Development’ programs like YLDP (Young leaders development program), ALDP (Advanced leaders development program) to build robust internal talent pipeline. The company has also introduced G-Force (customized LEAN program) to build better quality awareness in the system.

To cater to the needs of Gen ‘Y’ work force, the company has introduced various automation initiatives like online employee redressal portal called “Ask HR”, automation of statutory compliances. The company has also introduced its e-induction module for the new joinees. The Company’s success in its people practice has been recognized through various categories at World HRD congress

- “Rasbic Award 2012-13” for “Most Innovative Recruiting & Staffing Program/Initiative”
- “Benny Awards – 2013” for “Compensation Benefits Insurance Program”
- “National Quality Excellence Awards – 2013 for “Supply Chain People Development”

Corporate Social Responsibility

We at Gati strongly believe in being a socially responsible corporate. CSR is an integral part of our culture and we are committed to fulfilling our responsibilities as a member of the society and community. Gati and its group companies in various capacities contribute towards the field of Education, Community and Environment. Our key initiatives have been providing assistance in constructing schools, helping natural disaster victims in sustaining their livelihood, supporting the cause of green environment and much more. We constantly seek opportunities to give back to the society and hope to make a difference to the lives of people by sharing our business success with them.

CSR Activities - Education

Gati Government High School, Hyderabad, Andhra Pradesh

Gati partnered with the Government of Andhra Pradesh and built **Gati Government High School**. The school which presently has around 1000 students has 25 classrooms, adequate sanitary facilities and a large playground. Gati financially supports the school in conducting annual events, rewarding and recognizing the outstanding students and undertakes the expenses related to house-keeping, security and maintenance of the school building.

Gati MC High School, Nagore, Tamil Nadu

In the year 2005, 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. This year, Gati undertook the renovation of the school building that included, plumbing, flooring, electrical and painting work giving the school a new look.

Adult Literacy Program

GATI-KWE partnered with CII for the Adult Literacy Program, aimed to educate the tribal's in Khammam and Vishakhapatnam districts. GATI-KWE supported this initiative as CII's Technology and Logistic Partner, donated computers and transported them to Visakhapatnam for this cause.

Book Donation Drive

GATI-KWE conducted an in-house 'Book Donation Drive' in May- June 2013. The objective of this drive was to collect books and donate them to the underprivileged school children. The Book Donation Drive received an overwhelming support from Gati'ites who came forward and donated books and cash for this noble cause. The books collected were handed over to the children at "Thara" (shelter home for homeless children) and the cash donations were used to buy books for the Gati Government School Library.

CSR activities – Community

MoU with Oxfam

In support towards the community in times of natural calamities, GATI-KWE signed an MoU with Oxfam India in May 2013. As per the MoU, GATI-KWE would be Oxfam's logistics partner in its humanitarian activities in India. Oxfam India an affiliation of Oxfam International works towards humanitarian activities such as setting up disaster relief centers and helping rebuild livelihood for people displaced due to natural calamity.

Delivering aid to the flood effected people at Uttarakhand

The June 2013, cloudburst centered in the state of Uttarakhand caused devastating floods and landslides. Many people perished, lots more went missing and many villages were completely washed off.

As a small support to the relief operations being carried out by Oxfam, GATI-KWE Team dedicated vehicles to carry relief materials to the flood affected areas. In addition to this, dedicated warehouse space was also offered for storage of relief materials which had to be transported to the affected areas.

Gati'ites support to the Uttarakhand calamity

In an effort to do their bit for the survivors of the Uttarakhand calamity, all Gati'ites came together and voluntarily contributed two days of their salary. The Company contributed a sum equivalent to double the employees' contribution. The funds collected would be used to carry out some development work in Uttarakhand.

Clothes Donation Drive

GATI-KWE conducted an in-house Clothes Donation Drive in the month of July 2013. The objective of this drive was to encourage Gati'ities to donate their unwanted clothes to the needy instead of just throwing them out.

Gati'ites in large numbers came forward and took part in this initiative. All the clothes collected were handed over to an NGO who in turn would give it to the needy people in the rural areas.

Medical checkup camp at Thara (a shelter home for children)

In Jan 2013, the GATI-KWE team in association with Share India (MediCiti Institute of Medical Sciences) organized for a medical checkup camp for the children at Thara. The tests conducted at the camp included a general checkup (height, weight, BP), dermatology, ear, eye & dental checkup and hemoglobin test. The children were also vaccinated for TT and Hepatitis and given de-worming medicines. Some students who were detected with having medical problems were provided with medicines. Post the completion of the tests, the doctors present in the camp advised the children on the do's and don'ts for their personal hygiene.

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.

CSR Activities – Environment

Support to Wealth out of Waste (“WOW”) Project

Gati has always been committed towards building a clean and green society. As a step towards this, Gati is supporting ITC-PSPD LTD. & RRRL's National Recycling Project - Wealth out of Waste (“WOW”). This project aims to protect the environment and reduce Global warming by creating awareness among the people on the importance of ‘Recycling’ - encouraging them to segregate waste and dispose it responsibly. Gati is supporting this environmental cause by collecting recyclable material at all its office locations and giving it for Recycling. The Recycling of waste leads to huge environmental benefits like saving trees, water conservation , reducing landfills etc.

Recycling of E-waste, an initiative towards Green IT

Since the last 3 years, Gati has been disposing off its old IT hardware in an organized & environment friendly way. All the old IT hardware is consolidated and handed over to Eco Recycling Limited for recycling. This initiative is aimed at reducing air and water pollution caused by hazardous disposal. Additionally, recycling also reduces the amount of greenhouse gas emissions caused by the manufacturing of new products and helps keep the environment green.

Green Offices

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

Association with the Sunderban Project: An Ecological Initiative

The Tagore Society for Rural Development (TSRD) has been running six projects in the state of West Bengal to create awareness among the Sunderban communities. To help the TSRD in its mission, Gati has sponsored the publication of study material (books & journals) which will be distributed to schools, colleges and self-help groups so that necessary steps can be taken to preserve the eco-harmony of Sunderban.

To the Members of Gati Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gati Limited. ("the Company"), which comprise the Balance Sheet as at 30th June, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which is incorporated the audited accounts of the branch in Nepal as audited by other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as on June 30, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of matters:

We draw attention to the following notes:

- (a) Note 29 of the financial statements regarding the scheme of arrangement for amalgamation (the Scheme) sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated March 19, 2013. The Scheme permits the company to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to ₹ 555.54 Crores to be utilized to adjust therefrom any capital losses arising from transfer of assets and certain other losses as specified in the Scheme and as the Board of Directors may deem fit. Accordingly the loss of ₹ 64 Crores on sale of investment in 40 lakh equity shares of the Subsidiary Gati Ship Limited required to be debited to the statement of Profit and Loss has been adjusted against Special Reserve which is not in accordance with Accounting Standard (AS) 13 'Accounting for Investments'. This has resulted in the profit before tax and profit after tax for the year being higher by ₹ 64 Crores and ₹ 63.50 Crores respectively.
- (b) Note 31 of the financial statements regarding non provision against investments and other receivables from the subsidiary Gati Kausar India Limited amounting to ₹ 3522.46 lakhs and ₹ 40.61 lakhs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.
- (c) Note 32 of the financial statements regarding non provision against investments and other receivables from the subsidiary Zen Cargo Movers Pvt. Limited amounting to ₹ 36.22 lakhs and ₹ 135.55 lakhs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.

Annexure to Auditors' Report

- (d) Note 35 of the financial statements regarding dues of ₹ 26.60 crores from National Aviation Company India Ltd. (now Air India Ltd.) and legal expenses ₹ 1.02 Crores included in Short term loans & advances disputes in respect of which have been referred for arbitration before the Arbitral Tribunal. In the opinion of the management no provision is necessary in this behalf considering the pendency of the matter before the Arbitral Tribunal, the legal advice received by the company and the outcome of which can not presently be determined.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) 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;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in section 211 (3C) of the Act; as referred in Emphasis of Matters paragraph (a) above, the accounting treatment as per the Scheme sanctioned by the Court order overrides the relevant provisions of the Accounting Standard 13 (AS 13) and
 - e) On the basis of the written representations received from the directors as on June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of section 274 (1) (g) of the Act.

For R.S. Agarwala & Co.

Chartered Accountants
Firm's Regn No. 304045E

R.S. Agarwala
Partner

Membership No. 005534

Camp: Secunderabad

Date : July 31, 2013

Annexure to Auditors' Report

Referred to in paragraph I under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. (a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets like land, building, vehicles, plant and equipments, 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.
(b) During the year the Company has not disposed off a substantial part of its fixed assets.
2. 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.
3. The Company has not granted or taken during the year any loans secured or unsecured from companies, firms or other parties covered in the register maintain under Sec 301 of the Companies Act 1956.
4. 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 goods and 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.
5. (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.
6. The Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and rules framed there under with regard to deposits accepted from the public.
7. The in-house internal audit department of the company conducts internal audit regularly. The internal audit system is commensurate with the size and nature of Company's business.
8. The Central Government has not prescribed the maintenance of Cost records under Section 209 (I)(d) of the Companies Act, 1956 in respect of any activities of the Company.
9. (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
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of tax dues as at June 30, 2013 which have not been deposited on account of a dispute are as under.

Nature of Dues	Amount (₹ In lacs)	Forum where pending
Income tax	635.32	Commissioner (Appeals)
Service tax	363.88	Central Excise & Service Tax Appellate Tribunal

10. The Company has no accumulated losses as at June 30, 2013 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, there are no defaults and delays as at the balance sheet date in repayment of dues to bank and other financial institution.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statue applicable to chitfund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The Investments in shares & Securities are held by the company in its own name.

Annexure to Auditors' Report

15. 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.
16. 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.
17. On the basis of an overall 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 long-term investment.
18. The company has not made any preferential allotment of shares during the year.
19. There are no secured debentures issued during the year.
20. The company has not raised any money by public issue during the year.
21. 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 : July 31, 2013

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

R.S. Agarwala
Partner
Membership No. 005534

Balance Sheet as at 30th June 2013

(₹ in Million)

Particulars		30th June 2013	30th June 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	173.16	173.16
Reserves and Surplus	2	8,241.83	3,280.82
		8,414.99	3,453.98
Non-Current Liabilities			
Long Term Borrowings	3	1,600.57	1,461.81
Deferred Tax Liabilities(Net)	4	88.65	88.99
Other Long Term Liabilities	5	4.00	6.46
Long Term Provisions	6	121.95	39.73
		1,815.17	1,596.99
Current Liabilities			
Short Term Borrowings	7	80.39	100.00
Trade Payables	8	104.00	20.30
Other Current Liabilities	9	464.36	188.96
Short Term Provisions	10	261.11	532.98
		909.86	842.24
Total		11,140.02	5,893.21
ASSETS			
Non - Current Assets			
Fixed Assets	11		
Tangible Assets		689.43	709.58
Capital Work in progress		237.88	156.54
Non-Current Investments	12	7,446.28	2,579.91
Long Term Loans and Advances	13	388.53	302.38
Other Non-Current Assets	14	4.88	6.47
		8,767.10	3,754.88
Current Assets			
Inventories	15	12.14	-
Trade Receivables	16	281.05	257.29
Cash and Bank Balances	17	131.74	519.81
Short Term Loans and Advances	18	1,947.99	1,361.23
		2,372.92	2,138.33
Total		11,140.02	5,893.21
The Notes form an integral part of these Financial Statements	I-44		

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.: 005534

Secunderabad

July 31, 2013

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 2013

(₹ in Million)

Particulars	Notes	30th June 2013	30th June 2012
REVENUE			
Revenue from Operations	19	1,612.92	7,046.82
Other Income	20	81.22	965.76
Total		1,694.14	8,012.58
EXPENSES			
Purchase of Stock-in-trade	21	464.37	-
Changes in Inventories of Stock-in-Trade	22	(12.14)	-
Operating Expenses	23	781.86	4,775.06
Employee Benefits Expense	24	127.29	806.31
Finance Costs	25	59.82	470.93
Depreciation and Amortization Expense	26	20.88	271.97
Other Expenses	27	90.28	733.86
Total		1,532.36	7,058.13
Profit before exceptional items and Tax		161.78	954.45
Exceptional Items		-	3.40
Profit before Tax		161.78	957.85
Tax Expense			
Current Tax		5.61	241.28
Net Reversal of previous year's taxes		(96.96)	-
Deferred Tax		(0.42)	(3.39)
Profit for the year		253.55	719.96
Profit from Continuing Business operations Before Tax		161.78	811.94
Tax Expense of Continuing Business operations		(91.77)	200.00
Profit from Continuing Business operations After Tax		253.55	611.94
Profit from Transferred Business operations Before Tax		-	145.91
Tax Expense of Transferred Business operations		-	37.89
Profit from Transferred Business operations After Tax		-	108.02
Earning per Share			
Basic		2.93	8.33
Diluted		2.17	6.17
The Notes form an integral part of these Financial Statements	I-44		

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.: 005534

Secunderabad
July 31, 2013

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 2013	30th June 2012		
(I)	SHARE CAPITAL				
	Authorised				
	12,50,00,000 Equity Shares of ₹ 2/- each	250.00	250.00		
	500,000 Redeemable Preference Shares of ₹ 100/- each	50.00	50.00		
		300.00	300.00		
	Issued, Subscribed and Paid-up :				
	86,582,287 Equity Shares of ₹ 2/- each fully paid up	173.16	173.16		
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 2013		30th June 2012	
		No. of Shares	(₹ in Million)	No. of Shares	(₹ in Million)
Shares at the beginning of the year		86.58	173.16	86.00	172.01
Allotted under Employee Stock Option Scheme		-	-	0.58	1.15
Shares at the end of the year		86.58	173.16	86.58	173.16
Details of shareholders holding more than 5 % shares					
Name of Share Holders		30th June 2013		30th June 2012	
		No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
TCI FINANCE LTD		12.72	14.70	13.32	15.39
MAHENDRA INVESTMENT ADVISORS PVT LTD		8.07	9.31	8.07	9.31
MANISH AGARWAL BENEFIT TRUST		4.50	5.20	4.50	5.20
DHRUV AGARWAL BENEFIT TRUST		4.50	5.20	4.34	5.01
		29.79	34.41	30.23	34.91
Shares reserved for issue under options and contracts/commitments					
i) 18,02,716 equity shares of ₹ 2/- each are reserved under employee stock option scheme as on June 30, 2013 (Previous year 19,48,141). Of this 10,84,216 options, 2,15,550 options, 2,87,400 options and 2,15,550 options will vest in the year 2013-14, 2014-15, 2015-16 and 2016-17 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\$ 22,182,000. 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 US\$.					

