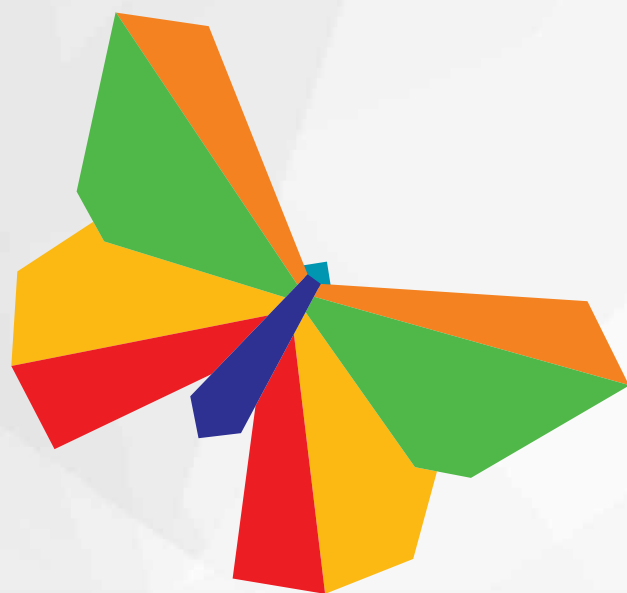




CHANGE IS THE ONLY  
CONSTANT. TRANSFORMATION,  
THE ONLY WAY FORWARD.



A N N U A L   R E P O R T   2 0 1 3   -   2 0 1 4



## THE REVOLUTION OF TRANSFORMATION

As John C. Maxwell rightly said, “We cannot become what we need by remaining what we are”.

The world is evolving. And along with it, so must we. Perfection is constant transformation. And only by transforming, can we surge ahead towards success.

We believe it's all about the effort. That's when the transformation happens. And that's how great success is made. Success – not just for the company, but also for every individual bringing in that effort, and therefore, for the world around them.

Gati Limited is India's pioneer in Express Distribution Services and under its umbrella comes value added services in the form of e-Commerce Solutions, Supply Chain Solutions, Cold Chain Transportation Solutions, Warehousing, International Freight Forwarding and Custom Clearance.

Founded in 1989 as a cargo management company, Gati is now India's leader in Express Distribution. 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 industries.

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

# VALUES – THE KEY TO SUCCESSFUL TRANSFORMATION

Transformation is all about the choices you make. And it's these choices that build up and help cultivate the person you are and what you achieve. In a company where every employee demonstrates the dedication and commitment to transform and succeed, there is a need for a force that propels them in the right direction. These are Gati's values. Values that lay the foundation for success.

## 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.



## TRANSFORMATION BRINGS GREAT REWARDS

“If we did all the things we are capable of, we would literally astound ourselves.”

– **Thomas Edison**

Transformation and success go hand in hand. And so do success and rewards. Gati takes its standard of excellence one step further, each time. And this is a reputation the company has come to gain. The following awards are a testament to Gati’s commitment to providing unparalleled services and connectivity.

YEAR	AWARD CATEGORY/BY	AWARD
2014	Mahindra Logistics	Business Partner Award
2014	Confederation Of Indian Industry	Scale Award for Supply Chain & Logistics Excellence
2014	3rd Asia Manufacturing Supply Chain Summit	Achievement in Continuous Improvement
2014	ICC Supply Chain & Logistics Excellence Awards	Road Transportation
2014	Confederation Of Indian Industry	5S Excellence Award
2013	Logistics & Supply Chain Leadership Awards	ELSC CEO of the Year – Ms. Chitra Shinde
2013	Logistics & Supply Chain Leadership Awards	Best Road Service Provider of the Year
2013	Carlson Rezidor Hotel Group	Corporate Social Responsibility Award
2013	CIO Magazine and IDG Media	CIO Hall of Fame Award & CIO 100 Award – Mr. G. S. Ravi Kumar

## SUCCESS IS A JOURNEY OF TRANSFORMATION

Transforming is tough. But it's the only thing that brings success. And the ability to transform quicker, stronger and better than the competition is the only way to stay ahead of the game. That's exactly what Gati's streamlined unit of successful verticals demonstrates – pioneering the industry with greater success and greater efficiency.

### GATI KINTETSU EXPRESS PRIVATE LTD.

Gati Kintetsu Express Pvt. Ltd., the joint venture flagship company, has retained its market leadership in the Road Express segment. The FY of 2013-14 was successful, given the challenges of the economy. GDP and IIP grew at 4.7% and 2.5% respectively, during the previous year. Despite the slowdown of the economy, PE investments and FDI, the business registered a growth of 21% and Air Cargo grew by 10%, in a nine-month period, YoY. Transport Solution and Transport registered a growth of 9% and 10%, respectively. The Auto, Electronics/Computer Peripherals & Pharma industries continue to be strong contributors to the overall revenue. The JV synergy has resulted in revenue of ₹ 11 crores, during the reporting period.

We recognise the value of quality services and emphasise on continuous quality improvement. "The GATI-KWE Way", was launched last year to minimise defects, and has continued to achieve excellence through the KAIZEN, LEAN and 5S principles. Automation processes like CCTVs, tablets and scanners, have been introduced, thus improving service levels. This eliminated waste practices and developed a clean and productive work place that contributes to better performance and attaining sustainable growth.

### GATI E-CONNECT

The Indian e-Commerce market has experienced a phenomenal growth of almost 50%, in the last five years. The number of Internet users has increased, and so have the acceptability of online payments and the proliferation of internet-enabled devices. Favourable demographics drive the growth of e-Commerce in the country.

To capitalise on the burgeoning market, Gati e-Connect has expanded its services to provide intelligent solutions to the customers. We have launched services like the Gati e-Pack (packing solutions) and the Gati e-Pick – both professionally managed services, for safe packaging and swift delivery of white and non-white goods.

Furthermore, we have introduced the Gati Reverse Pick-up, to manage the return of goods to the vendors. This independent service offering has a dedicated set of processes that complete the reverse cycle.

### GATI KAUSAR LTD.

The Cold Chain Industry is booming and expected to grow at a CAGR of 28.7%, between 2012 and 2017, meaning, the market will touch US\$ 11.6 billion, by 2017. Drawing its strengths from the two most trusted names in the industry, Gati Kausar is at the forefront of the Cold Chain Industry in India. Through its wide reach and innovative technology, Gati Kausar enables effective, efficient and reliable delivery of products that require integrated and customised cold chain solutions. Gati Kausar caters to a wide variety of industries that include healthcare, meat and poultry, bio-pharma, frozen and fresh produce, dairy products, organised retails and quick service restaurants.



Fixated on the aim of developing state-of-the-art cold warehouses across India in the next 2 years, Gati Kausar is poised to fortify capabilities for providing integrated cold chain solutions to the agri-food, pharmaceuticals and retail sectors. The company's temperature-controlled storage and distribution supply chain entails prioritising customer-specific needs. Gati Kausar registered a turnover of ₹ 11.2 crores, as compared to ₹ 11.6 crores in the same period last year.

## PROJECT UDAAN

Project Udaan is GATI-KWE's business transformation exercise that was launched last year. It addresses both the revenue and cost levers, to improve the profitability of the organisation.

Concerning revenue, Project Udaan has conducted a sales visibility process, to help drive a performance culture in sales. The sales team is now equipped with insights to propose better client value proposition, and drive better client intimacy and differentiation in the market place. As a part of the next wave of transformation, Project Udaan will aim at creating a sales organisation of the future, by equipping the team with advanced mobility tools and creating a team that focuses on industry-based solutions and delivering client value, by demonstrating domain expertise. GATI-KWE will also open newer markets with innovative product offerings and services.

Project Udaan has also created a sense of ownership in terms of driving cost optimisation. GATI-KWE now has a stream of project ideas being proposed by the field teams who desire to be part of this transformation – making Gati a world-class Express Logistics company. The operations team is planning initiatives that will ensure “Zero DEPS”, changing the entire landscape of the Indian Express Logistics Industry.

Project Udaan has shown promising results in the first 12 months of its launch and the company believes, given its success, it is now poised to launch deep structural changes based on advance analytical tools around network and route optimisation. As the organisation moves towards deploying, these tools and data driven insights will help position Gati in a way that it captures the rapid growth in the e-Commerce logistics business.

