

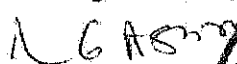

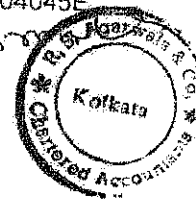


# FORM A

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

1	Name of the company	Gati Limited
2	Annual financial statements for the year ended	30 <sup>th</sup> June, 2013
3	Type of Audit observation	As per Annexure -I
4	Frequency of observation	As per Annexure -I
5	To be signed by-	For Gati Limited
	• CEO/Managing Director	
	• CFO	
	• Auditor of the Company	
	• Audit Committee Chairman	
		 Mr. Mahendra Agarwal Managing Director & CEO For Gati Limited
		 Mr. Sanjeev Jain Director- Finance For R.S. Agarwala & Co. Chartered Accountants Firm Regn. No. 304045E
		 R.S. Agarwala Partner Membership No. 005534 For Gati Limited
		 Mr. N. Srinivasan Audit Committee Chairman



**Annexure - I**

Sl.No	Nature of Observations	Observation	Frequency
1.	Emphasis of Matter	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 19 <sup>th</sup> March, 2013. The Scheme permits the company to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to Rs. 555.54 Crores to be utilized to adjust therefrom any capital losses arising from transfer of assets and certain other losses as specified in the Scheme and as the Board of Directors may deem fit. Accordingly the loss of Rs.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 Rs. 64 Crores and Rs.63.50 Crores respectively.	First Time
2.	Emphasis of Matter	Note 31 of the financial statements regarding non provision against investments and other receivables from the subsidiary Gati Kausar India Limited amounting to Rs.3522.46 lakhs and Rs. 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.	First time
3.	Emphasis of Matter	Note 32 of the financial statements regarding non provision against investments and other receivables from the subsidiary Zen Cargo Movers Pvt. Limited amounting to Rs.36.22 lakhs and Rs. 135.55 lakhs respectively as in the opinion of management no provision is	First Time

*Handwritten signature/initials*

		necessary considering the expected improvement in performance of the subsidiary in near future.	
4.	<b>Emphasis of Matter</b>	Note 35 of the financial statements regarding dues of Rs. 26.60 crores from National Aviation Company India Ltd. (now Air India Ltd.) and legal expenses Rs.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.	<b>Repeated</b>

2