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(2)	RESERVES AND SURPLUS		
	Revaluation Reserve		
	As per last balance sheet	59.60	68.94
	Less: Transferred as per Business Transfer Agreement	-	9.25
	Transferred to Statement of Profit and Loss	0.03	0.10
		59.57	59.60
	Securities Premium Account		
	As per last balance sheet	1,570.13	1,731.32
	Additions during the year	-	25.82
	Less: Deductions during the year(i)	83.03	187.01
		1,487.10	1,570.13
	Share Option Outstanding account		
	As per last balance sheet	24.61	39.15
	Additions during the year(ii)	5.46	1.74
	Less: Deduction on cancellation of options not exercised(ii)	11.96	9.54
	Transferred to Securities Premium Reserve	-	6.74
		18.11	24.61
	Other Capital Reserves		
	As per last balance sheet	208.17	43.97
	Add: Forfeiture of Share Application / Convertible Warrants	-	164.19
		208.17	208.17
	Special Reserve		
	As per last balance sheet	-	-
	Add: Excess of value of assets over value of liabilities on amalgamation (Note: 28)	5,555.43	-
	Less: Loss on Sale of Investment in Shares of Gati Ship Limited (Note: 29)	640.00	-
		4,915.43	-
	General Reserve		
	As per last balance sheet	741.16	669.16
	Add: Transferred from statement of profit and loss	25.36	72.00
	Transferred from Shipping Business Reserve(Utilized)	35.00	-
		801.51	741.16
	Shipping Business Reserve(Utilized)		
	As per last balance sheet	35.00	35.00
	Less: Transferred to General Reserve	35.00	-
		-	35.00
	Tonnage Tax Reserve(Utilized)		
	As per last balance sheet	92.91	92.91
		92.91	92.91
	Foreign Currency Monetary Item Translation Difference Account		
	As per last balance sheet	(88.11)	-
	Add: Exchange loss during the year	(75.21)	(183.37)
	Less: Amortised during the year	11.61	95.27
		(151.71)	(88.11)
	Surplus as per Statement of Profit and Loss		
	As per last balance sheet	637.36	100.09
	Add: Profit for the year	253.55	719.96
	Less: Interim dividend	-	51.95
	Proposed Final dividend	51.95	43.29
	Tax on dividend	2.88	15.45
	Transferred to General Reserve	25.35	72.00
		810.73	637.36
		8,241.83	3,280.82

(i) Includes expenditure incurred on FCCB issue in the year 2011-12 ₹ 0.80 Mn. and provision for pro-rata premium on redemption of FCCB ₹ 82.23 Mn.

(ii) 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 and bonus includes credit of ₹ 4.91 Mn. (previous year credit of ₹ 4.98 Mn.) being amortisation of deferred employee compensation after adjusting for reversal on account of options lapsed/refunds.

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(3)	LONG TERM BORROWINGS		
	Secured - Term Loans		
	From Banks	296.78	84.84
	From Others	2.52	5.21
		299.30	90.05
	Unsecured		
	Loans & Advances from related parties	-	9.14
	Fixed deposits	192.97	224.36
	Foreign Currency Convertible Bonds	1324.26	1249.04
		1517.23	1482.54
	Total Long Term Borrowings	1816.53	1572.59
	Less: Current maturities of long term borrowings (Note 9)	215.96	110.78
		1600.57	1461.81
	OTHER INFORMATION PERTAINING TO NATURE OF SECURITY		
	Particulars of Nature of Security	Security to the Extent	
		30th June 2013	30th June 2012
	Term Loans		
	From Bank		
	Property situated at Samalka, Tehsil Vasant Vihar, New Delhi.	90.50	-
	Property situated at Secunderabad.	100.00	84.84
	Property situated at Kondapur village, Ranga Reddy District.	100.00	-
	Property situated at Shamirpet, Ranga Reddy District.	6.28	-
	From Others		
	Hypothecation of Vehicles acquired against individual loans	2.52	5.21
		299.30	90.05
(4)	DEFERRED TAX LIABILITY		
	Difference between book and tax depreciation	88.65	88.99
		88.65	88.99
(5)	OTHER LONG TERM LIABILITIES		
	Interest accrued on Fixed Deposits	4.00	6.46
		4.00	6.46
(6)	LONG TERM PROVISIONS		
	Premium on redemption of Foreign Currency Convertible Bonds	121.95	39.73
		121.95	39.73
(7)	SHORT TERM BORROWINGS		
	Secured		
	From Banks		
	Working Capital Loans	80.39	-
	Short term Loans	-	75.00
	Unsecured		
	From Others	-	25.00
		80.39	100.00

Notes to the Financial Statements

(₹ in Million)

OTHER INFORMATION PERTAINING TO NATURE OF SECURITY		Security to the Extent	
		30th June 2013	30th June 2012
Particulars of Nature of Security			
Working Capital Loan is Secured by first charge on entire current assets of the company present and future, on pari passu basis with other banks along with immovable property situated at Bhiwandi, Maharashtra and Personal Guarantee of Managing Director.		31.72	-
Working Capital Loan is secured by first charge on entire Book debts of the company on pari passu basis with other Banks along with immovable properties in Chennai as collateral security		48.68	-
Secured by a property at Samalkha, New Delhi		-	75.00
		80.39	75.00
(8) TRADE PAYABLES			
Due to Subsidiaries		85.89	-
Due to Others		18.10	20.30
		103.99	20.30
(9) OTHER CURRENT LIABILITIES			
Current maturities of Long Term Debt (Note: 3)			
From Banks		134.01	0.00
From Others		81.95	110.78
		215.96	110.78
Due to subsidiaries		136.40	-
Other Liabilities			
- Statutory Dues		8.22	16.32
- Security Deposits		29.60	14.52
- Others		64.54	39.32
- Unpaid/Unclaimed dividends		9.64	8.02
		464.36	188.96
(10) SHORT TERM PROVISIONS			
Provision for Employee Benefits		8.32	6.06
Others			
Taxation		190.49	316.23
Interim Dividend		-	51.95
Proposed Final Dividend		51.95	43.29
Tax on dividend		2.88	15.45
Contingencies (Note: 33)		7.47	100.00
		261.11	532.98

Notes to the Financial Statements

(I I) FIXED ASSETS

(₹ in Million)

	Gross Block					Depreciation				Net Carrying Value	
Description	As on 01.07.2012	Additions During the Year	Added On Amalgamation(a)	Deductions During the Year	Balance As On 30.06.2013	As On 01.07.2012	For the Year	Adjustment On Deductions	Total Depreciation	30th June 2013	30th June 2012
Tangible Land											
Freehold	522.71	-	-	11.75	510.96	-	-	-	-	510.96	522.71
Leasehold	103.38	-	-	-	103.38	-	-	-	-	103.38	103.38
Buildings	64.22	0.57	-	1.38	63.41	11.48	1.56	0.15	12.89	50.52	52.75
Vehicles	64.23	-	0.34	8.48	56.09	49.07	3.90	4.77	48.20	7.89	15.16
Plant & Equipment	1.71	-	0.12	-	1.83	0.51	0.07	-	0.58	1.25	1.20
Computers	11.91	3.04	0.19	-	15.14	9.30	1.46	-	10.76	4.38	2.61
Furniture & Fittings	25.79	0.57	0.03	0.03	26.37	16.00	2.15	0.03	18.12	8.25	9.79
Office Equipments	3.44	0.51	0.46	-	4.42	1.46	0.16	-	1.62	2.80	1.98
Total	797.40	4.69	1.14	21.64	781.60	87.82	9.29	4.94	92.17	689.43	709.58
Previous Year	5072.66	166.53	-	338.55	797.40	1,164.38	176.78	1907	8782	709.58	-
Capital Work-in-Progress									Total	927.40	866.12

a) As per the Scheme of Arrangement (Note: 28)

b) A part of Land & Buildings were revalued on December 31, 1997, June 29, 1999, and March 31, 2000 and the resultant increases in the value of assets by ₹ 4.6 Mn., ₹ 14.13 Mn. and ₹ 14.84 Mn. respectively and aggregating to ₹ 33.56 Mn. was transferred to Revaluation Reserve.

c) Depreciation for the year includes ₹ 24,920/- in respect of above revaluations.

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(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.	14.39	14.39
	(Market Value - ₹ 39.13 Mn; previous year - ₹ 50.41 Mn.)		
		14.39	14.39
	Unquoted		
	18,750,000 shares of Amrit Jal Ventures Ltd. of ₹ 10/- each.	187.50	187.50
	(Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Ltd.)		
	18,000 shares of ITAG Infrastructure Ltd. of ₹ 10/- each	0.18	0.18
		187.68	187.68
	Subsidiaries		
	7,267,176 Shares of Gati Asia Pacific Pte Ltd. of \$1 (SGD) each	275.05	275.05
	860,000 Shares of Trymbak Commercial & Trading Pvt. Ltd. of ₹ 10/- each(a)	-	8.60
	365,000 Shares of Ocimum Commercial & Trading Pvt. Ltd. of ₹ 10/- each(a)	-	3.65
	1,075,000 Shares of Sumeru Commercial & Trading Pvt. Ltd. of ₹ 10/- each(a)	-	10.75
	155,000 Shares of Newatia Commercial & Trading Pvt. Ltd. of ₹ 10/- each(a)	-	1.55
	47,42,042 Shares of Kausar India Ltd. of ₹ 10/- each	352.24	247.82
	(10,44,242 shares of ₹ 10/- each allotted during the year at a premium of ₹ 90/- per share by conversion of loan)		
	23,00,000 Shares of Gati Import Export Trading Ltd. of ₹ 10/- each	23.00	23.00
	362,163 Shares of Zen Cargo Movers Pvt. Ltd. of ₹ 10/- each	3.62	3.52
	(10,000 shares of ₹ 10/- each purchased during the year)		
	3,50,000 Shares of GATI-KINTETSU EXPRESS Pvt Ltd. of ₹ 10/- each(b)	5,510.00	3.50
	60,10,000 Shares of Gati Ship Ltd. of ₹ 10/- each(Formerly known as Gati Ship Private Limited)	1,080.10	1,800.10
	(40,00,000 Shares sold during the year)		
	10,000 Shares of Gati Logistics Parks Private Ltd. of ₹ 10/- each	0.10	0.10
	10,000 Shares of Gati Projects Private Ltd. of ₹ 10/- each	0.10	0.10
	50,000 Shares of Gati Express Distribution Ltd. of ₹ 10/- each(a)	-	0.10
	(40,000 Shares allotted during the year)		
		7,244.21	2,377.84
		7,446.28	2,579.91
	a) Amalgamated with Gati Limited during the year as per the Scheme of Arrangement (Note: 28)		
	b) 3,50,000 shares were sold during the year at book value of ₹ 3.5 Mn. to the subsidiary Gati Express Distribution Limited. The shares were reacquired under the Scheme of Arrangement as per note(a) above and valued at fair value by Board of Directors at ₹ 5510 Mn. as per valuation report of an independent valuer.		
(13)	LONG TERM LOANS AND ADVANCES		
	Unsecured - Considered Good		
	Advances to Subsidiaries	124.60	101.00
	Advances to others	258.59	189.98
	Advances and Rental Deposits	4.00	9.96
	Earnest Money and Security Deposits	1.34	1.44
		388.53	302.38
(14)	OTHER NON CURRENT ASSETS		
	Deferred Employees Stock option Compensation	4.88	6.47
		4.88	6.47
(15)	INVENTORIES (As taken, valued and certified by the management)		
	(At lower of cost and net realisable value)		
	Diesel, Petrol, Lubricants etc.	12.14	-
		12.14	-

