



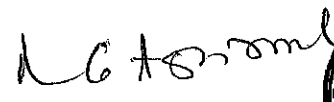


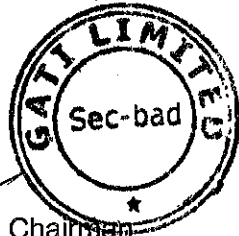


FORM A

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

1. Name of the company	Gati Limited
Annual financial statements for the nine months ended	31 st March, 2014
Type of Audit observation	As per Annexure -I
Frequency of observation	As per Annexure -I
To be signed by- <ul style="list-style-type: none"> • CEO / Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	For Gati Limited  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	(a) Note 28 of the financial statements regarding the scheme of arrangement for amalgamation (the Scheme) sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated 19 th 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 diminution in value of Investments and irrecoverable advances and dues aggregating to Rs.215.57 Crores required to be debited to the statement of Profit and Loss have been adjusted against Special Reserve which is not in accordance with Accounting Standard (AS) 5 'Net profit or loss for the period, prior period items and Changes in Accounting Policies' and Accounting Standard (AS) 13 'Accounting for Investments'. This has resulted in the profit for the period before tax and profit after tax for the period being higher by Rs. 215.57 Crores.	First Time
2.	Emphasis of Matter	(b) Note 31 of the financial statements regarding non provision against investments and other receivables from the subsidiary Gati Kausar India Limited amounting to Rs.3522.72 lakhs and Rs. 263.80 lakhs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.	Repeated
3.	Emphasis of Matter	(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 Rs.36.22 lakhs and Rs. 147.61 lakhs respectively as in the opinion of management no provision is necessary considering the expected improvement in performance of the subsidiary in near future.	Repeated
4.	Emphasis of Matter	(d) Note 33(a) of the financial statements regarding non provision for dues of Rs.13.90 crores from a body corporate as the management is confident of its full recovery.	First time
5.	Emphasis of Matter	(e) Note 33(b) of the financial statements regarding certain loans and advances to subsidiaries and an associate aggregating to Rs.21.55 crores in respect of which the management is confident of its full recovery.	First time