## WITH TRANSFORMATION COMES GREAT RESPONSIBILITY

Success is all about transforming and achieving. But for it to really mean something, one must be the best they can be – because in the end, the one quality that matters is the ability to take on responsibility. 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. In various capacities, Gati and its group companies contribute towards the fields 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.

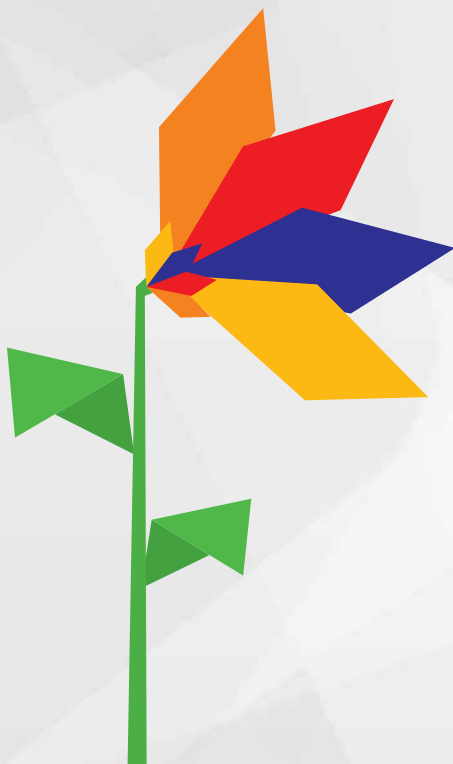
### EDUCATION

#### **Gati Government School, Hyderabad**

Gati teamed up with the Government of Andhra Pradesh and built the Gati Government School, in Banjara Hills, Hyderabad. In 2011, it was declared a "Model Government School". Gati financially supports the school in conducting yearly events and undertakes all housekeeping, security and maintenance expenses. Presently, the school has over 850 students and 27 classrooms. It ensures to celebrate national days like Children's Day, Teacher's Day, Republic Day, Independence Day, etc., and felicitates teachers and students for their outstanding performances. As a commitment to promoting the use of modern information and communication technology, Gati has provided the school with 20 computers.

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

In the year 2005, Gati undertook the development of the MC High School, at Nagore – the tsunami-affected district of Tamil Nadu. Currently, the school provides education to more than 380 children from tsunami-affected families. The school was recently bestowed with the title of 'The Best Government School' in Nagore. Gati has provided 20 computers here too, for the benefit of the students and the community.





## COMMUNITY

### Gati'ites Come Together for the Uttarakhand Calamity



In an effort to do their bit for the survivors of the Uttarakhand calamity, all Gati'ites voluntarily contributed two days of their salary. The company donated a sum equivalent to double the employees' contribution. The funds were used to help rebuild Uttarakhand. On 26th May 2014, Gati signed an MoU with the Government of Uttarakhand, to construct a Multipurpose Community Centre at Rudraprayag, to help improve the community infrastructure and social welfare. On 13th December 2013, GATI-KWE received a certificate from the Honourable Chief Minister of Uttarakhand – Shri Vijay Bahugana, for the exemplary work done to provide immediate relief to the victims of the 2013 floods.

### Gati'ites Provide Support to Thara



Thara is a charitable not-for-profit organisation that takes special interest in the welfare of children who are deprived of a family. GATI-KWE extends its support to this cause by regularly visiting the children at their centres, celebrating national festivals with them and distributing notebooks and play materials.

The GATI-KWE team, in association with Share India (MediCiti Institute of Medical Sciences), organised a medical check-up camp for the children of Thara, at the MediCiti Hospital in Ghanpur, Telangana. Some students who were diagnosed with medical problems were provided medicines and medical tests. Gati also distributed a yearlong supply of various medicines.

### Blood Donation Drive

The 6th P. D. Agarwal Blood Donation Drive was organised at various locations across India. 342 Gati'ites, including the business partners, participated in it. The Red Cross Society ensured that the donations went towards saving precious lives.

### MoU with Oxfam

To support the community in times of natural calamities, GATI-KWE signed an MoU with Oxfam India, in May 2013. According to it, GATI-KWE would be Oxfam's logistics partner for 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 livelihood for people displaced due to natural calamities.

### Gati Muskaan



'Gati Muskaan' was launched with the intention of not only fulfilling our social responsibility, but also spreading 'muskaan' and touching lives. Gati recognises the challenges faced by lesser-privileged children, and to help them overcome some, the team conducted a series of activities in orphanages across 17 locations in India. Painting and singing competitions, along with fun games,



were conducted, and prizes for the best were given, to motivate the little ones. A Happy Meal from McDonalds was the icing on the cake, creating moments of joy for each one of them. Gati is also sponsoring the “Human Development Foundation of Sikkim (HDFS)” – an orphanage where tribal children come from the highly protected area of Zongu. This orphanage was founded by Ms. Keepu Lepcha who has been conferred with awards like the “Padma Shri”, “CNN IBM Real Hero Award” and many more, for her selfless work in the development of underprivileged children and her outstanding contribution in the field of social service.

#### **Delivering Aid to Telangana’s Flood-affected**

In the first week of October 2009, the floods hit Rajouli Village, known for its famous Gadwal sarees, making it amongst the worst affected villages in Mahabubnagar, Telangana. It shattered the lives of the weavers, who lost their looms as well as their houses. Gati took the responsibility of reviving the handloom weavers’ community, acquired 2 acres of land in the village and constructed 2 work sheds that could accommodate 78 weavers. Facilities like water, lighting, ventilation and washrooms were also provided, in addition to a yarn-spinning machine. An NGO has also been appointed to train them on improved techniques of weaving, for greater quantity and quality. The NGO is also responsible for developing links with the market, getting support from banks and keeping them up-to-date with market trends. Gati also maintains the work sheds on a monthly basis.

## **ENVIRONMENT**

### **Supporting Wealth Out of Waste**

Gati has always been committed to building a clean

and green society. As a step towards this, Gati lends support to the 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 on the importance of recycling – encouraging them to segregate waste and dispose it responsibly.

Gati systematically recycles material from all its offices. The company received a certificate for contributing 17,139 kgs of paper waste to WOW, between September 2012 and October 2013. This resulted in environmental savings of 377 trees, 19 cubic metres of land fill space, 446 KL of water, 7713 units of energy and a reduction of 15 Mt of carbon dioxide.

### **Recycling e-Waste: An Initiative Towards a Greener IT**

For the last 3 years, Gati has been disposing off its old IT hardware in an organised and environment-friendly manner. It 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. GATI-KWE is also the logistics partner of Eco Recycling Limited, across 750 locations in India.

### **GATI-KWE Adopts a Tiger**

As a contribution towards wildlife conservation, Gati has adopted a tiger at the Nehru Zoological Park, Hyderabad. The company has donated ₹ 1 lakh towards the maintenance and care of the tiger, between 2013 and 2014. Gati’ites also participated in a flower shrubs plantation drive at the zoo.

### **Tree Plantation Drive**

Gati conducts various initiatives as a part of its responsibility towards the environment. 200 saplings were planted across 16 locations in India. Some of these included Hyderabad, Bangalore, New Delhi, Mumbai and Chennai, to name a few.

## BOARD OF DIRECTORS



**Mr. K.L. Chugh**  
Chairman



**Mr. Mahendra Agarwal**  
Founder & CEO



**Mr. N. Srinivasan**  
Director



**Dr. P. Sudhakar Reddy**  
Director



**Mr. Sunil Kumar Alagh**  
Director



**Mr. Yoshinobu Mitsuhashi**  
Director



**Mr. P.N. Shukla**  
Director



**Mr. Sanjeev Jain**  
Director – Finance

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### Director – Finance

Mr. Sanjeev Jain

### Company Secretary

Mr. VSN Raju

### Auditors

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

### Bankers

- State Bank of India
- ICICI Bank Limited
- Axis Bank
- DCB Bank
- HDFC 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.  
Tel.: (040) 27844284, Fax: (040) 27894284  
Email: investor.services@gati.com

### Corporate Office

Plot No. 20, Survey No.12, Kothaguda,  
Kondapur, Hyderabad – 500 084.  
Tel.: (040) 7120 4284, Fax: (040) 23112316  
Email: investor.services@gati.com