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(16)	TRADE RECEIVABLES (Unsecured)		
	Outstanding for more than six months from the due date		
	Considered Good	17.55	1.03
	Considered Doubtful	12.16	9.66
		29.71	10.69
	Less: Provision for Doubtful debts	12.16	9.66
		17.55	1.03
	Others	263.50	256.26
		281.05	257.29
(17)	CASH AND BANK BALANCES		
	Cash in Hand	16.34	11.85
	Balances with Banks		
	In Current Accounts	52.23	318.39
	In Deposit Accounts	53.53	181.55
	In Unpaid/Unclaimed Dividend Accounts	9.64	8.02
		131.74	519.81
(18)	SHORT TERM LOANS AND ADVANCES		
	Unsecured - Considered Good		
	Prepaid Expenses	1.96	1.55
	Cenvat Credit Receivable	1.42	8.59
	Loans to Subsidiaries	-	91.22
	Loans to Other Parties	456.50	285.00
	Advances to Others	523.53	430.02
	Advances to employees	0.03	0.38
	Interest Accrued	81.66	48.19
	Due from Subsidiaries and Related Parties	527.94	225.33
	Tax Deducted at Source	293.11	264.77
	Balance consideration receivable for Sale of Investments in Shares of Gati Ship Ltd.	48.00	-
	Others	13.84	6.18
		1,947.99	1,361.23
	In the opinion of the Board, all assets other than fixed assets and non current investments have a value on realization 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	938.55	6,665.86
	Logistics and other services	-	108.04
	Shipping Freight, Charter Hire, Miscellaneous charges	-	162.60
	Other Operating Income (Note: 30)	212.82	110.33
	Sale of Diesel, Petrol and Lubricants	461.55	-
		1,612.92	7,046.82
(20)	OTHER INCOME		
	Rent	0.82	1.80
	Excess Commission paid to Managing Director in earlier year recovered	-	2.13
	Profit on sale of Investments (Net) (Note: 29)	-	891.80
	Difference in Exchange (Net)	0.47	16.28
	Profit on sale of Assests	-	12.67
	Dividends from Current Investments	8.09	0.30
	Interest (a)	71.84	40.78
	(a) Includes interest from subsidiaries ₹ 3.46 Mn. (Previous year - ₹ 9.09 Mn.) out of which interest of ₹ 2.41 Mn. charged during the year and later converted into equity shares of the subsidiary).		
		81.22	965.76
(21)	PURCHASE OF STOCK-IN-TRADE		
	Acquired on amalgamation	12.85	-
	Purchased during the year	451.52	-
		464.37	-
(22)	CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
	Inventories at the beginning of the year	-	-
	Inventories at the end of the year	12.14	-
		(12.14)	-

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(23)	OPERATING EXPENSES		
	Freight	754.67	4,177.38
	Vehicles' trip expenses	0.01	182.99
	Tyres and Tubes	-	8.25
	Rent	-	28.13
	Other Operating Expenses	26.52	242.52
	Claims for Loss & Damages (Net)	0.64	11.74
	Commission	-	3.60
	Vehicles' taxes	0.02	3.06
	Vehicles' and ships Insurance	-	8.88
	Power, Fuel and Water Expenses	-	62.08
	Stores and Spare Parts Consumed	-	4.64
	Port and Survey Expenses	-	41.79
		781.86	4,775.06
(24)	EMPLOYEE BENEFIT EXPENSES		
	Salaries and Bonus	122.04	737.31
	Gratuity	2.95	5.62
	Contribution to Provident and Other Funds	5.15	28.57
	Contribution to Employees' State Insurance	0.38	6.04
	Other Expenses	(3.23)	28.77
		127.29	806.31
(25)	FINANCE COST		
	Interest	58.15	456.93
	Other borrowing Costs	1.67	14.00
		59.82	470.93
(26)	DEPRECIATION AND AMORTIZATION		
	Depreciation for the year	9.29	176.78
	Add/(Deduct): Amortization of foreign currency monetary item translation difference account	11.61	95.28
	Deduct: Transfer from Revaluation Reserve	0.02	0.10
		20.88	271.97
(27)	OTHER EXPENSES		
(A)	ADMINISTRATIVE EXPENSES		
	Rent	8.51	170.07
	Rates and Taxes	4.31	1.76
	Insurance (Includes ₹ Nil towards Keyman Insurance. Previous year ₹ 2 Mn.)	0.81	9.66
	Telephone expenses	1.30	20.77
	Printing and Stationery	1.57	19.17
	Travelling expenses	9.95	55.35
	Legal expenses	17.60	12.04
	Advertisement Expenses	3.48	24.87
	Office Maintenance and Repairs	5.25	96.52
	Miscellaneous expenses	26.94	215.26
	Director's sitting fees	1.00	1.47
	Commission to Non-Whole-time Directors	1.05	-
	Remuneration to Managing Director	-	20.66
	Remuneration to Auditors:		
	Audit Fees	0.45	1.33
	Tax Audit Fees	0.30	0.63
	Bad Debts and irrecoverable balances written off (Net)(a)	4.52	16.96
	Charity and Donations	-	4.83
	Loss on Sale of Fixed Assets (Net)	1.63	-
	(a) Includes provision for doubtful debts ₹ 2.5 Mn.; Previous Year ₹ 9.66 Mn.	88.67	671.35
(B)	REPAIRS & MAINTENANCE EXPENSES		
	Motor Trucks	0.23	15.87
	Other Vehicles	0.05	9.75
	Plant and Equipment	0.02	4.54
	Buildings	-	0.36
	Computers	1.31	20.49
	Ships	-	11.51
		1.61	62.51
		90.28	733.86

Notes to the Financial Statements

(28) The Hon'ble Andhra Pradesh High Court, vide its order dated 19th March, 2013 approved the Scheme of Arrangement for amalgamation (The Scheme) between the erstwhile wholly owned subsidiaries namely 1) Ocimum Commercial and Trading Private Limited 2) Newatia Commercial & Trading Private Limited 3) Trymbak Commercial and Trading Private Ltd. 4) Sumeru Commercial and Trading Private Limited and Gati Express Distribution Limited (Transferor Companies) with Gati Limited (Transferee Company) with effect from March 31, 2013, the appointed date. In terms of the said scheme the undertakings of the Transferor Companies including:

i) All the assets and properties both movable and immovable, investments, rights, title and interests comprised in the respective undertakings of the Transferor companies stand transferred to and vested in the Transferee company at their respective fair values

ii) All the assets and liabilities recorded in the books of the respective transferor companies stand transferred to and vested in the Transferee company at their respective fair values.

iii) Book values of net assets of Ocimum Commercial and Trading Private Limited, Newatia Commercial & Trading Private Limited, Trymbak Commercial and Trading Private Limited, Sumeru Commercial and Trading Private Limited have been treated as fair value. The Book value of ₹ 3.5 Mn. of investment in 3,50,000 equity shares in Gati-Kintetsu Express Private Limited in the books of Gati Express Distribution Limited has been valued at ₹ 5510 Mn., being the fair value, as per the valuation report of an independent valuer.

iv) The details of value of assets and liabilities transferred by the Transferor Companies are as follow:

(₹ in millions)

Particulars	Ocimum Commercial and Trading Private Limited	Newatia Commercial and Trading Private Limited	Trymbak Commercial and Trading Private Limited	Sumeru Commercial and Trading Private Limited	Gati Express Distribution Limited
Value of Assets	11.21	13.92	24.74	55.31	5510.92
Value of Liabilities	4.41	8.81	4.88	13.51	4.01

v) All the erstwhile transferor companies are wholly owned subsidiaries of Gati Limited and on amalgamation there is no issue of shares and the entire share capital of the erstwhile transferor companies held by the Transferee company including through its nominees and the corresponding investment represented in the transferee company stand cancelled. The interse amount of deposits, loans and other receivables/payables also stand cancelled.

vi) The amalgamation has been accounted for under the 'Purchase Method' as per the Accounting Standard 14 (AS-14) "Accounting for Amalgamation".

vii) The excess of value of assets over value of liabilities amounting to ₹ 5555.4 Mn. has been credited to a Capital Reserve to be called Special Reserve as per the Scheme.

(29) i) The Scheme of Arrangement permits the Company to create a capital reserve to be called Special Reserve to which shall be credited excess of value of assets over value of liabilities in the books of the transferee Company amounting to ₹ 5555.4 Mn. which shall be utilized by the transferee Company to adjust therefrom any capital losses arising from transfer of assets and certain other losses, any balance remaining in the Special Reserve shall be available for adjustment against any future permanent diminution in the value of assets and exceptional items etc as specified in the Scheme and as the Board of directors may deem fit.

ii) In accordance with the above, the loss of ₹ 640 Mn. on sale of investment in 4 Mn. equity shares of subsidiary Gati Ship Limited (being 40% of the equity capital) required to be debited to the Statement of Profit and Loss has been adjusted with Special Reserve which is not in accordance with the Accounting Standard (AS) 13 'Accounting for Investments'. Had the Scheme not prescribed the above accounting treatment the accounts would have reflected as follows:

(₹ in millions)

Statement of Profit and Loss	Increase	(decrease)
Profit before tax	-	(640)
Profit for the year	-	(635)
Balance Sheet		
Special Reserve	640	-
Surplus in Statement of Profit and Loss	-	(635)

Profit on sale of investments of ₹ 891.8 Mn. in the previous year was credited to the Statement of Profit and Loss and classified under the head "Other Income".

- (30)** a) On transfer of Express Distribution and Supply Chain and Shipping businesses to separate subsidiaries in the year 2011-2012, the primary operating business of the Company sit in the Balance Sheet of the Company as investments and became major source of income by way of dividend.
- b) The Company has surplus land which it plans to dispose off in parcels over a period of two to three years as a continuous activity. Accordingly, the Company has been advised that the dividend income of ₹ 104 Mn. during the year from subsidiaries (previous year ₹ Nil), net profit of ₹ 67.6 Mn. on sale of land and buildings during the year (previous year ₹ 72.3 Mn.) and
- c) Management fees of ₹ 33.2 Mn. during the year (previous year ₹ Nil) be considered as "other operating income". The corresponding previous year's figures which were classified as Other Income have also been reclassified accordingly. This has no impact on profit of the year.
- (31)** The company has made investment in Share Capital of ₹ 352.25 Mn. and has other receivables of ₹ 4.06 Mn. due from the subsidiary Gati Kausar India Ltd. (Formerly known as Kausar India Ltd.) The net worth of the subsidiary has significantly eroded because of losses suffered from year to year. The business of Gati Kausar India Limited is the cold chain solutions which has a lot of potential. Gati Kausar India Limited has always been making cash profits and the losses are only on account of depreciation. The subsidiary will continue to have the required support from the holding company. The performance of the subsidiary 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 possible losses that may arise on account of other receivables from the subsidiary.
- (32)** The company has made investment in Share Capital of ₹ 3.62 Mn. and has other receivables of ₹ 135.55 Mn. due from the subsidiary Zen Cargo Movers Pvt. Ltd. The net worth of the subsidiary has fully eroded because of losses suffered from year to year. The business of Zen Cargo is clearing agency business and is very closely related to the freight forwarding business of the parent company. The same is in the process of stabilization. The subsidiary will continue to have the required support from the holding company. The performance of the subsidiary 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 possible losses that may arise from other receivables from the subsidiary.
- (33)** The Opening balance of ₹ 100 Mn. in the provision for contingencies account has been adjusted by Write off/reversals/ Adjustments: (a) Interest income of earlier year - ₹ 7.59 Mn. (b) Advances/Deposits not recoverable - ₹ 16.93 Mn. (c) Loan to a Subsidiary - ₹ 11.40 Mn. (d) Trade Receivables - ₹ 35.32 Mn. and (e) Unreconciled Inter-divisional balances - ₹ 21.29 Mn. aggregating to ₹ 92.53 Mn. leaving a balance of ₹ 7.47 Mn.
- (34)** 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, 2013 an amount ₹ 151.71 Mn. has been carried forward in the "Foreign Exchange Monetary Item Translation Difference Account" (FCMITDA). Consequently the net profit is higher by ₹ 63.60 Mn. for the year ended June 30, 2013.
- (35)** In the year 2009, the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd. (NACIL) (the erstwhile Indian Airlines Ltd., and now Air India Limited) due to continuous failure and defaults by NACIL. The matter was referred to arbitration of the Arbitral Tribunal appointed by the parties. The Company had filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. The hearing of the Arbitration has been concluded and the Award of the Arbitral Tribunal is awaited. Pending decision of the Arbitral Tribunal, a sum of ₹ 266 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 ₹ 266 Mn. as well as the legal expenses of ₹ 10.2 Mn. 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.
- (36)** Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2013. The actual tax liability will be determined on the basis of tax accounting year ended March 31, 2013. (Assessment Year 2013-14).
- (37)** The Company has granted options under the Companies Employees Stock Options Scheme and 18,02,716 Options are outstanding (Previous year 19,48,141) as at June 30, 2013. Of this 10,84,216 Options will vest in 2013-14, 2,15,550 options in 2014-15, 2,87,400 options in 2015-16 and 2,15,550 options in 2016-17.
- (38)** 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\$ 22,182,000 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.

Notes to the Financial Statements

(₹ in Million)

(39)		30th June 2013	30th June 2012
a)	Contingent Liability not provided for in respect of		
	Bank Guarantees	96.20	151.35
	Guarantees and Counter Guarantees outstanding	1913.50	-
	Estimated amount of contracts remaining to be executed on capital account and not provided for	2.65	25.73
b)	Earning per share		
	(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS	253.55	719.96
	(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	8,65,82,287	8,63,90,018
	Add: Adjustments for foreign currency convertible bonds and stock options (Nos.)	3,01,73,726	3,02,31,951
	Weighted average no. of ordinary shares for Diluted EPS (Nos.)	11,67,56,013	11,66,21,969
	(iii) Nominal value of Ordinary Shares (₹)	2.00	2.00
	(iv) Basic Earning per Ordinary Share (₹)	2.93	8.33
	(v) Diluted Earning per Ordinary Share (₹)	2.17	6.17

40) Related Party Disclosures

Related parties with whom transactions have taken place during the year

i) Directors/Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Sanjeev Kumar Jain (Director – Finance)

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. Coast to Coast 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 Pvt. Ltd.

iv) Subsidiaries/Step Down Subsidiaries

1. Gati Asia Pacific Pte Ltd.
2. Gati Hong Kong Ltd.
3. Gati China Holdings Ltd.
4. Gati Cargo Express (Shanghai) Co. Ltd.
5. Gati Cargo Malaysia SDN BHD.
6. Gati Kausar India Ltd. (Formerly known as Kausar India Ltd.)
7. Gati Import Export Trading Ltd.
8. Zen Cargo Movers Pvt. Ltd.
9. Gati Kintetsu Express Pvt Ltd
10. Gati Ship Ltd. (Formerly known as Gati Ship Private Ltd.)
11. Gati Logistics Parks Private Ltd.
12. Gati Projects Private Ltd.
13. Newatia Commercial & Trading Pvt. Ltd.*
14. Trymbak Commercial & Trading Pvt. Ltd.*
15. Ocimum Commercial & Trading Pvt. Ltd.*
16. Sumeru Commercial & Trading Pvt. Ltd.*
17. Gati Express and Distribution Ltd.*

* Merged with parent company on implementation of the Scheme of Amalgamation during the year.

Notes to the Financial Statements

(₹ in Million)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	Subsidiaries	30th June 2013	30th June 2012
A	Expenditure					
	Rent	-	-	-	-	9.44
	Freight & Other Charges	-	-	96.46	96.46	1033.04
	Port Expenses	-	-	-	-	3.92
	Interest	-	-	3.63	3.63	3.99
	Remuneration	6.09	-	-	6.09	23.96
B	Revenue					
	Freight & Other Charges	-	0.06	33.57	33.63	44.01
	Interest	-	-	4.08	4.08	9.06
	Rent	-	-	0.23	0.23	0.34
	Dividend Income	-	-	104.00	104.00	-
	Fuel Sales income	-	-	4.22	4.22	-
C	Finance and Investment					
	Investments - Net	-	-	4866.37	4866.37	1806.72
	Loans - Given	-	-	7.94	7.94	8.64
	Loans - Repaid	-	-	100.05	100.05	21.42
	Advances - Given	-	13.22	554.34	567.56	497.91
	Advances - Repaid	5.70	12.50	276.75	294.95	22.45
	Deposits and Advances - Given	-	-	8.54	8.54	74.98
	Deposits and Advances - Repaid	-	-	5.07	5.07	56.48
	Unsecured Loans - Fixed Deposits	-	-	46.21	-	46.21
D	Balance at the year end					
	Investments	-	202.07	7244.21	7446.28	2579.91
	Sundry Debtors	-	1.24	40.10	41.34	19.29
	Loans	-	-	-	-	92.11
	Advances	-	152.12	24.86	176.98	182.25
	Advances - Gati Ship Limited	-	-	477.72	477.72	217.74
	Advances - Gati Logistics Parks Private Limited	-	-	124.60	124.60	101.00
	Sundry Creditors	-	0.96	154.88	155.84	7.25
	Deposits and Advances	-	16.13	-	16.13	13.10
	Advances towards Fixed Assets	-	-	-	-	5.70
	Unsecured Loans - Fixed Deposits	-	-	-	-	46.21
	Corporate Guarantees	-	9.58	1668.32	1677.90	133.75

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
41)	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		
	Fuel Stations: Covers Fuel Stations dealing in petrol, diesel and lubricants etc.		
	I. Segment Revenue (net sale/income)		
	a) Express Distribution & Supply Chain	1,149.82	6,887.95
	b) Coast-to-Coast (Shipping)	-	159.53
	c) Fuel Sales	463.10	-
	Total	1,612.92	7,047.48
	Less: Inter-Segment Revenue		0.65
	Net sales/income from operations	1,612.92	7,046.82

Notes to the Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
41)	Segment Information		
	2. Segment Results		
	Profit before tax and interest from each Segment		
	a) Express Distribution & Supply Chain	213.84	3,014.43
	b) Coast-to-Coast (Shipping)	-	-1,263.03
	c) Fuel Sales	7.75	-
	Total	221.60	1,751.40
	Less: Interest (Net of Income)	59.82	470.93
	Other un-allocable expenditure net of un-allocable income	-	326.02
	Total Profit/(Loss) before tax	161.78	955.45
	3. Other Information		
	Segment Assets		
	a) Express Distribution & Supply Chain	10,654.56	5,708.20
	b) Fuel Sales	60.96	-
	Unallocated Corporate Assets(Net)	-1,214.68	-1,315.99
	Total Assets	9,500.83	4,392.21
	Segment Liabilities		
	a) Express Distribution & Supply Chain	1,142.89	997.83
	b) Fuel Sales	2.53	-
	Total Liabilities	1,145.42	997.83
	Capital employed	8,355.42	3,394.38
	Depreciation		
	a) Express Distribution & Supply Chain	20.85	182.56
	b) Coast-to-Coast (Shipping)	-	89.40
	c) Fuel Sales	0.03	-
	Total Depreciation	20.88	271.97

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 2013	30th June 2012
42)	Additional Information		
	I. Value of Imported and Indigeneous Stores & Spare Parts Consumed during the year		
		Value	% Value
	Imported	-	26.31 2.49
	Indigeneous	-	73.69 6.99
	II. Expenditure in Foreign Currency		
	Travelling Expenses	0.38	4.46
	Insurance	-	3.29
	Port Expenses	-	63.22
	Charter Hire	-	42.61
	Dry docking expenses and Repairs	-	0.92
	Professional Fee	-	4.88
	Miscellaneous	-	27.69
	III. Value of Imports on C.I.F. Basis		
	Spare Parts	-	2.49
	IV. Earnings in Foreign Currency		
	Freight	1.16	89.19

Notes to the Financial Statements

43) The previous year's figures have been regrouped/reclassified/restated wherever necessary. However the current year figures are not readily comparable with those of the previous year due to:

- a) Implementation of Scheme of Arrangement with effect from March 31, 2013.
- b) The previous year financials reflect the operations of EDSC and Shipping Division upto March 31, 2012, since those businesses were transferred to two separate subsidiaries with effect from that date.

44) Significant Accounting Policies:

Recognition of Income & Expenditure

- a) 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.
- b) Freight Income is accounted when goods are delivered by the Company to customers.
- 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

The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

Particulars	June 2013	June 2012
Discount Rate	9%	8%
Future Salary Increase	8%	8%
Employee Turnover	7%	10%
Average Balance Service (For Gratuity)	24.41 years	22.08 years

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) 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. Individual assets costing upto ₹ 5,000/- are depreciated fully in the year of acquisition.

Investments

Investments are stated at cost or at the fair values

Inventories

Petroleum products are valued at lower of cost and net realisable value.

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 March 31, 2020.
- c) Any income or expense on account of exchange difference either on settlement or translation is recognized in the Statement of Profit & Loss.
- d) 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 "44"

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.: 005534

For and on behalf of the Board

Sanjeev Jain
Director-Finance

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

VSN Raju
Company Secretary

N.Srinivasan
Director

Secunderabad
July 31, 2013

Cash Flow Statement for the year ended 30th June 2013

(₹ in Million)

Particulars	30th June 2013	30th June 2012
(I) Cash flows from Operating Activities		
Net Profit After Tax	253.55	719.96
Add:		
Provision for tax	(91.77)	237.89
Exceptional Item	-	(3.40)
Net profit before taxation and exceptional items	161.78	954.45
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	20.88	271.97
Interest on borrowings (Net)	59.82	470.93
(Profit) / Loss on sale of fixed assets (Net)	(66.01)	(85.00)
(Profit) / Loss on sale of Investment	-	(891.80)
Dividend Income	(112.10)	(0.30)
Interest Income	(71.84)	(40.77)
Rental income received	(0.82)	(1.79)
Operating profits before working capital changes	(8.29)	677.69
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(23.76)	1,345.89
(Increase) / Decrease in Inventories	(12.14)	100.75
(Increase) / Decrease in Loans & Advances	(148.48)	763.45
Increase / (Decrease) in Trade Payables	83.70	(295.16)
Increase / (Decrease) in Other Liabilities	167.77	(1,929.32)
Increase / (Decrease) in Short Term Borrowings	80.39	(1,202.53)
Increase / (Decrease) in Provisions	(74.66)	(268.02)
Cash generated from operations	64.53	(807.25)
(Income tax paid) Net tax refund received	(50.00)	192.57
Extraordinary Items	-	3.40
Net Cash from Operating Activities	14.53	(611.28)
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital WIP	(81.44)	(110.30)
(Increase) / Decrease in Capital Advances (Net)	(93.37)	58.45
Proceeds from sale of investments	32.00	892.30
Advances Made	(446.53)	-
Interest received	71.84	40.77
Rent income	0.82	1.79
Dividend Income	112.09	0.30
Transfer / (Purchase) / Sale of Fixed Assets (Net)	78.04	3,016.17
Investments made	-	(1,806.72)
Net Cash from Investing Activities	(326.55)	2,092.77
(III) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	-	1.15
Increase / (Decrease) in Reserve	-	(14.19)
Increase / (Decrease) in Share premium	-	(161.19)
Receipt of Secured Loans	215.16	-
Repayment of Secured Loans	(107.93)	(1,654.73)
Receipt of Unsecured Loans	-	1,145.00
Public deposit	(13.24)	12.12
Dividend Paid (including dividend tax)	(110.69)	(49.98)
Interest on loans paid	(59.82)	(470.93)
Net Cash from Financing Activities	(76.52)	(1,192.76)

Cash Flow Statement for the year ended 30th June 2013

(₹ in Million)

Particulars	30th June 2013	30th June 2012
Foreign Currency translation difference	0.47	16.28
Net Increase/(Decrease) in cash and cash equivalents (I + II + III)	(388.07)	305.01
Cash and Cash equivalents in the beginning of the year	519.81	214.80
Cash and Cash equivalents in the end of the year	131.74	519.81
Cash flow from Activities during the year	(388.07)	305.01

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 Previous year figures have been regrouped/reclassified, where ever necessary.