### Registrar and Share Transfer Agents

#### M/s Karvy Computershare Private Limited

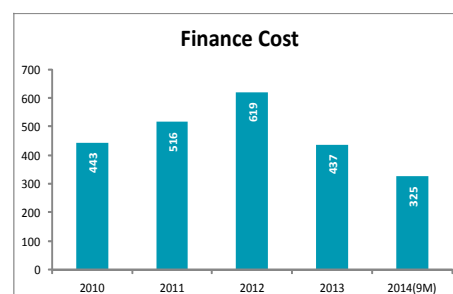
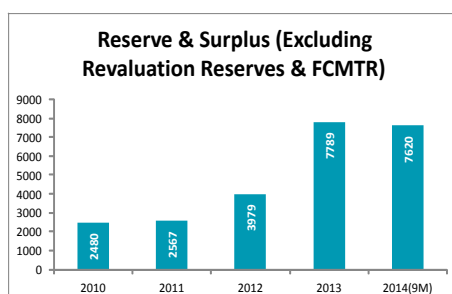
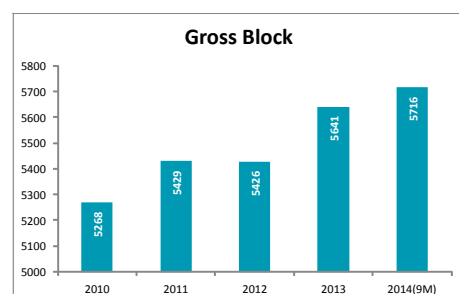
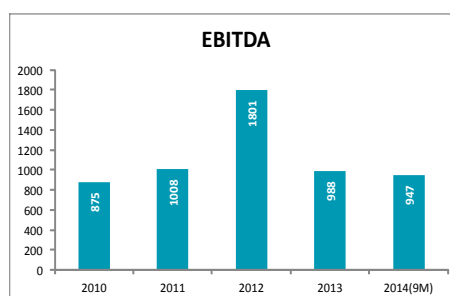
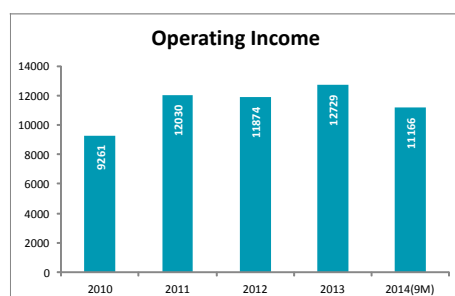
Plot No.17-24, Vittal Rao Nagar, Madhapur,  
Hyderabad – 500 081, Andhra Pradesh, India.  
Tel.: (040) 44655000, Extn.: 51, 52, Fax: (040) 44655024  
Email: mohsin.mohd@karvy.com

## FINANCIAL RESULTS



CONSOLIDATED FINANCIAL HIGHLIGHTS					
Particulars	2014	2013	2012	2011	2010
Operating Income	11166	12729	11874	12030	9261
Total Income	11272	12895	12891	12113	9335
EBITDA	947	988	1801	1008	875
Finance Cost	325	437	619	516	443
Depreciation	221	248	370	254	272
Profit Before Tax	402	232	668	238	160
Income Tax	118	60	252	96	65
Profit After Tax	283	173	416	142	95
Profit After Tax after Minority Interest	234	96	415	142	95
Dividend on Equity Share Capital (%)	35	30	55	25	20
Dividend Payout	61	52	95	43	34
Equity Share Capital	174	173	173	172	170
Reserve & Surplus (Excluding Revaluation Reserves & FCMTR)	7620	7789	3979	2567	2480
Net worth	7794	7962	4152	2903	2827
Minority Interest	1173	1155	537	0	0
Gross Block	5716	5641	5426	5429	5268
Net Block	3794	3871	3862	4100	4178
Loan	4802	4770	4617	4470	4541

KEY INDICATORS					
Particulars	2014	2013	2012	2011	2010
Equity Share Capital (in million)	175	173	173	172	170
Earning per Share (₹)	2.70	1.11	4.80	1.65	1.12
Cash Earnings per Share (₹)	5.78	4.85	9.07	4.51	4.41
Operating Income per Share (₹)	127.96	147.03	137.33	141.67	109.79
Book Value per Share (₹)	89.32	91.96	47.95	33.82	33.25
Debt:Equity Ratio	0.62	0.60	1.11	1.62	1.61
PBDIT/Operating Income (%)	8.48	7.76	13.95	8.22	9.44
Net Profit Margin / Total Income (%)	2.51	1.34	3.22	1.17	1.03
Return on Networth (%)	3.63	2.17	10.01	4.88	3.36
Return on Capital Employed (%)	3.69	2.21	11.12	8.92	7.30



## Notice to shareholders

Notice is hereby given that the 19th Annual General Meeting (AGM) of the members of Gati Limited (the Company) will be held on Tuesday, August 5, 2014, at 11:00 am, at Novotel Hyderabad Convention Centre, Novotel & HICC Complex, (Near Hitec City), P.O. Bag 1101, Cyberabad Post Office, Hyderabad - 500 081 to transact the following business:

### Ordinary Business:

- 1) To consider and adopt:
  - a) the audited financial statements of the Company for the financial year ended March 31, 2014, (9 months period) the reports of the Board of Directors and Auditors thereon; and
  - b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2014 (9 months period).
- 2) To declare dividend on the equity shares.
- 3) To appoint a Director in place of Mr. Yoshinobu Mitsuhashi (DIN 03121427), who retires by rotation, and being eligible offers himself for re-appointment.
- 4) Appointment of Auditors:
  - (i) To consider and if thought fit to pass with or without modification(s), the following as ordinary resolutions.

**“RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any of the Companies Act 2013 and the rules framed there under, as amended from time to time, M/s. RS Agarwala & Co, Chartered Accountants (Firm Registration No. 304045E) be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this 19th Annual General Meeting (AGM) till the conclusion of the 22nd Annual General Meeting (AGM) of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration as may be decided by the Board of Directors of the Company.”
  - (ii) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution

**“RESOLVED THAT** pursuant to the provisions of section 139 and 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time, the Board be and is hereby authorized to appoint as Branch Auditors of any branch office of the Company, whether existing or which may be opened/acquired hereafter, in consultation with the Company's Auditors, who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be decided by the Board of Directors of the Company.”

### Special Business:

#### 5 To consider and if thought fit to pass with or without modification(s), the following as ordinary resolutions:

##### (i) To appoint Mr. KL Chugh as an Independent Director.

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr. KL Chugh (DIN 00140124), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years, effective from the date of this AGM.”

##### (ii) To appoint Dr. PS Reddy as an Independent Director.

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Dr. PS Reddy (DIN 00608915), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years, effective from the date of this AGM.”

##### (iii) To appoint Mr. N. Srinivasan as an Independent Director.

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr. N. Srinivasan (DIN 00004195), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years, effective from the date of this AGM.”

##### (iv) To appoint Mr. Sunil Kumar Alagh as an Independent Director.

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr. Sunil Kumar Alagh (DIN 00103320), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years, effective from the date of this AGM.”

## Notice to shareholders

### (v) To appoint Mr. PN Shukla as an Independent Director.

**“RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr. PN Shukla (DIN 01868580), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years, effective from the date of this AGM.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, as amended from time to time, the consent of the members be and is hereby accorded for the appointment of Mr. Dhruv Agarwal (relative of Mr. Mahendra Agarwal, Managing Director), as Vice President in the Company's subsidiary, Gati-Kintetsu Express Private Limited (GATI- KWE) on the terms as set out in the Explanatory Statement under Item No. 6 to this Notice.”

**RESOLVED FURTHER THAT** the consent of the members be and is hereby accorded to the Board of Directors of the Company / GATI-KWE to finalize and decide the revisions in the remuneration payable to Mr. Dhruv Agarwal from time to time in accordance with the Company's policy on performance measurement and such other applicable/relevant policies and to perform and execute all such acts, deeds, matters and things (including delegating such authority), as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, as amended from time to time, the consent of the members be and is hereby accorded for the appointment of Mr. Manish Agarwal (relative of Mr. Mahendra Agarwal, Managing Director), as Director (place of profit) in the Company's subsidiary, Gati Kausar India Limited (Gati Kausar) on the terms as set out in the Explanatory Statement under Item No. 7 to this Notice.”

**RESOLVED FURTHER THAT** the consent of the members be and is hereby accorded to the Board of Directors of the Company / Gati Kausar to finalize and decide the revisions in the remuneration payable to Mr. Manish Agarwal from time to time in accordance with the Company's policy on performance measurement and such other applicable/relevant policies and to perform and execute all such acts, deeds, matters and things (including delegating such authority), as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act) as may be amended from time to time, a sum not exceeding one percent (or such higher percentage as permitted, from time to time), per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act be paid to and distributed amongst the Non-executive directors of the Company in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year as may be decided by the Board from time to time.