In terms of our Report of even date

For and on behalf of the Board

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

Sanjeev Jain

Director-Finance

K.L. Chugh

Chairman

Mahendra Agarwal

Founder & CEO

R. S. Agarwala

Partner
Membership No.: 005534

VSN Raju

Company Secretary

N.Srinivasan

Director

Secunderabad

July 31, 2013

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	Number of equity shares held by Gati Limited and / or its 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 dealt 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, 2013	7,267,176 shares of SGD 1 each	100% held by Gati Ltd	Nil	Loss of ₹ 3.71 Mn.
2	Gati Hong Kong Ltd.	30th June, 2013	3,444,337 shares of HKD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of ₹ 5.54 Mn
3	Gati China Holdings Ltd.	30th June, 2013	2,036,602 shares of USD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of ₹ 0.19 Mn
4	Gati Cargo Express (Shanghai) Co. Ltd.	30th June, 2013	1,200,000 shares of USD 1 each	100% held by Gati China Holdings Ltd	Nil	Loss of ₹ 12.17 Mn
5	Gati Cargo Malaysia SDN BHD	30th June, 2013	2,11,681 shares of RM 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	-
6	Newatia Commercial & Trading Pvt. Ltd.*	30th June, 2013				
7	Trymbak Commercial & Trading Pvt. Ltd.*	30th June, 2013				
8	Ocimum Commercial & Trading Pvt. Ltd.*	30th June, 2013				
9	Sumeru Commercial & Trading Pvt. Ltd.*	30th June, 2013				
10	Gati Express Distribution Ltd.*	30th June, 2013				
11	Gati Kausar India Ltd.	30th June, 2013	4,742,042 shares of ₹ 10 each	99.81% held by Gati Ltd	Nil	Loss of ₹ 24.33 Mn.
12	Zen Cargo Movers Pvt. Ltd.	30th June, 2013	362,163 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Loss of ₹ 3.44 Mn.
13	Gati Import Export Trading Ltd.	30th June, 2013	23,00,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	Profit of ₹ 0.31 Mn.
14	Gati Kintetsu Express Private Limited	30th June, 2013	3,50,000 shares of ₹ 10 each	70% held by Gati Ltd	Nil	Profit of ₹ 336.07 Mn.
15	Gati Ship Ltd.	30th June, 2013	60,10,000 shares of ₹ 10 each	60% held by Gati Ltd	Nil	Loss of ₹ 313.92 Mn.
16	Gati Projects Private Ltd.	30th June, 2013	10,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	-
17	Gati Logistics Parks Private Ltd.	30th June, 2013	10,000 shares of ₹ 10 each	100% held by Gati Ltd	Nil	-
* Companies merged with parent company on scheme of amalgamation						

Statement Relating to Subsidiary Companies as on 30th June, 2013

(₹ 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.	341.81	(156.71)	253.17	68.07	141.12	55.43	(3.71)	-	(3.71)	-
2	Gati Hong Kong Ltd.	26.49	(35.60)	16.48	25.59	-	76.09	(5.54)	-	(5.54)	-
3	Gati China Holdings Ltd.	121.35	(1.50)	122.16	23.16	-	0.10	(0.19)	-	(0.19)	-
4	Gati Cargo Express (Shanghai) Co. Ltd.	90.29	(91.03)	104.30	105.04	-	280.66	(12.17)	-	(12.17)	-
5	Gati Cargo Malaysia SDN BHD	4.00	(7.13)	0.62	3.75	-	-	-	-	-	-
6	Newatia Commercial & Trading Pvt. Ltd. *										
7	Trymbak Commercial & Trading Pvt. Ltd. *										
8	Ocimum Commercial & Trading Pvt. Ltd. *										
9	Sumeru Commercial & Trading Pvt. Ltd. *										
10	Gati Express Distribution Limited *										
11	Gati Kausar India Ltd.	47.51	12.10	368.78	309.17	0.01	458.46	(36.18)	(11.85)	(24.33)	
12	Zen Cargo Movers Pvt. Ltd.	3.62	12.76	5.33	14.47		4.52	(3.44)	-	(3.44)	
13	Gati Import Export Trading Ltd.	23.00	14.91	244.36	206.45		92.35	0.45	0.14	0.31	
14	Gati Kintetsu Express Private Limited	5.00	1,990.84	4,845.54	2,849.70		8,956.48	495.07	159.00	336.07	
15	Gati Ship Limited	100.10	1,281.72	2,641.87	1,260.05		253.90	(313.92)	-	(313.92)	
16	Gati Projects Private Limited	0.10	-	0.12	0.02		-	-	-	-	
17	Gati Logistics Parks Private Limited	0.10	-	170.63	170.53		-	-	-	-	
	Total	763.36	2,994.84	8,773.36	5,036.01	141.13	10,177.99	120.37	147.29	(26.92)	-

Converted into Indian Rupees at the exchange rate USD = 59.5832

Converted into Indian Rupees at the exchange rate SGD = 47.0344

Converted into Indian Rupees at the exchange rate HKD = 7.6901

Converted into Indian Rupees at the exchange rate ICNY = 9.6468

Converted into Indian Rupees at the exchange rate MYR = 18.8749

*Companies merged with parent company on scheme of amalgamation

To the Board of Directors of Gati Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Gati Limited (the Company) and its subsidiaries collectively called the 'Group', which comprise the Consolidated Balance Sheet as at June 30, 2013, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

To the best of our information and according to the explanations given to us and based on consideration of the reports of other auditors on separate financial statements / consolidated financial statements of the components, we are of the opinion that the attached Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of Consolidated Balance Sheet of the state of affairs of the Group as at June 30, 2013
- In the case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

Emphasis of matters:

We draw attention to the following notes:

- Note 30 of the consolidated financial statements regarding the scheme of arrangement for amalgamation (the Scheme) sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated March 19th, 2013. The Scheme permits Gati Limited to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to ₹ 555.54 Crores to be utilized to adjust therefrom any capital losses arising from transfer of assets and certain other losses as specified in the Scheme and as the Board of Directors may deem fit. Accordingly the loss of ₹ 64 Crores on sale of investment in 40 lakh equity shares of the Subsidiary Gati Ship Limited required to be debited to the statement of Profit and Loss has been adjusted against Special Reserve which is not in accordance with Accounting Standard (AS) 13 'Accounting for Investments'. This has resulted in the profit before tax and profit after tax for the year being higher by ₹ 64 Crores and ₹ 63.50 Crores respectively.
- Note 32A of the consolidated financial statements regarding non provision against investments and other receivables from the subsidiary Gati Kausar India Limited amounting to ₹ 3522.46 lakhs and ₹ 40.61 lakhs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.

Independent Auditors' Report

- (c) Note 32B of the consolidated financial statements regarding non provision against investments and other receivables from the subsidiary Zen Cargo Movers Private Limited amounting to ₹ 36.22 lakhs and ₹ 135.55 lakhs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.
- (d) Note 33 of the consolidated financial statements regarding the auditors' report dated July 30th, 2013 in respect of the subsidiary Gati Asia Pacific PTE Ltd, Singapore contains, without being qualified, emphasis of matter that although the Company's subsidiaries collective current liabilities exceeded the current assets, and the accumulated losses exceeded the paid up capital and/or reserves, by ₹ 4.29 crores/S\$911,863 (2012: S\$738,438) and ₹ 4.25 crores/S\$902,547 (2012:S\$723,329) respectively as at June 30th, 2013, the financial statements have been prepared on the basis that the Company's subsidiaries are going concerns as the holding company has given written confirmation of its continuing financial support for its subsidiaries. If the financial support is not forthcoming and as a result, the Group is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the Balance sheets.
- (e) Note 36 of the consolidated financial statements regarding dues of ₹ 26.60 crores from National Aviation Company India Ltd. (now Air India Ltd.) and legal expenses ₹ 1.02 Crores included in Short term loans & advances disputes in respect of which have been referred for arbitration before the Arbitral Tribunal. In the opinion of the management no provision is necessary in this behalf considering the pendency of the matter before the Arbitral Tribunal, the legal advice received by Gati Limited and the outcome of which can not presently be determined.

Our opinion is not qualified in respect of these matters.

Other Matters:

We did not audit the financial statements of nine subsidiaries (including 5 overseas subsidiary), whose financial statements reflect total assets (net) of ₹ 11.78 crores as at June 30, 2013, total revenues of ₹ 99.17 crores and net cash inflows amounting to ₹ 1.62 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors in the respective countries whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on those reports.

Our opinion is not qualified in respect of these matters.

Camp: Secunderabad

Date : July 31st, 2013

For R.S. Agarwala & Co.

Chartered Accountants

Firm's Regn No. 304045E

(R.S. Agarwala)

Partner

Membership No. F-5534

Consolidated Balance Sheet as at 30th June 2013

(₹ in Million)

Particulars	Note	30th June 2013	30th June 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	173.16	173.16
Reserves and Surplus	2	7,696.92	3,950.16
		7,870.08	4,123.32
Minority Interest		1,154.21	536.68
Non-Current Liabilities			
Long Term Borrowings	3	2,378.05	2,640.79
Deferred Tax Liabilities (Net)	4	106.65	100.96
Other Long Term Liabilities	5	4.00	6.46
Long Term Provisions	6	121.95	39.73
		2,610.65	2,787.94
Current Liabilities			
Short Term Borrowings	7	1,381.36	1,374.51
Trade Payables	8	662.90	670.07
Other Current Liabilities	9	1,452.52	866.00
Short Term Provisions	10	471.64	593.04
		3,968.42	3,503.62
Total		15,603.36	10,951.56
ASSETS			
Non - Current Assets			
Fixed Assets	11		
Tangible Assets		3,858.68	3,840.68
Intangible Assets		12.76	21.14
Capital Work in Progress		242.53	156.54
Goodwill on Consolidation		4,468.82	101.22
Non-Current Investments	12	202.08	202.08
Long Term Loans and Advances	13	1,491.40	1,402.30
Other Non-Current Assets	14	5.08	6.55
		10,281.35	5,730.51
Current Assets			
Inventories	15	118.35	107.91
Trade Receivables	16	2,202.82	1,890.08
Cash & Bank Balances	17	465.77	1,400.77
Short Term Loans and Advances	18	2,516.23	1,809.41
Other Current Assets	19	18.84	12.88
		5,322.01	5,221.05
Total		15,603.36	10,951.56
The Notes form an integral part of these Consolidated Financial Statements	I - 48		

In terms of our Report of even date

For and on behalf of the Board

For R. S. Agarwala & Co.

Chartered Accountants
Firm's Regn. No. : 304045E

R. S. Agarwala

Partner
Membership No.: 005534

Secunderabad

July 31, 2013

Sanjeev Jain

Director-Finance

VSN Raju

Company Secretary

K.L. Chugh

Chairman

Mahendra Agarwal

Founder & CEO

N.Srinivasan

Director

Consolidated Statement of Profit and Loss for the year ended 30th June 2013

(₹ in Million)

Particulars	Note	30th June 2013	30th June 2012
REVENUE			
Revenue from Operations	20	12,729.46	11,874.11
Other Income	21	165.67	1,016.64
Total		12,895.13	12,890.75
EXPENSES			
Purchase of Stock in Trade	22	1,741.55	1,796.60
Change in Inventories of Stock-in-trade	23	(27.55)	0.17
Operating Expenses	24	7,858.83	7,102.82
Employee Benefits Expenses	25	1,236.39	1,135.94
Finance Costs	26	436.67	619.21
Depreciation and Amortization Expenses	27	247.51	369.58
Other Expenses	28	1,098.50	1,053.70
Total		12,591.90	12,078.02
Profit before Exceptional Items and Tax		303.23	812.73
Exceptional Items	31	(70.90)	(145.29)
Profit before extraordinary items and Tax		232.33	667.44
Tax Expense			
Current Tax		150.92	255.24
Taxes for Earlier Years		(96.96)	
Deferred Tax		5.69	(2.66)
MAT credit		-	(0.20)
Profit before Minority Interest		172.68	415.06
Less: Minority Interest		76.39	0.50
Profit after Minority Interest		96.29	414.56
Earning per Share (Rupees)			
Basic		1.11	4.80
Diluted		0.82	3.56
The Notes form an integral part of these Consolidated Financial Statements	I -48		

In terms of our Report of even date

For and on behalf of the Board

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

Sanjeev Jain
Director-Finance

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

R. S. Agarwala
Partner
Membership No.: 005534

VSN Raju
Company Secretary

N.Srinivasan
Director

Secunderabad
July 31, 2013

Notes to Consolidated Financial Statements

(₹ in Million)

Particulars		30th June 2013	30th June 2012		
(I)	SHARE CAPITAL				
	Authorised				
	12,50,00,000 Equity Shares of ₹ 2/- each	250.00	250.00		
	500,000 Redeemable Preference Shares of ₹ 100/- each	50.00	50.00		
		300.00	300.00		
	Issued,Subscribed and Paid-up :				
	86,582,287 Equity Shares of ₹ 2/- each fully paid up	173.16	173.16		
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 2013		30th June 2012	
		No.of Shares	Amount	No.of Shares	Amount
Shares at the beginning of the year		86,582,287	173.16	86,004,900	172.01
Allotted under Employee Stock Option Scheme				577,387	1.15
Shares at the end of the year		86,582,287	173.16	86,582,287	173.16
Details of shareholders holding more than 5 % shares					
Name of Share Holders		30th June 2013		30th June 2012	
		No.of Shares Held	% of Holding	No.of Shares Held	% of Holding
TCI FINANCE LTD		12,724,350	14.70	13,324,350	15.39
MAHENDRA INVESTMENT ADVISORS PVT LTD		8,065,105	9.31	8,065,105	9.31
MANISH AGARWAL BENEFIT TRUST		4,500,000	5.20	4,500,000	5.20
DHRUV AGARWAL BENEFIT TRUST		4,500,000	5.20	4,342,000	5.01
		29,789,455	34.41	30,231,455	34.91
Shares reserved for issue under options and contracts/commitments.					
i) 18,02,716 equity shares of ₹ 2/- each are reserved under employee stock option scheme as on June 30, 2013 (Previous year 19,48,141). Of this 10,84,216 options, 2,15,550 options, 2,87,400 options and 2,15,550 options will vest in the year 2013-14, 2014-15, 2015-16 and 2016-17 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\$ 22,182,000. 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 US\$.					

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(2)	RESERVES AND SURPLUS		
	Revaluation Reserve		
	As per last balance sheet	59.60	68.94
	Less: Transferred as per Business Transfer Agreement	-	(9.25)
	Less: Transferred to Statement of Profit & Loss	(0.02)	(0.10)
		59.57	59.60
	Securities Premium Account		
	As per last balance sheet	2,701.80	1,731.32
	Amalgamation Adjustment & Others (i)	(1,131.67)	-
	Additions during the year	-	1,157.49
	Less: Deduction During the year (ii)	(83.03)	(187.01)
		1,487.10	2,701.80
	Share option Outstanding Account		
	As per last balance sheet	24.61	39.15
	Additions during the year (iii)	5.46	1.74
	Less: Deduction on cancellation of option not exercised (iii)	(11.95)	(9.54)
	Transferred to Securities Premium Account	-	(6.74)
		18.11	24.61
	Translation Reserve		
	As per last balance sheet	5.04	18.18
	Add: Addition during the year	3.90	-
	Less: Deduction during the year	-	(13.14)
		8.94	5.04
	Special Reserve		
	Add: Excess of value of assets over value of liabilities on amalgamation (Note: 30)	5,555.43	-
	Less: Loss on sale of shares in Gati Ship Limited of ₹ 640 Mn.	(497.16)	-
	(Net off Minority Adjustment) (Refer Note: 30)	5,058.27	-
	Other Capital Reserves		
	As per last balance sheet	208.17	43.97
	Add: Forfeiture of Share Application/Convertible Warrants	-	164.19
		208.17	208.17
	General Reserve		
	As per last balance sheet	741.16	669.16
	Add: Transferred from statement of profit and loss	58.96	72.00
	Add: Transferred from statement of Shipping Business Reserve (Utilized)	35.00	-
		835.12	741.16
	Shipping Business Reserve (Utilized)		
	As per last balance sheet	35.00	35.00
	Less: Transferred to General Reserve	(35.00)	-
		-	35.00
	Tonnage Tax Reserve (Utilized)		
	As per last balance sheet	92.91	92.91
	Less: Adjusted during the year	-	(0.00)
		92.91	92.91
	Foreign Currency Monetary Item Translation Difference Account		
	As per last balance sheet	(88.11)	-
	Add: Exchange loss during the year	(75.21)	(183.37)
	Less: Amortised during the year	11.61	95.27
		(151.71)	(88.11)
	Surplus as per Statement of Profit and Loss		
	As per last balance sheet	170.01	(62.37)
	Add: Profit for the year	96.29	415.06
	Less: Interim Dividend	-	(51.95)

Notes to Consolidated Financial Statements

(₹ in Million)

Particulars		30th June 2013	30th June 2012
	Proposed Final Dividend	(51.95)	(43.29)
	Tax on dividend	(25.98)	(15.45)
	Amalgamation Adjustment	(48.98)	-
	Transferred to General Reserve	(58.96)	(72.00)
		80.44	170.00
		7,696.92	3,950.16
<p>(i) Includes the security premium adjustment INR 1,248.52 Mn. pursuant to the scheme of amalgamation.</p> <p>(ii) Represents expenditure incurred on FCCB issue in the year 2011-12 ₹ 0.8 Mn. and provision for pro-rata premium on redemption of FCCB ₹ 82.22 Mn.</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 and bonus includes credit of ₹ 4.91 Mn. (previous year credit of ₹ 4.98 Mn.) being amortisation of deferred employee compensation after adjusting for reversal on account of options lapsed/refunds.</p>			
(3)	LONG TERM BORROWINGS		
	Secured - Term Loans		
	From Banks	1,196.28	1,044.21
	From Others	96.88	230.08
	Finance Lease - Ship	578.15	521.27
	Unsecured		
	From Others	-	9.12
	Fixed Deposits	192.97	188.75
	Foreign Currency Convertible Bonds	1,324.25	1,249.05
		3,388.54	3,242.47
	Less: Current Maturities of Long term borrowing (Note 9)	1,010.49	601.68
		2,378.05	2,640.79
	Other Information Pertaining to Nature of Security		
	Particulars of Nature of Security	Security to the Extent	
		30th June 2013	30th June 2012
	Secured Loans		
	From Banks		
	Property situated at MG Road, Secunderabad	100.00	84.84
	Property situated at Samalka, Tehsil Vasant Vihar, New Delhi.	90.50	
	Property situated at Kondapur village, Ranga Reddy District.	100.00	
	Property situated at Shamirpet, Ranga Reddy District.	6.28	
	Secured by mortgage of commercial property and residential flat.	39.59	
	Property at Peenya, Bangalore, Subservient Charge on the current & fixed assets of the company with coverage up to 50% of the loan amount	250.00	500.00
	Primary Security:		
	Second Charge on Stocks, Book Debts and other current assets of the company.	12.55	-
	Collateral Security:		
	Property situated at Shamirpet G.P., Ranga Reddy District belonging to M/s Gati Limited.		
	Term loan secured by second charge on the trade receivables and other current assets of the Company and is further secured by creation of charge on certain immovable properties belonging to Gati Limited as collateral security and corporate guarantee given by Gati Limited.	12.55	
	Secured by leased Ship namely Gati Pride	578.15	
	Exclusive Charge on entire movable fixed assets, specifically on plant & machinery	312.80	400.00
	Computers, Furniture & Fixtures, office equipments		
	Hypothecation of Trucks and Vehicles	272.00	36.81
	From Others		
	Loans-fully secured by hypothecation of specific vehicles against which loan is availed.	76.53	
	Trucks and Vehicles acquired against Individual Loan	20.35	30.88
		1,871.32	1,052.53

Notes to Consolidated Financial Statements

(₹ in Million)

(4)	DEFERRED TAX LIABILITY Difference between book and tax depreciation	106.65 106.65	100.96 100.96
(5)	OTHER LONG TERM LIABILITIES Interest Accrued	4.00 4.00	6.46 6.46
(6)	LONG TERM PROVISIONS Premium on redemption of Foreign Currency Convertible Bonds	121.95 121.95	39.73 39.73
(7)	SHORT TERM BORROWINGS Secured Working Capital Loans From Banks Short term Loans From Banks Unsecured From Others	 1,361.73 - 19.63 1,381.36	 1,253.46 75.00 46.05 1,374.51
Other Information Pertaining to Nature of Security			
Particulars of Nature of Security		Security to the Extent	
		30th June 2013	30th June 2012
Secured Working Capital Loan from Bank Working Capital Loan is Secured by first charge on entire current assets of the company present and future, on pari passu basis with other banks along with immovable property situated at Bhiwandi, Maharashtra and Personal Guarantee of Managing Director. Working Capital Loan is secured by first charge on entire Book debts of the company on pari passu basis with other Banks along with immovable properties in Chennai as collateral security. Working Capital Loans secured by hypothecation of book debts and other current assets of the company on paripasu basis with all constorium banks as primary security along with immoveable properties as collateral. Secured by hypothecation of specific vehicles of the Company and charge on the current assets along with the corporate guarantee extended by Gati Limited. Working Capital Loan from Bank secured by first charge on entire current assets of the company and equitable mortgage of specified immovable assets as collateral.		31.72 48.68 1,183.75 47.69 49.89	1,253.46
Secured Term Loans from Banks Secured by a property at Samalkha, New Delhi		 1361.73	75.00 1328.46
(8)	TRADE PAYABLES Other than acceptance	662.90 662.90	670.07 670.07
(9)	OTHER CURRENT LIABILITIES Current maturities of Long Term Borrowings (Note: 3) From Banks From Others Other Liabilities - Statutory dues - Salary Payable - Security Deposit - Others - Unpaid/Unclaimed Dividend	 759.63 250.87 100.86 - 100.26 231.26 9.64 1,452.52	 336.44 265.24 95.85 0.69 64.16 95.60 8.02 866.00
(10)	SHORT TERM PROVISIONS Provision for Employee Benefits Others Taxation Interim Dividend Proposed Final Dividend Tax on Dividend Expenses Contingencies (Note: 34)	 58.86 341.88 - 51.95 11.38 0.10 7.47 471.64	 43.36 338.38 51.95 43.29 15.45 0.61 100.00 593.04

Notes to Consolidated Financial Statements

(11) FIXED ASSETS

(₹ in Million)

Description	Gross Block			Depreciation			Net Carrying Value	
	As at 1st July 2012	Additions During the Year	Deductions During the Year	Balance As on 30th June 2013	As On 1st July 2012	For the Year	Adjustment On Deductions	Balance As On 30th June 2013
Tangible								
Land								
Freehold	-	-	-	-	-	-	-	-
Leasehold	578.11	-	11.75	566.36	-	-	-	566.36
Buildings	103.38	-	-	103.38	-	-	-	103.38
Vehicles	566.09	19.33	1.38	584.04	52.05	9.54	0.15	522.60
Plant & Equipments	316.04	162.17	12.36	465.85	192.90	48.92	4.76	228.79
Computers	747.93	162.64	27.64	882.93	314.31	69.97	23.99	522.64
Ships	336.99	35.49	0.47	372.01	281.80	22.17	(1.21)	65.83
Furniture & Fixtures	1,511.42	20.30	177.44	1,354.28	314.87	32.42	3.61	1,010.59
Office Equipments	219.93	15.45	0.05	235.33	103.40	13.76	(0.53)	117.63
Intangible	145.08	10.72	0.10	155.71	52.25	7.50	(0.12)	95.84
Computer Software	-	-	-	-	-	-	-	-
LEASED ASSETS								
Assets taken on finance lease (c)	157.45	1.89	-	159.34	136.31	10.27	-	12.76
	743.77	18.08	-	761.85	116.48	21.36	-	624.01
Total	5,426.19	446.07	231.19	5,641.07	1,564.37	235.92	30.64	1,769.64
Previous Year	5,428.62	358.55	360.98	5,426.19	1,328.40	274.41	38.44	1,564.37
Capital Work-in-Progress	-	-	-	-	-	-	-	242.53
							Total	4,018.36

Note :

- A part of Land & Buildings were revalued on December 31, 1997, June 29, 1999, and March 31, 2000 and the resultant increases in the value of assets by ₹ 4.59 Mn., ₹ 14.13 Mn. and ₹ 14.83 Mn. respectively and aggregating to ₹ 33.56 Mn. was transferred to Revaluation Reserve.
- Depreciation for the year includes ₹ 24,920/- in respect of above revaluations.
- Addition to the assets includes ₹ 18.08 Mn. (Previous year 104.52 Mn.) on account of exchange rate difference pertaining to foreign currency loan.