**RESOLVED FURTHER THAT** the above remuneration shall be in addition to fee payable to the Non-executive director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.”

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

**“RESOLVED THAT** pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013, as may be amended from time to time 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 substituted in Article 108 and Article 126, respectively, as:

108. Unless otherwise determined by the Shareholders at the General Meeting of the Company and subject to the provisions of the Companies Act 2013, the number of Directors shall not be less than 3 and not more than 15.

126. Subject to the provisions of the Companies Act, 2013 (Act) all the directors, other than independent and promoter (if executive) directors, shall be liable to retire by rotation as per the provisions of the Act, and rules made there under, from time to time.”

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

**“RESOLVED THAT** pursuant to the provisions of SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme, Guidelines 1999), as amended from time to time, and all other applicable statutory provisions, approval of the members of the Company be and is hereby accorded to amend the resolutions pertaining to Employee Stock Option Scheme (ESOS) passed by the members in the Annual General Meetings held on October 17, 2001, October 11, 2006 & October 13, 2007 and also to carry out corresponding amendments to the existing Employee Stock Option Schemes of the Company, w.e.f August 5, 2014, wherever applicable, as given below:



**(i) Identification of classes of employees entitled to participate in the ESOS:**

“Employees” entitled to participate in the ESOS are employees of the company and/or its subsidiaries including whole time directors of the Company and/or its subsidiaries and/or such other persons as may be allowed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Companies Act, 2013 and / or such other statutory / regulatory rules and regulations, as may be applicable from time to time, as defined in the ESOS Guidelines (including any statutory modification (s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the Board of Directors or any Committee of the Board, from time to time.

Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOS. Identification of employees eligible to participate in the ESOS and Grant of options to identified employees will be based on such parameters such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be appropriate as may be decided by the Board of Directors or any Committee of the Board, in its discretion, from time to time. The options granted to a grantee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**(ii) Exercise price or pricing formula:**

The exercise price including pricing formula, shall be decided by the Board Directors or any Committee of the Board in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and/or such other statutory / regulatory rules and regulations, as may be applicable from time to time.

**(iii) Maximum number of options to be issued per employee and in aggregate:**

The number of options that may be granted to any specific employee under the scheme shall not be more than 1% of the paid up capital of the Company at the time of grant of options.

**RESOLVED FURTHER THAT** the above amendments shall be applicable to the options to be granted under the existing Employee Stock Option Schemes of the Company.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 73 and Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and other applicable provisions, if any, and subject to such conditions, approvals, permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to invite/accept/renew/receive money by way of unsecured/secured deposits, or in any other form, from public and/or members of the Company, in any form or manner, through circular, advertisement or through any other permissible mode, up to permissible limits prescribed under applicable provisions of law and on such terms and conditions as the Board of Directors of the Company in its sole discretion deem fit and necessary.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors and/or any Committee of the Board be and is hereby authorized to do all such acts, deeds, things and matters as the Board of Directors and/or any Committee of the Board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for such invitation / acceptance / renewal / receipt as aforesaid.”

By order of the Board  
for **Gati Limited**

**VSN Raju**  
**Company Secretary**  
Hyderabad, May 6, 2014

**Registered Office:**  
1-7-293, M.G. Road  
Secunderabad – 500 003  
Tel: +91 040 – 2784 4284  
Fax: +91 040 – 2311 2316

**CIN:** L63011API995PLC020121  
**Website:** www.gati.com  
**Email:** investor.services@gati.com

**Corporate Office:**  
Plot No.20, Survey No.12  
Kothaguda, Kondapur, Hyderabad-84  
Tel: +91 040 – 7120 4284  
Fax: +91 040 – 2311 2316

## Notes :

- 1) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 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 nine months ended March 31, 2014 are circulated. Any member desirous of having a copy of detailed accounts may apply to the Company and copies thereof will be available for reference at the venue of the Meeting.
- 4) Brief details of Directors seeking re-appointment / appointment at the Annual General Meeting scheduled to be held on August 5, 2014 (Pursuant to Clause 49 of the Listing Agreement) forms part of the notice.
- 5) The Register of Members and Share Transfer Books will remain closed from August 2, 2014 to August 5, 2014 (both days inclusive).
- 6) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 7) 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.
- 8) 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.
- 9) Final Dividend on equity shares as recommended by the Board of Directors for the nine months period ended March 31, 2014, if approved 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 August 2, 2014.
  - (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 opening hours of August 2, 2014.
- 10)
  - 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 their Depository Participants.
- 11) Non-Resident Indian Members are requested to inform Karvy, immediately of:
  - (a) Change in their residential status on return to India for permanent settlement.
  - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- 12)
  - a) Pursuant to the provisions of Section 125 of the Companies Act, 2013 and provisions of the erstwhile Companies Act, 1956, Section 205C, the Company has transferred the unpaid or unclaimed dividends for the financial years 1995-96 to 2005-06 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Further, the dividend for the financial year ended June 30, 2007, and thereafter, which remains 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, 2007 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.
  - b) Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on November 6, 2013 (date of last Annual General Meeting) on the website of the Company ([www.gati.com](http://www.gati.com)), as also on the website of the Ministry of Corporate Affairs.
- 13) 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 a copy of their PAN card to the Company / RTAs for registration of such transfer of shares.

- 14) 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.
- 15) Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at the 19th Annual General Meeting ("AGM") by electronic means and the business shall be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy"). The e-voting facility will be available at the link <http://evoting.karvy.com> during the following voting period:
- From 9 am on July 30, 2014 to 6 pm on August 1, 2014**
- 16) E-voting shall not be allowed beyond 6 pm on August 1, 2014. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company.
- 17) The Company has appointed M/s DVM Gopal & Associates, (CP No. 6798) Practicing Company Secretaries, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- 18) The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.
- 19) Details of the Directors seeking re-appointment / appointment at the Annual General Meeting Scheduled to be held on August 5, 2014, (Pursuant to Clause 49 (IV)(G)(i) of the Listing Agreement is given below:

Name of the Director	Mr. K L Chugh	Dr. P S Reddy
Qualification	Mechanical Engineer from Delhi University	MD / DN / MRCP / FACP / FACC
Expertise in specific functional areas	<p>Mr. KL Chugh, has been Chairman of ITC Group from November 1991 to December 1995. During the years of his stewardship, ITC emerged as India's #1 Company, based on various criterions, &amp; a potential MNC. On his retirement he was honored with the title of Chairman Emeritus – ITC. Prior to joining ITC, Mr. Chugh worked for 10 years with India's largest Engineering Enterprise, the Public Sector Heavy Engineering Corporation, achieving valuable experience in Heavy Industry.</p> <p>Mr. Chugh is credited with the creation of ITC Bhadrachalam Paper boards; India's most successful &amp; most decorated Paper &amp; Board Mill, set up in the remote &amp; tribal area of Andhra Pradesh. He is responsible for induction of Clonal Biotechnology for growing pulpwood trees, that has singularly resulted in the growth &amp; competitiveness of Indian Paper Industry. Today ITC Bhadrachalam is the largest Paperboards mill in India &amp; amongst the top 10 in the world.</p> <p>Mr. Chugh served as Director on the Central Board of Reserve Bank of India, Shipping Credit and Investment Company of India Ltd., Tourism Finance Corporation of India &amp; National Housing Bank of India and Member, Board of Governors, National Council of Applied Economic Research.</p> <p>Mr. Chugh was President, All India Management Association. Presently he is on the Board of IIM, Bangalore &amp; Population Foundation of India. He was Chairman Assocham Knowledge Millennium Council &amp; helped position Assocham as the "Knowledge Chamber of India".</p>	<p>Dr. P. Sudhakar Reddy is a well known cardiologist, humanitarian, social activist and is recognized as the creator of the Mediciti Hospital in Hyderabad. He is recognized as one of the most distinguished sons of Hyderabad. He did his MRCP from Edinburgh, U.K. Dr. Reddy was a full-time faculty member of University of Pittsburgh and Director of Cardiac Angi Laboratories</p>

	In 1992, during his annual speech as Chairman ITC, Mr. Chugh was the first Indian CEO to beckon emergence of India's Multinationals, powered by Knowledge Leadership & endowed by India Spiritual Capital. Mr. Chugh's current interests are strategic business advisory, renewable energy & population issues.	
Date of appointment on the Board of the Company	30.06.1998	25.04.1995
Details of Shares held in the Company as on 31.03.2014	79,000	65,000
List of Companies in which outside Directorships held as on 31.03.2014 (excluding Private, Section 25, Foreign Companies)	Sandhar Technologies Ltd.	-
Chairman / Member of the Committees of other Companies on which he is a Director as on 31.03.2014	-	-
Category	Independent Director	Independent Director
Relationship with other directors	Not related to any Director	Not related to any Director

Name of the Director	Mr. N Srinivasan	Mr. Sunil Kumar Alagh
Qualification	B.Com, CA	B.A.Economics (Hons.) & MBA (IIM, Calcutta)
Expertise in specific functional areas	Mr. N. Srinivasan is a commerce graduate and has been a fellow member of the Institute of Chartered Accountants of India since 1955. He was the Senior Partner of Fraser & Ross, Chartered Accountants and Deloitte Haskins & Sells, Chennai. He has been the Chairman of the Southern India Regional Council and a Central Council Member of the Institute of Chartered Accountants of India. He is the past President of Madras Chamber of Commerce and Industry, Indo-Australian Chamber of Commerce, Management Association and is on the committee of Associated Chamber of Commerce and Industry.	Mr. Sunil Kumar Alagh is Chairman of SKA Advisors, a Business Advisory / Consultancy firm with a focus on Marketing and Brand building strategies. He is a graduate in Economics (Hons.) with MBA from IIM Calcutta. He has worked with ITC Limited, Jagatjit Industries Limited and Britannia Industries Limited. He was Managing Director and CEO of Britannia Industries Limited from 1989 to 2003. During this tenure, Britannia figured in the Forbes Magazine list of 300 Best Small Companies in the world for 3 years. It also became the Number 1 food Brand in India.  He was honoured with the 'Gold Medal Kashlkar 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.
Date of appointment on the Board of the Company	18.10.2000	22.04.2004
Details of Shares held in the Company as on 31.03.2014	70,000	1,15,000

List of Companies in which outside Directorships held as on 31.03.2014 (excluding Private, Section 25, Foreign Companies)	United Breweries (Holdings) Ltd., Tractors and Farm Equipment Ltd. Essar Oilfield Services India 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.	United Breweries Ltd., Gati Import & Export Trading Ltd and Indofil Industries Ltd.
Chairman / Member of the Committees of other Companies on which he is a Director as on 31.03.2014	Chairman of Audit Committee in United Breweries (Holdings) 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.	Member of Audit Committee in United Breweries Ltd. & Chairman of Investors Grievance Committee in Indofil Industries Ltd.
Category	Independent Director	Independent Director
Relationship with other directors	Not related to any Director	Not related to any Director

Name of the Director	Mr. P N Shukla	Mr. Yoshinobu Mitsuhashi
Qualification	M Sc Physics & LLB from Allahabad University and graduated in Business Management from Perth University, Australia.	Graduated from Keio University, Faculty of Law, Department of Political Science.
Expertise in specific functional areas	<p>Mr. P N Shukla joined Indian Railway Traffic Service in 1976. He is a Rail transport Operations &amp; Logistics specialist. He completed MSc Physics &amp; LLB from Allahabad University and graduated in Business Management from Perth University, Australia. His association with Coal, Steel, POL, Cement, Fertiliser, Minerals, Containers, and Express cargo movement of Railways has been long and intense. He worked in the Ministry of Railways for nine years as Executive Director Transport, Executive Director Tourism &amp; Catering and Executive Director, Freight Marketing. He also worked as Director of Container Corporation of India and Indian Railway Catering &amp; Tourism Corporation. As Executive Director Freight Marketing he introduced liberalized policies for private participation in area of freight and parcel traffic.</p> <p>In 2003, he set up one of the new divisions as Divisional Railway Manager at Guntur on South Central Railway within two years. He worked as Chief Operations Manager of South Western Railway in 2005-2006 at Hubli. During his tenure, a number of long distance trains were introduced from Hubli, Bangalore and Mysore.</p> <p>Mr. P N Shukla has presented a paper on IT applications on Indian Railways at Stockholm in Sweden in 1998. A number of innovations were introduced on Indian Railways from his wide exposure to foreign railways. He developed Automobile wagons and special parcel wagons for attracting this traffic to railways. He was also coordinator of international operations of Indian Railways such as Bangladesh and Pakistan.</p>	<p>Mr. Mitsuhashi joined Kintetsu World Express Inc., in 1979 and after serving in various positions, became the Managing Director of Kintetsu Integrated Air Services Sdn Bhd. Presently, he is the Director and General Manager of South East Asia Region.</p>

	Mr. P N Shukla joined in October 2007 as Director, Operations & Business Development of Dedicated Freight Corridor Corporation of India Limited (DFCCIL). After superannuating from DFCCIL in Nov.2012 he provides consultancy in Railway Logistics and Rail Infrastructure Planning viz, to M/S HINDALCO, KakinadaPort, GMR Power and Central Railside Warehousing Co.ltd.	
Date of appointment on the Board of the Company	19.10.2012	09.08.2012
Details of Shares held in the Company as on 31.03.2014	NIL	NIL
List of Companies in which outside Directorships held as on 31.03.2014 (excluding Private, Section 25, Foreign Companies)	Gati Kausar India Ltd.	-
Chairman / Member of the Committees of other Companies on which he is a Director as on 31.03.2014	-	-
Category	Independent Director	Nominee Director
Relationship with other directors	Not related to any Director	Not related to any Director

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

##### **Item No. 5**

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. KL Chugh, Mr. N. Srinivasan, Dr. PS Reddy, Mr. Sunil Kumar Alagh and Mr. PN Shukla as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Companies Act, 2013 (Act) which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Board has recommended the appointment of these directors as Independent Directors for a period of 5 years effective from the date of this AGM.

Mr. KL Chugh, Mr. N. Srinivasan, Dr. PS Reddy, Mr. Sunil Kumar Alagh and Mr. PN Shukla, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

A brief profile and other details of the Independent Directors whose appointment is proposed has been given in point no. 19 of the notes to this notice.

Mr. KL Chugh, Mr. N. Srinivasan, Dr. PS Reddy, Mr. Sunil Kumar Alagh and Mr. PN Shukla are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

##### **Item No.6**

As per Section 188(1)(f) of the Companies Act, 2013 the appointment of relative of a Director in a place of profit in a subsidiary company requires the approval of the shareholders through special resolution.



Name of Related Party	Mr. Dhruv Agarwal
Name of the Director or key managerial personnel who is related	Mr. Mahendra Agarwal, Managing Director
Nature of Relationship	Mr. Dhruv Agarwal is son of Mr. Mahendra Agarwal
Profile	<p>Mr. Dhruv Agarwal is Vice President, Gati-Kintetsu Express Private Limited and in this position he is responsible for providing overall guidance to the Supply Chain Solutions team and is part of the Strategy team and Visioning team. In addition to that he also mentors the e-Commerce Logistics business, driving it in the direction to add the greatest value for all stakeholders. He is actively involved in developing new tools and initiatives to meet the ever growing demand in the E-com logistics space. He monitors the customer requirement closely to meet the desired service level commitments. His understanding of the nuances of this business and his initiatives has resulted in many customer wins.</p> <p>He has demonstrated good leadership skills within a short span of time and plays a major role in the engagement process with customers especially on the New Business Development.</p> <p>Mr. Dhruv Agarwal is also the founder and Director of Sun Volt Energy Pvt. Ltd., which has implemented one of India's first grid connected, 1 MW Solar Plant. Dhruv has previously worked as Project Development Consultant in Capital Fortunes Pvt. Ltd., as a Business Analyst in JP Morgan Chase, USA, Summer Consultant in Deloitte Haskins &amp; Sells and as a Project Manager in Illinois Business Consulting USA. He has a good exposure to the International best practices in the Logistics space which is used to leverage in implementing strategic process with customers. Mr. Dhruv Agarwal holds a Bachelor degree in Liberal Arts &amp; Science in Economics from the University of Illinois, Urbana USA and attended Summer School at the London School of Economics, UK.</p>
Nature, material terms, monetary value and other particulars	<p>Full time employment; Remuneration of Rs. 2.45 lakhs per month subject to revision by the Board of Directors/Committee thereof of the Company/GATI-KWE in accordance with the applicable company's policies/statutory/regulatory provisions.</p> <p>The Board of Directors of the Company and GATI-KWE had approved the appointment of Mr. Dhruv Agarwal as Vice President in GATI-KWE, as required under erstwhile Section 314(1) of the Companies Act, 1956.</p>

Mr. Mahendra Agarwal, Managing Director would be deemed to be interested or concerned in this resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, in this resolution. The Board commends the resolution set out at Item No. 6 of the Notice for approval by the shareholders.