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(12) NON CURRENT INVESTMENTS			
	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.	14.39	14.39
	(Market Value - ₹ 39.12 Mn; previous year - ₹ 50.41 Mn.)		
	100 Shares of SBI of ₹ 10 each	0.01	0.01
	(Market Value - ₹ 0.2 Mn; previous year - ₹ 0.2 Mn.)		
		14.40	14.40
	Unquoted		
	18,750,000 of Amrit Jal Ventures Pvt. Ltd. of ₹ 10/- each.	187.50	187.50
	(Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Pvt. Ltd.)	-	-
	18,000 shares of ITAG Infrastructure Ltd. of ₹ 10/- each	0.18	0.18
		187.68	187.68
	Total	202.08	202.08
(13) LONG TERM LOANS AND ADVANCES			
	Considered Good		
	Capital Advance	93.92	210.73
	Advances and Rental Deposits	641.60	657.35
	Earnest Money and Security Deposits	174.29	101.17
	Other Deposits	528.30	433.05
	Considered Doubtful		
	Capital Advance	2.50	-
	Less: Provision for Doubtful advances	(2.50)	-
	Other Deposits - Considered Doubtful	53.29	-
		1,491.40	1,402.30
(14) OTHER NON CURRENT ASSETS			
	Pre-Operative Expenses	0.20	0.08
	Deferred Employees Stock option Compensation	4.88	6.47
		5.08	6.55
(15) INVENTORIES			
	(As taken, valued and certified by the Management)		
	Stores and Spare Parts	87.06	91.31
	Diesel, Petrol, etc.	12.14	11.14
	Trading Goods (At lower of cost and net realisable value)	19.15	5.46
		118.35	107.91
(16) TRADE RECEIVABLES (Unsecured)			
	Outstanding for more than six months from the due date		
	Considered Good	218.78	162.12
	Considered Doubtful	47.83	63.73
		266.61	225.85
	Less: Provision for Doubtful debts	30.21	9.66
		236.40	216.19
	Others	1,966.42	1,673.89
		2,202.82	1,890.08
(17) CASH AND BANK BALANCES			
	Cash in Hand	21.52	21.72
	Balances with Banks		
	In Current Accounts	272.60	977.94
	In Deposit Accounts	162.01	393.09
	In Unpaid/Unclaimed Dividend Accounts	9.64	8.02
		465.77	1,400.77

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(18)	SHORT TERM LOANS AND ADVANCES		
	Unsecured - Considered Good		
	Prepaid Expenses	31.39	5.86
	Cenvat Credit Receivable	21.99	10.73
	Loans to Other Parties	456.50	285.00
	Operational Advances	1,365.15	1,137.13
	Advances to Employees	5.93	5.93
	Interest Accrued	83.77	43.96
	Tax Deducted at Source/Advance Tax	444.33	310.91
	Others	59.17	9.89
	Balance consideration receivable for Sale of Investments in Shares of Gati Ship Limited	48.00	-
		2,516.23	1,809.41
(19)	OTHER CURRENT ASSETS		
	Other	18.84	12.77
	Preliminary Exp. to the extent not written off	-	0.11
		18.84	12.88
	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	10,417.32	9,571.43
	Logistics & Other Services	153.62	152.61
	Shipping Freight, Charter Hire, Miscellaneous charges	240.47	193.57
	Other Operating Income	162.49	110.33
	Sale of Products	1,755.56	1,846.17
		12,729.46	11,874.11
(21)	OTHER INCOME		
	Rent	1.80	1.90
	Excess Commission paid to Managing Director in earlier year recovered	-	2.13
	Profit on sale of Fixed Asset (Net)	4.86	15.51
	Dividends	17.14	2.70
	Interest	77.57	37.71
	Profit on sale of Investments (Net)	-	891.80
	Difference in Exchange (Net)	44.02	36.72
	Miscellaneous Income	20.28	28.17
		165.67	1,016.64
(22)	PURCHASE OF STOCK-IN-TRADE		
	Diesel, Petrol, Lubricants	1,644.86	1,441.86
	Others	96.69	354.74
		1,741.55	1,796.60
(23)	CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
	Opening Stock	16.60	16.77
	Closing Stock	(44.15)	(16.60)
		(27.55)	0.17

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(24)	OPERATING EXPENSES		
	Freight	6,329.24	5,255.39
	Vehicles' trip Expenses	390.86	334.03
	Tyres and Tubes	8.41	25.83
	Warehouse Rent	47.82	37.64
	Other Operating Expenses	753.13	1,042.69
	Claims for Loss & Damages (Net)	70.88	21.51
	Commission	2.98	3.60
	Vehicles' taxes	7.02	3.06
	Vehicles' and ships Insurance	9.13	14.99
	Power, Fuel and Water Expenses	110.97	237.30
	Stores and Spare Parts Consumed	5.08	28.42
	Transport and Warehousing	0.32	9.04
	Port and Survey Expenses	122.99	89.32
		7,858.83	7,102.82
(25)	EMPLOYEE BENEFIT EXPENSES		
	Salaries, Wages and Bonus	1,141.04	1,043.53
	Gratuity	22.60	5.77
	Contribution to Provident and Other Funds	41.45	35.96
	Contribution to Employees' State Insurance	8.18	8.05
	Other Personnel Expenses	23.12	42.63
		1,236.39	1,135.94
(26)	FINANCE COST		
	Interest	428.36	602.51
	Other Borrowing Costs	8.31	16.70
		436.67	619.21
(27)	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation for the year	235.92	274.41
	Add: Amortization of foreign currency monetary item translation difference account	11.61	95.27
	Deduct: Transfer from Fixed Asset to Revaluation Reserve	0.02	0.10
		247.51	369.58
(28)	OTHER EXPENSES		
A	ADMINISTRATIVE EXPENSES		
	Rent	268.90	240.23
	Rates and Taxes	6.88	2.11
	Insurance (Includes ₹ 2.0 Mn. towards Keyman Insurance Policy, Previous Year ₹ 2.0 Mn.)	11.78	13.95
	Telephone expenses	29.81	29.94
	Printing and Stationery	27.31	24.43
	Travelling Expenses	83.08	72.10
	Legal Expenses	29.07	12.93
	Advertisement Expenses	60.85	54.17
	Office Maintenance and Repairs	145.72	133.06
	Electricity Expenses	72.07	-
	Other Admin.	31.36	22.07
	Remuneration to Directors	1.18	22.21
	Commission to Non-Whole-time Directors	1.35	-
	Remuneration to Auditors:		
	Audit Fees	2.37	2.53
	Tax Audit Fees	1.14	0.81
	Bad Debts and irrecoverable balances written off	25.76	20.57
	Preliminary Exp. Written off	-	0.01
	IT Network Expenses	33.36	-
	Charity and Donations	5.23	4.83
	Miscellaneous Expenses	172.76	296.60
	(a) Includes provision for Doubtful debts ₹ 15 Mn, (Previous year ₹ 9.6 Mn.)	1,009.96	952.53

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
B	REPAIRS & MAINTENANCE EXPENSES		
	Motor Trucks	12.82	21.23
	Other Vehicles	13.97	13.24
	Plant and Machinery	7.85	6.03
	Computers	31.43	31.47
	Buildings	0.44	0.41
	Ships	8.75	15.77
	Dry docking expenses	13.28	13.02
	88.54	101.17	
	TOTAL	1,098.50	1,053.70

Notes to Consolidated Financial Statements

(29) The Hon'ble Andhra Pradesh High Court, vide its order dated March 19, 2013 approved the Scheme of Arrangement for amalgamation (The Scheme) between the erstwhile wholly owned subsidiaries namely 1) Ocimum Commercial and Trading Private Limited 2) Newatia Commercial & Trading Private Limited 3) Trymbak Commercial and Trading Private Ltd 4) Sumeru Commercial and Trading Private Limited and Gati Express Distribution Limited (Transferor Companies) with Gati Limited (Transferee Company) with effect from March 31, 2013, the appointed date. In terms of the said scheme the undertakings of the Transferor Companies including:

- i) All the assets and properties both movable and immovable, investments, rights, title and interests comprised in the respective undertakings of the Transferor companies stand transferred to and vested in the Transferee company at their respective fair values.
- ii) All the assets and liabilities recorded in the books of the respective transferor companies stand transferred to and vested in the Transferee company at their respective fair values.
- iii) Book values of net assets of Ocimum Commercial and Trading Private Limited, Newatia Commercial & Trading Private Limited, Trymbak Commercial and Trading Private Limited, Sumeru Commercial and Trading Private Limited have been treated as fair value. The Book value of ₹ 3.5 Mn. of investment in 3,50,000 equity shares in Gati-Kintetsu Express Private Limited in the books of Gati Express Distribution Limited has been valued at ₹ 5510 Mn, being the fair value, as per the valuation report of an independent valuer.
- iv) The details of value of assets and liabilities transferred by the Transferor Companies are as follows:

(₹ in millions)

Particulars	Ocimum Commercial and Trading Private Limited	Newatia Commercial and Trading Private Limited	Trymbak Commercial and Trading Private Limited	Sumeru Commercial and Trading Private Limited	Gati Express Distribution Limited
Value of Assets	11.21	13.92	24.74	55.31	5510.92
Value of Liabilities	4.41	8.81	4.88	13.51	4.01

v) All the erstwhile transferor companies are wholly owned subsidiaries of Gati Limited and on amalgamation there is no issue of shares and the entire share capital of the erstwhile transferor companies held by the Transferee company including through its nominees and the corresponding investment represented in the transferee company stand cancelled. The interse amount of deposits, loans and other receivables/payables also stand cancelled.

vi) The amalgamation has been accounted for under the 'Purchase Method' as per the Accounting Standard 14 (AS-14) "Accounting for Amalgamation".

vii) The excess of value of assets over value of liabilities amounting to ₹ 5555.4 Mn. has been credited to a Capital Reserve to be called Special Reserve as per the Scheme.

(30) i) The Scheme of Arrangement permits Gati Limited to create a capital reserve to be called Special Reserve to which shall be credited excess of value of assets over value of liabilities in the books of the transferee Company amounting to ₹ 5555.4 Mn. which shall be utilized by the transferee Company to adjust therefrom any capital losses arising from transfer of assets and certain other losses, any balance remaining in the Special Reserve shall be available for adjustment against any future permanent diminution in the value of assets and exceptional items etc as specified in the Scheme and as the Board of directors may deem fit.

Notes to Consolidated Financial Statements

ii) In accordance with the above, the loss of ₹ 640 Mn. on sale of investment in 4 Mn. equity shares of subsidiary Gati Ship Limited (being 40% of the equity capital) required to be debited to the Statement of Profit and Loss has been adjusted with Special Reserve which is not in accordance with the Accounting Standard (AS) 13 'Accounting for Investments'. Had the Scheme not prescribed the above accounting treatment the accounts would have reflected as follows:

(₹ in millions)

Statement of Profit and Loss	Increase	(decrease)
Profit before tax	-	(640)
Profit for the year	-	(635)
Balance Sheet		
Special Reserve	640	-
Surplus in Statement of Profit and Loss	-	(635)

Profit on sale of investments of ₹ 891.8 Mn. in the previous year was credited to the Statement of Profit and Loss and classified under the head "Other Income".

- (31)** Gati Limited has surplus land which it plans to dispose off in parcels over a period of two to three years as a continuous activity. Accordingly, the Company has been advised that during the year net profit of ₹ 67.6 Mn. on sale of land and buildings (previous year ₹ 72.3 Mn.) has been kept in other Operating Income.
- (32) A)** Gati Limited has made investment in Share Capital of ₹ 352.25 Mn. and has other receivables of ₹ 4.06 Mn. due from the subsidiary Gati Kausar India Ltd. (Formerly known as Kausar India Ltd.) The net worth of the subsidiary has significantly eroded because of losses suffered from year to year. The business of Gati Kausar India Limited is the cold chain solutions which has a lot of potential. Gati Kausar India Limited has always been making cash profits and the losses are only on account of depreciation. The subsidiary will continue to have the required support from the holding company. The performance of the subsidiary 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 possible losses that may arise on account of other receivables from the subsidiary.
- (32) B)** Gati Limited has made investment in Share Capital of ₹ 3.62 Mn. and has other receivables of ₹ 13.55 Mn. due from the subsidiary Zen Cargo Movers Pvt. Ltd. The net worth of the subsidiary has fully eroded because of losses suffered from year to year. The business of Zen Cargo is clearing agency business and is very closely related to the freight forwarding business of the parent company. The same is in the process of stabilization. The subsidiary will continue to have the required support from the holding company. The performance of the subsidiary 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 possible losses that may arise from other receivables from the subsidiary.
- (33)** Gati Limited has made an investment in the wholly owned overseas subsidiary – Gati Asia Pacific PTE. Ltd., Singapore (GAP). GAP has overseas subsidiaries and is independently audited. Although the GAP and its subsidiaries' collective current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital and/or reserves, by ₹ 42.88 Mn/\$ 911,863 (2012:\$ 738,438) and ₹ 42.45 Mn/\$ 902,547 (2012:\$ 723,329) respectively, as of June 30, 2013. The financial statements have been prepared on the basis of the GAP and its subsidiaries being a going concern as Gati Limited has given written confirmation of its continuing financial support for its subsidiaries. If the financial support is not forthcoming and as a result, GAP (along with its subsidiaries) is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation and the assets may need to be realised, other than in normal course of business, and at amounts which could differ significantly from the amounts stated in Balance Sheets.
- (34)** The Opening balance of ₹ 100 Mn. in the provision for contingencies account of Gati Limited has been adjusted by Write off/reversals/Adjustments: (a) Interest income of earlier year - ₹ 7.59 Mn. (b) Advances / Deposits not recoverable - ₹ 16.93 Mn. (c) Loan to a Subsidiary - ₹ 11.40 Mn. (d) Trade Receivables - ₹ 35.32 Mn. and (e) Unreconciled Inter-divisional balances - ₹ 21.29 Mn. aggregating to ₹ 92.53 Mn. leaving a balance of ₹ 7.46 Mn.
- (35)** Pursuant to the notification issued by the Ministry of Corporate Affairs dated December 29, 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, 2013 an amount ₹ 151.71 Mn. has been carried forward in the "Foreign Exchange Monetary Item Translation Difference Account" (FCMITDA). Consequently the net profit is higher by ₹ 63.60 Mn. for the year ended June 30, 2013.
- (36)** In the year 2009, Gati Limited discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL) (the erstwhile Indian Airlines Ltd., and now Air India Limited,) due to continuous failure and defaults by NACIL. The matter was referred to arbitration of the Arbitral Tribunal appointed by the parties. The Company had filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. The hearing of the Arbitration has been concluded and the Award of the Arbitral Tribunal is awaited. Pending decision of the Arbitral Tribunal, a sum of ₹ 266 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 ₹ 266 Mn. as well as the legal expenses of ₹ 10.2 Mn. 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.