#### Item No.7

As per Section 188(1)(f) of the Companies Act, 2013 the appointment of relative of a Director in a place of profit in a subsidiary company requires the approval of the shareholders through special resolution.

Name of Related Party	Mr. Manish Agarwal
Name of the Director or key managerial personnel who is related	Mr. Mahendra Agarwal, Managing Director
Nature of Relationship	Mr. Manish Agarwal is son of Mr. Mahendra Agarwal
Profile	<p>Mr. Manish Agarwal is Director, Gati Kausar India Limited.</p> <p>Mr. Manish is a Bachelor of Applied Science in Engineering and Science (major in Computer Science) and a Bachelor of Science in Economics (concentration in Strategic Management) from the Wharton School, University of Pennsylvania. He graduated as part of the Jerome Fisher Program in Management in Technology at the University. He has also done a summer program in international relations and public policy at the London School of Economics.</p>

	His managerial and information technology background has helped the company in quickly bringing a lot of changes over this time. He is largely responsible for improving the efficiency of operations. He is a hands on person and works closely with the team at large both at office and outside office. He has developed a special rapport with all customers having visited them regularly. He has actively participated at various national conferences to showcase the capabilities of the Company. He has knowledge about best practices related to the cold chain business and brings in international experience which is relevant for development of this industry in India.
Nature, material terms, monetary value and other particulars	Full time employment; Remuneration of Rs. 1 lakh per month subject to revision by the Board of Directors/Committee thereof of the Company/Gati Kausar in accordance with the applicable company's policies/statutory/regulatory provisions.  The Board of Directors of the Company and Gati Kausar had approved the appointment of Mr. Manish Agarwal as Director in Gati Kausar, as required under erstwhile Section 314(1) of the Companies Act, 1956.

Mr. Mahendra Agarwal, Managing Director would be deemed to be interested or concerned in this resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, in this resolution. The Board commends the resolution set out at Item No. 7 of the Notice for approval by the shareholders.

#### Item No.8

The members of the Company at their 14th Annual General Meeting held on October 21, 2009 approved by way of a Special Resolution under Section 309 of the Companies Act, 1956, the payment of remuneration by way of commission to the Non-executive directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act 1956, for a period of five years commencing July 1, 2009.

Pursuant to Sections 149, 197 and any other relevant provisions of the Companies Act, 2013 and taking into account the roles and responsibilities of the Non-Executive Directors, it is proposed that the Non-executive directors be paid for each of the financial years as may be decided by the Board, a remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013. This remuneration will be distributed amongst all or some of the Non-executive directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013. This remuneration shall be in addition to fee payable to the Non-executive directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, a fresh approval of the Members is sought by way of a special resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Non-executive directors of the Company as set out in the Resolution at Item No. 8 of the Notice.

All the Directors of the Company except the Whole Time Directors are concerned or interested in the Resolution at Item No. 8 of the Notice to the extent of the remuneration that may be received by each of them.

#### Item No.9

The Company proposes to alter the Article 108 of the Articles of Association of the Company to increase the maximum number of Directors as permitted under the Companies Act, 2013 to Fifteen (15).

Further, pursuant to Section 149 of the Companies Act, 2013, the independent directors are not liable to retire by rotation and two-thirds of the total directors (excluding independent directors) shall be persons whose period of office is liable to determination of retirement by rotation, of which one-third shall retire by rotation at every AGM. Hence it is required to alter clause 126 of the Articles of Association to subject all directors other than independent and promoter (if executive) directors, to be liable to retire by rotation.

The amendment of Articles of Association requires shareholders approval through a special resolution as per Section 14 of the Companies Act, 2013.

None of the Directors and Key Management Personnel may be deemed to be interested in this resolution. The Board recommends the Resolutions set out at Item No. 9 of the Notice for approval by the shareholders.

#### Item No. 10

The Company had earlier framed Employees Stock Option Schemes for its employees namely Scheme 2003, Scheme 2006 and Scheme 2007.

#### As per the existing schemes:

(i) Employees of the Company/Subsidiary include all the Directors, except Promoter Directors of the Company/Subsidiaries. As per the New Companies Act, 2013, the Independent Directors are not entitled to stock options. Hence, it is proposed to amend the definition of "employee" to be in conformity with the New Companies Act, 2013.



(ii) The exercise price of the options is at a discount of 25% to the average of four weeks high and low of the closing prices preceding the grant date of options for the Company's equity shares quoted either on the Bombay Stock Exchange Limited or National Stock Exchange, where the higher volume of shares are traded. As per SEBI (ESOP and ESPS Scheme) Guidelines, 1999, the Companies can determine the exercise price subject to conforming to the applicable accounting policies. Hence it is proposed to amend the clause pertaining to exercise price by authorising the Board or its Committee to decide the exercise price, including pricing formula in accordance with the applicable statutory regulations.

(iii) The maximum number of options that can be issued per employee in aggregate is 1,50,000. options. This clause is restrictive in nature and there could arise a requirement to grant options to certain eligible employees beyond this number. Hence it is now proposed to amend the clause to remove the aforesaid restriction. It is now proposed to seek approval of members for necessary amendments to existing schemes/resolutions passed by the members in the AGMs held on October 17, 2001, October 11, 2006 & October 13, 2007 by way of a Special Resolution set out at item No. 10 of the Notice.

Executive Directors and Key Managerial Personnel of the Company (other than Promoter and Non-executive directors) may be deemed to be interested or concerned in the Resolution set out at item No. 10 of the Notice.

The Board recommends the Special Resolution set out at item No. 10 of the Notice for approval by the members of the Company.

#### **Item No. 11**

The members are aware that the Company had been accepting deposits from its members, employees and public as permissible under the provision of the Companies Act, 1956 read with the corresponding Companies (Acceptance of Deposit) Rules, 1975, earlier in force.

However, with the commencement of the New Companies Act, 2013, deposits are now governed by the new law and approval of shareholders is required by way of Special Resolution for inviting/accepting/renewing deposits. The members may kindly note that under the provisions of the Companies Act, 2013, any Company inviting/accepting/renewing deposits is also required to obtain Credit Rating. Your Company has applied for a credit rating for its Fixed Deposits program, from CARE and shall be taking deposit insurance as required under the Companies Act, 2013.

The Directors and Key Managerial Personnel may be deemed interested to the extent of their shareholding and deposits held in the company, if any.

By order of the Board  
for **Gati Limited**

**VSN Raju**  
**Company Secretary**  
Hyderabad, May 6, 2014

**Registered Office:**  
I-7-293, M.G. Road  
Secunderabad – 500 003  
Tel: +91 040 – 2784 4284  
Fax: +91 040 – 2311 2316

**CIN:** L63011API995PLC020121  
**Website:** [www.gati.com](http://www.gati.com)  
**Email:** [investor.services@gati.com](mailto:investor.services@gati.com)

**Corporate Office:**  
Plot No.20, Survey No.12  
Kothaguda, Kondapur, Hyderabad-84  
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## Directors' Report

Dear Members,

Your Directors are pleased to present their report for the nine month period ended March 31, 2014. Pursuant to the provisions of the Companies Act 2013, the Company changed its financial year from "July – June" to "April – March". Accordingly the financial statements of the Company are prepared for a period of nine months (i.e. 1-July-2013 to 31-March-2014) and hence are not comparable with that of previous year.

The financial statements, directors' report and annexures are prepared and presented on the same lines of last year as per General Circular No. 08/2014 dated 04.04.2014 issued by Ministry of Corporate Affairs, New Delhi.

### Financial Highlights

(₹ in mn)

Particulars	Consolidated		Standalone	
	2013-14(9 m)	2012-13	2013-14(9 m)	2012-13
Income	11,272	12,895	2,626	1,694
<b>Profit before Finance Cost, Depreciation &amp; Amortization, Taxation &amp; Exceptional item</b>	<b>947</b>	<b>988</b>	<b>216</b>	<b>242</b>
Less: Finance cost	325	437	47	59
Depreciation & Amortization (Net)	211	248	40	21
<b>Profit before tax &amp; Exceptional items</b>	<b>401</b>	<b>303</b>	<b>129</b>	<b>162</b>
Exceptional items	0	(71)	0	0
<b>Profit before tax</b>	<b>401</b>	<b>232</b>	<b>129</b>	<b>162</b>
Less: tax expenses	118	60	(77)	(92)
<b>Profit after tax (Net off Minority)</b>	<b>234</b>	<b>96</b>	<b>206</b>	<b>254</b>
Add: Balance in Profit and Loss brought forward from previous year			811	638
<b>Profit Balance available for appropriation</b>			<b>1,016</b>	<b>892</b>
Proposed dividend			61	52
Tax on dividend			0	3
General Reserve			21	26
<b>Balance Profit/(Loss) carried forward</b>			<b>934</b>	<b>811</b>

### Dividend

The Board has recommended dividend of 35% (not annualized) per share on the share capital of Rs. 174 mn for the nine month period ended March 31, 2014 (previous year 30% for twelve month period ended June 30, 2014). This would absorb a sum of Rs. 61 mn. An amount equivalent to Rs. 21 mn has been transferred to general reserve.

### Review of Operations

During the period under review, at consolidated level, your Company achieved a revenue of Rs. 11,272 mn, EBITDA of Rs. 947 mn, PBT of Rs. 402 mn and PAT of Rs. 234 mn as against a revenue of Rs. 12,895 mn, EBITDA of Rs. 988 mn, PBT of Rs. 232 mn and PAT of Rs. 96 mn respectively in the previous year.

At standalone level, your Company recorded a revenue of Rs. 2,626 mn, PBT of Rs. 129 mn and PAT of Rs. 206 mn as against a revenue of Rs. 1,694 mn, PBT of Rs. 162 mn and PAT of Rs. 254 mn in the previous year.

### E-Commerce

The financial year 2013-14, for the E-Commerce business of your Company has been a challenging yet rewarding one. The year saw a number of product launches, new innovations in services, increased use of IT and automation and a significant increase in revenues. Riding high on the E-Commerce wave this division witnessed a 10% month-on-month growth totaling up to a CAGR of 130%. Major growth has come from tier 2 and 3 cities across India. Keeping pace with the growing demand of the eTailing industry, one of the main focus areas of the business has been to strengthen its last mile delivery. Challenges that are unique to the industry have pushed the business to deliver tailor made solutions that are particularly customized for each customer. To strengthen the offering, your Company had launched services like Gati ePack (packing solutions), Gati ePick model and Gati Reverse Pick-up.

During the period under review, E-Commerce division recorded a revenue of Rs. 407 mn as against a revenue of Rs. 254 mn in the previous year.

## Subsidiaries

### Gati-Kintetsu Express Pvt Ltd. (GATI-KWE or JV Company)

GATI-KWE, the main subsidiary of the Company, contributes substantially to the business of your Company. The JV Company offers solutions in Express Distribution – Road and Air; Transport Solutions for bulk transportation and Supply Chain Solutions that span across the value chain in demand planning, inventory management, transportation solutions and reverse logistics. The financial year 2013-14 has been a challenging year, impacted adversely by sluggish growth of economy. GDP and IIP growth have been at 4.7% and 2.5% respectively during the year.

GATI-KWE while retaining its leadership position in Express Road transportation business, recognizes the competition in this space, which is heating up through PE investments and FDI. In Express Road category your Company has registered a growth of 21% in nine month period (YoY). In Air Cargo space your Company has grown by 10% in nine month period (YoY). The Transport Solution business witnessed a growth of 9% in nine month period against Transportation growth rate of 10%. Auto, Electronics/Computer peripherals and Pharma industry continues to be strong contributor in our overall revenue.

GATI-KWE understands the value of quality services and always emphasizes on quality improvement initiatives. "The GATI-KWE WAY", an initiative launched last year to minimize the defects, has continued to achieve next level of excellence through KAIZEN, LEAN and 5S principles. Automation processes like introduction of CCTV, Tablets and Scanners has been introduced to reduce defects and improve the efficiency of service levels.

During the period under review, GATI-KWE recorded a revenue of Rs. 7,836 mn, EBITDA of Rs. 837 mn and PAT of Rs. 369 mn against a revenue of Rs. 8,956 Mn, EBITDA of Rs. 878 mn and PAT of Rs. 336 mn in the previous year.

GATI-KWE declared an interim dividend aggregating to Rs. 100 mn to the shareholders of which your company's share is Rs. 70 mn. The Board of directors of GATI-KWE also recommended a final dividend of Rs. 100 mn. for the financial year 2013 -14 (nine month period).

The credit rating of GATI-KWE has improved during the year with CARE upgrading the rating from 'A minus' to 'A' for long term banking facilities and 'A2' to 'A1' for short term facilities.

### Project Udaan

Last year GATI-KWE heralded the launch of Project Udaan, a strategic initiative with a vision to achieve a comprehensive enterprise transformation. Project Udaan conceptualized a broad spectrum of inter-disciplinary initiatives, which are presently at various stages of implementation maturity. Initiatives under Project Udaan were primarily envisaged to target both the revenue and cost levers, for improving profitability of the Company. Subsequently, initiatives around areas for unlocking value by addressing visibility and by increasing business controls were taken up, which together demonstrated significant value to the organization and promised a lot more.

Project Udaan has shown promising results in the first 12 months of its launch, as GATI-KWE has grown both in terms of capabilities and overall organizational efficiencies. In the current year, GATI-KWE is poised for an exciting period of growth and expansion, as it envisages making informed structural changes based on advance analytical tools around network & route optimization. To set new standards and excel beyond the expectations of all our stakeholders is the goal for the year, and the Company is confident about achieving this goal.

### Gati Kausar India Ltd.

Gati Kausar is one of the largest players in cold chain industry. The Company is going to expand its business in the area of cold warehousing and its associated activities like processing the refrigerated stuff. Value added services includes primary processing (sourcing, procurement, collection, cleaning, sorting, grading, IQF, packaging, stickering, ripening, waxing, polishing, weighing), tracking, express services, inventory management and planning, bulk breaking, order picking.

At present Indian cold chain industry stands at \$5 billion in revenue terms. It can handle only 12-14% of the total agriculture produce, leaving a huge gap or opportunity to tap the market. In last 5 years, the growth in the cold chain logistics is around 18-20% and is likely to be maintained during next five years. There are various drivers such as growth in the organized retail, FDI in retail, accelerated growth in quick service restaurants, meat, poultry sector, government initiatives and subsidies.

During the period under review, Gati Kausar recorded a revenue of Rs. 358 mn, EBITDA of Rs. 34 mn and Loss of Rs. 39 mn as against a revenue of Rs. 458 mn, EBITDA of Rs. 49 mn and Loss of Rs. 24 mn in the previous year.

### Gati Ship Ltd. (GSL)

During the period under review, GSL recorded a revenue of Rs. 195 mn, negative EBITDA of Rs. 41 mn and Loss of Rs. 154 mn against a revenue of Rs. 254 mn, negative EBITDA of Rs. 108 mn and Loss of Rs. 314 mn in the previous year.

Your Board is conscious of the serious business challenges being encountered by GSL and has decided to scale down the operations, sell all loss making ships and take other strategic initiatives to eliminate the losses. Towards this your management has made considerable progress.

### **Gati Cargo Malaysia SDN BHD (Gati Malaysia)**

Gati Malaysia's business remained unviable and hence your Board decided to close the business. Accordingly the Company has filed an application to Companies Commission of Malaysia (CCM) for its closure during the year. The CCM has accepted the application and an official closure certificate is expected during FY 2014-15.

### **Update on restructuring**

An appraisal of the carrying value of the Company's investment in subsidiaries was carried out by the management, and the diminution in their values, amounting to Rs. 13,551 lakhs, has been adjusted against the Special Reserve in the Balance Sheet. Further, certain advances and receivables amounting to Rs. 6,744 lakhs – relating to the Company's subsidiary, which is in the process of exiting from the shipping business, found to be irrecoverable has been adjusted against the Special Reserve. Advances aggregating to Rs. 1,261 lakhs on the capital account, in respect of the discontinued business now found doubtful of recovery, has been considered by the management as exceptional items and adjusted against the Special Reserve in the Balance Sheet. All the above accounting treatment is in accordance with the Scheme of Arrangement approved by the Honourable High Court of Andhra Pradesh vide their order dated 19th March 2013. The statutory auditors have drawn attention to these adjustments in their report as a matter of emphasis.