Notes to Consolidated Financial Statements

- (37) Tax provision in these accounts has been made considering the working results for the year ended June 30, 2013. The actual tax liability will be determined on the basis of tax accounting year ended March 31, 2013. (Assessment Year 2013-14).
- (38) Gati Limited has granted options under the Companies Employees Stock Options Scheme and 18,02,716 Options are outstanding (Previous year 19,48,141) as at June 30, 2013. Of this 10,84,216 Options will vest in 2013-14, 2,15,550 options in 2014-15, 2,87,400 options in 2015-16 and 2,15,550 options in 2016-17.
- (39) The Board of Directors of Gati Limited has allotted 22,182 Zero Coupon Unsecured Foreign Currency Convertible Bonds(FCCB) of US\$1,000 each, thereby raising US\$ 22.18 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.

Notes to Consolidated Financial Statements

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

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
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 Express Distribution Ltd.*	India	100% held by Parent	Subsidiary
Gati-Kintetsu Express Pvt. Ltd.	India	70% held by Parent	Subsidiary
Gati Kausar India Ltd.	India	99.81% held by Parent	Subsidiary
Gati Import Export Trading Ltd.	India	100% held by Parent	Subsidiary
Zen Cargo Movers Pvt. Ltd.	India	100% held by Parent	Subsidiary
Gati Ship Ltd.	India	60% 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

* Amalgamated with parent company w.e.f March 31, 2013.

- 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 line basis by adding together the book values of like items of Assets, Liabilities, Income and expenditure, after fully eliminating intra-group balances and intragroup transactions resulting in unrealized profits/losses, as per Accounting Standard 21 "Consolidated Financial statement", notified by Companies (Accounting Standards) rules, 2006.
 - 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 in the "Translation reserve".
 - 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.
 - d) Minority's share of assets, liabilities, related reserves and profit/loss during the year have been consolidated together and has been shown under Minority interest with corresponding deduction from the respective line items of financials.

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(41)	Segment Information		
	Primary Business Segment		
	Express Distribution and Supply Chain: Covers Integrated cargo Services - Road		
	Rail and Air Transportation		
	Shipping: Covers Sea Transportation		
	Fuel Stations: Covers Fuel Stations dealing in petrol, diesel and lubricants etc.		
1)	Segment Revenue (Net Sale/Income from each Segment)		
	a) Express Distribution & Supply Chain	10,735.77	9,813.99
	b) Shipping	240.47	209.43
	c) Fuel Sales	1,670.76	1,478.12
	d) Other Sales	90.67	381.96
	Total	12,737.67	11,883.50
	Less: Inter Segment Revenue	8.22	9.39
	Net Sales/Income from Operations	12729.46	11874.10
2)	Segment Results (Profit (+)/Loss (-) before tax and interest from each Segment)		
	a) Express Distribution & Supply Chain	1,030.92	1,980.62
	b) Shipping	(164.55)	(251.11)
	c) Fuel Sales	21.74	22.92
	d) Other Sales	3.51	5.51
	Total	891.61	1,757.95
	Less: i) Interest (net of Income)	(436.67)	(619.21)
	ii) Other unallocable expenditure net off	(151.70)	(326.00)
	Total Profit before tax	303.24	812.74
3)	Capital Employed		
	Segment Assets		
	a) Express Distribution & Supply Chain	11,360.90	7,730.77
	b) Shipping	3,743.77	2,658.36
	c) Fuel Stations	72.91	113.14
	d) Unallocated/Corporate	366.23	389.81
	Total Assets	15,543.81	10,892.07
	Segment Liabilities		
	a) Express Distribution & Supply Chain	4,565.31	5,840.61
	b) Shipping	1,812.78	962.62
	c) Fuel Stations	14.48	25.02
	d) Unallocated/Corporate	1,340.72	-
	Total Liability	7,733.29	6,828.25
	Capital Employed	7,810.52	4,063.82

Notes to Consolidated Financial Statements

Secondary Business Segment

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
1)	Segment Revenue (Net Sale/Income)		
	a) India	12,329.73	11,237.20
	b) International	485.88	755.83
	Total	12,815.60	11,993.03
	Less: Inter Segment Revenue	86.14	118.93
	Net Sales/Income from Operations	12,729.46	11,874.10
2)	Segment Results	-	-
	a) India	869.74	1,821.02
	b) International	21.87	(54.01)
	Total	891.61	1,767.00
	Less: i) Interest	(436.67)	(628.26)
	ii) Other unallocable expenditure net off	(151.70)	(326.00)
	Total Profit before tax	303.24	812.74
3)	Capital Employed		
	Segment Assets		
	a) India	14,678.44	10,304.62
	b) International	173.50	297.26
	c) Unallocated Corporate Assets/ Inter Segment Assets	691.87	290.19
	Total Assets	15,543.81	10,892.07
4)	Segment Liabilities		
	a) India	6,053.06	6,668.37
	b) international	106.33	159.89
	c) Unallocated Corporate Liabilities/Inter Segment Liability	1,573.89	
	Total Liability	7,733.29	6,828.25
	Capital Employed	7,810.52	4,063.82
(42)	Commitments and Contingencies		
	Contingent Liability		
	Bank Guarantees	127.28	151.35
	Guarantees and Counter Guarantees outstanding	1,913.50	
	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	27.21	38.97

- (43)** 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 future lease payment obligation and their present value as at June 30, 2013 are as follows:

(₹ in Million)

Lease Payments	2011 - 12 (June 30, 2013)		2010 - 11 (June 30, 2012)	
	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year	119.50	105.75	113.04	100.04
1 year to 5 years	543.14	345.89	565.51	352.04
More than 5 years	297.63	126.51	342.87	145.74
TOTAL	960.27	578.15	1,021.42	597.81

(44)	Earning per share	30th June 2013	30th June 2012
	(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS	96.30	414.57
	(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	86,582,287	86,390,018
	Add: Adjustments for foreign currency convertible bonds and stock options (Nos.)	30,173,726	30,231,951
	Weighted average no. of ordinary shares for Diluted EPS (Nos.)	116,756,013	116,621,969
	(iii) Nominal value of Ordinary Shares (₹)	2.00	2.00
	(iv) Basic Earning per Ordinary Share (₹)	1.11	4.80
	(v) Diluted Earning per Ordinary Share (₹)	0.82	3.56

Notes to Consolidated Financial Statements

(45) Related Party Disclosures

Related parties with whom transactions have taken place during the year.

i) Directors/Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Sanjeev Kumar Jain (Director – Finance)

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 Pvt. Ltd.

(₹ in Million)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	30th June 2013	30th June 2012
A	Expenditure				
	Rent		5.75	5.75	9.44
	Freight and Other Charges		5.12	5.12	906.28
	Port Expenses		7.23	7.23	3.92
	Interest				
	Key Management Personnel				
	Remuneration	37.08		37.08	23.96
B	Revenue				
	Freight and Other Charges		0.06	0.06	0.67
	Interest				-
	Rent			-	0.34
C	Finance and Investment				
	Advances - Given		21.41	21.41	151.40
	Advances - Repaid	5.70	12.50	18.20	
D	Balance at the year end				
	Investments		202.07	202.07	202.07
	Sundry Debtors		14.71	14.71	0.54
	Loans				
	Advances		153.08	153.08	151.40
	Sundry Creditors		27.38	27.38	24.04
	Deposits and Advances		16.13	16.13	
	Advances towards Fixed Assets			-	5.70
	Corporate Guarantees		9.58	9.58	

Notes to Consolidated Financial Statements

(₹ in Million)

	Particulars	30th June 2013	30th June 2012
(46)	Additional Information		
1)	Value of Imported and Indigenous Stores & Spare Parts Consumed during the year		
	Imported	1.99	4.91
	Indigenous	3.09	9.71
		5.08	14.62
2)	Expenditure in Foreign Currency		
	Travelling Expenses	14.23	6.87
	Insurance	4.19	3.29
	Port Expenses	42.11	63.22
	Charter Hire	82.06	70.18
	Dry docking expenses and Repairs	9.92	13.94
	Professional Fee	-	4.88
	Miscellaneous	8.17	29.14
3)	Value of Imports on C.I.F. Basis		
	Spare Parts	1.99	4.91
4)	Earnings in Foreign Currency		
	Freight	141.37	98.52

(47) The previous year's figures have been reclassified/regrouped/restated wherever necessary.

(48) 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.

Depreciation

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956 or as per the estimated useful life of assets, whichever is higher.

Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction. Individual assets costing upto ₹ 5,000/- are depreciated fully in the year of acquisition.

Investments

Investments are stated at cost or at fair value.

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 II 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 March 31, 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.

Signatures to Notes "1" to "48"

In terms of our Report of even date

For and on behalf of the Board

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

Sanjeev Jain
Director-Finance

K.L. Chugh
Chairman

Mahendra Agarwal
Founder & CEO

R. S. Agarwala
Partner
Membership No.: 005534

VSN Raju
Company Secretary

N.Srinivasan
Director

Secunderabad
July 31, 2013

Cash Flow Statement for the year ended 30th June 2012

(₹ in Million)

Particulars	30th June 2013	30th June 2012
(I) Cash flows from Operating Activities		
Net Profit / (Loss) After Tax	172.69	415.07
Add:		
Provision for tax	59.66	252.38
Exceptional Item	70.90	145.29
Less: Foreign Currency translation difference	(44.02)	(36.72)
Net profit before taxation and exceptional items	259.23	776.02
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	247.50	369.58
(Profit) / Loss on sale of Investment	-	(891.80)
Interest on borrowings (Net)	436.67	619.21
(Profit) / Loss on sale of fixed assets (Net)	(4.86)	(87.84)
Interest Income	(77.57)	(37.71)
Dividend Income	(17.14)	(2.70)
Rental income received	(1.80)	(1.90)
Operating profits before working capital changes	842.03	742.86
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(312.73)	(23.83)
(Increase) / Decrease in Inventories	(10.44)	13.19
(Increase) / Decrease in Loans & Advances	(864.74)	(550.36)
(Increase) / Decrease in Other current assets	(4.50)	(0.61)
Increase / (Decrease) in Short Term Borrowings	6.85	66.26
Increase / (Decrease) in Trade Payables	(7.16)	(44.09)
Increase / (Decrease) in Other Liabilities	175.23	(1,454.99)
Increase / (Decrease) in Provisions	(77.53)	(123.24)
Cash generated from operations	(253.01)	(1,374.82)
(Income tax paid) Net tax refund received	50.46	192.57
Exceptional Items	-	(145.29)
Net Cash from Operating Activities	(303.47)	(1,327.54)
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital WIP	(85.99)	(8.25)
(Increase) / Decrease in Capital Advances (Net)	116.81	(130.64)
Interest received	77.57	37.71
Dividend Income	17.14	2.70
Rent income	1.80	1.90
(Purchase) / Sale of Fixed Assets (Net)	(311.77)	72.35
Investments made / Sale proceeds	-	892.30
Net Cash from Investing Activities	(184.45)	868.06
(III) Cash Flow from Financing Activities		
Issue of Share Capital	-	1.15
Increase / (Decrease) in Reserve and Surplus	-	1,359.06
FD Receipts	4.22	-
Net receipt of Secured Loans	75.76	(387.63)
Repayment of Unsecured Loans	(9.12)	-
Receipt of Unsecured Loans	-	1,201.35
Dividend Paid (including dividend tax)	(125.29)	(49.98)
Interest on loans paid	(436.67)	(619.21)
Net Cash from Financing Activities	(491.10)	1,504.75
Foreign Currency translation difference	44.02	36.72
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	(934.99)	1,081.99
Cash and Cash equivalents in the beginning of the year	1,400.76	318.77
Cash and Cash equivalents in the end of the year	465.77	1,400.76
Cash flow from Activities during the year	(934.99)	1,081.99

Notes to Consolidated Financial Statements

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, wherever 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.: 005534

For and on behalf of the Board

Sanjeev Jain

Director-Finance

K.L. Chugh

Chairman

Mahendra Agarwal

Founder & CEO

VSN Raju

Company Secretary

N.Srinivasan

Director

Secunderabad

July 31, 2013





Head Office and Registered Office

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