### **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](http://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 2013-14.

### **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 nine months period ended March 31, 2014 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)**

As you are aware that, 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 pursuant to terms and conditions thereof, 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. 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.

In response to company's application to Reserve Bank of India (RBI) seeking permission for part repurchase of FCCBs, RBI vide its letter dated 27th September 2013 accorded permission while stating that the Company was not an eligible borrower under the automatic route and the borrowing be treated as a Foreign Debt. The company was levied a compounding fee of Rs.29.6 Mn in this respect. While suspending the compounding orders of RBI, the Hon'ble High Court of Andhra Pradesh had passed an interim order directing the Company to deposit Rs. 0.74 Mn with Reserve Bank of India, out of the compounding fee of Rs.29.6 Mn, which the Company has since deposited. The matter being subjudice and on the basis of written legal advice, the Company has not recognized the conversion notice from one of the bondholders in respect of the FCCBs.

### **Air India and Gati Arbitration**

In the year 2009, the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL) (erstwhile Indian Airlines Ltd.,) and now Air India (AI), due to continuous failure and defaults by NACIL. The Learned Arbitral Tribunal adjudicating on the disputes between the Company and Air India Limited in respect of the discontinued freighter operations of the Company, has passed its Award dated September 17, 2013, whereby, it has inter alia directed Air India Limited to pay an amount of Rs. 2682 Lakhs to the Company against which an amount of Rs. 2,659 Lakhs is included in the Loans and Advances being the difference between the amount of bank guarantee invoked by NACIL and claims acknowledged by the Company. Further, the Learned Tribunal has directed Air India Limited to pay interest @ 18% per annum on the awarded amount. Air India has preferred an application in the Hon'ble Delhi High Court inter alia seeking setting aside of the Award. The matter is pending adjudication.

### **Future Prospects**

The economy is expected to gain momentum in FY 2014-15. Industry is hoping that there will be stability after elections and the economy would grow. Changed environment is expected to push manufacturing and SME growth, which has a direct impact on logistic industry. Continuous growing trend in logistics and supply chain function will be a pushing factor for our business. For the FY 2014-15, your Company is expected to post better growth at consolidated level which could be propelled with the expected introduction of GST nationwide.

The Company's major subsidiary GATI-KWE has done well and is well established and received by the Industry. With economy expected to change post general elections, GATI-KWE would do better and rapidly grow. GATI-KWE expects strong growth through solution selling by integrating warehousing, distribution along with other value added services. The Company's focus will be to develop more capabilities in E-com logistics.

In the E-Commerce area, your Company is uniquely placed to provide services in Metros, Capitals, Tier 2 and 3 cities, which is current need of E-Commerce industry due to surge in demand from smaller towns. In E-Commerce solutions your Company is integrating supply chain solutions and distribution through e-fulfillment centers. The E-commerce vertical has potential to grow 100% YoY.

### **Fixed deposits (FD)**

As on March 31, 2014, fixed deposits from the public and shareholders stood at Rs. 320 mn out of which Rs. 5.5 mn remain unclaimed. There were no overdue deposits as on that date.

The Company discontinued the acceptance of FD w.e.f April 1, 2014 to comply with the provisions of Companies Act, 2013 which inter-alia provides for shareholders approval, appointment of deposit trustees and other requirements. The Company seeks the approval of the shareholders to continue accepting/renewing FD in the ensuing AGM, subject to compliance with the statutory requirements.

### **Directors**

Dr. Ram S Tarneja, an Independent Director, who has been on the Board since inception, resigned from the Board effective 28-February-2014 due to advancement of age. Further, Mr. APVN Sarma, an Independent Director also resigned from the Board effective 6-May-2014, due to his pre-occupation. The Board places on record its profound appreciation for the contributions made by Dr. Tarneja and Mr. Sarma during their tenure as Directors.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Yoshinobu Mitsuhashi retires by rotation and being eligible, has offered himself for re-appointment

Pursuant to the notification of Section 149 and other applicable provisions of the Companies Act, 2013 read with rules thereon and the Clause 49 of the Listing Agreement, all the Independent Directors viz. Mr. KL Chugh, Mr. N. Srinivasan, Mr. Sunil Alagh, Dr. PS Reddy and Mr. PN Shukla are proposed to be appointed as Independent Directors for five years from the date of ensuing AGM.

The brief profiles of the directors who are to be appointed / re-appointed form part of the notes and explanatory statement 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 2005-06 was transferred by the Company to the Investor Education and Protection Fund (IEPF) and the unclaimed dividend pertaining to the financial year 2006-07 is due for transfer to IEPF.

### **Directors' Responsibility Statement**

Pursuant to the requirement under section 134(5) of the Companies Act, 2013 (erstwhile 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 nine months period ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, as explained in earlier paragraph;
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 nine months period ended March 31, 2014;
5. That the Company, had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively.

### **Auditors**

The Statutory Auditors of the Company M/s. RS Agarwala and Co, Chartered Accountants, Kolkata and Branch Auditors, M/s. BK Agarwal and Co, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter to the effect that the re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

Pursuant to Companies Act, 2013, your Company recommends the appointment of Statutory Auditors to hold office from the conclusion of the 19th Annual General Meeting till the conclusion of the 22nd Annual General Meeting, subject to ratification at the every Annual General Meeting of the Company.

### Change in Capital Structure and Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the Bombay Stock Exchange and National Stock Exchange. During the nine months period under review, 6,81,800 equity shares were allotted on exercise of the options by the eligible employees granted under the Employee Stock Option Scheme, and admitted for trading in NSE and BSE. Consequently, the Equity Share Capital of the Company increased from 8,65,82,287 equity shares of Rs 2/- each to 8,72,64,087 equity shares of Rs 2/- each.

### Personnel

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

### 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 Annexure – I.

### Employees Stock Option Scheme

The disclosure as required pursuant to SEBI ESOS guidelines is enclosed as Annexure–II.

### Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49 is attached to the report on corporate governance.

### Management Discussion and Analysis (MDA)

MDA is provided as a separate section in the annual report.

### Acknowledgment

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**

Place: Hyderabad  
Date: May 6, 2014

**K L Chugh**  
Chairman



## Annexure-I

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

### A) Conservation of Energy:

Your company continues to be conscious of the environmental impact of our business and continues to improve on its fuel efficiency through various initiatives in this area.

In addition, the rail usage has increased by 10% as compared to corresponding nine months period. The total rail movement stands at 21% of the total weight of 5,95,553 tonnes moved during the year. This addresses fuel reduction and backhaul related consumption as well as railway can be operated on one way vs a round trip by road. Gati-Kintetsu will continue in this area by offering multi modal connectivity. Network design of Gati-Kintetsu 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 latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. BSIII / BS IV models.
2. The strict periodical maintenance of Company's vehicles was done as per manufacturer's prescribed norms to ensure optimum fuel consumption & better vehicle maintenance.
3. Stringent checks for vehicles and exit of vehicles >5 years old.
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 Do's and Don'ts, RIC (Route Information card) and 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) Technology

Your Company has taken key initiative by way of induction of tablets for all e-Comm deliveries, to update the real time delivery information and also for on-line loading / unloading, along with a scanner at Customer Premises and operating units. In addition to this your company has integrated various e-Commerce vendors' applications with your Companies application seamlessly.

### C) 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. 43 in Notes on Financial Statements.

## Annexure-II

Details of Stock Options  
Pursuant to SEBI Guidelines on Stock Options:  
(Period starts from 01.07.2013 to 31.03.2014 (Nine Months))

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
a.	No. of options approved under Gati ESOS	32,17,500	17,82,500	17,55,720
	Options available to grant under GATI ESOS as on 1st July 2013	Nil	4,76,877	17,55,720
	Options granted, but not vested / not exercised as on 1st July 2013	4,97,093	13,05,623	Nil
b.	Options granted during the year (Net of Lapses)	Nil	Nil	9,94,090
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 2013-14	Nil	7,97,755	Nil
e.	Options Exercised during FY 2013-14	Nil	6,81,800	Nil
f.	Total No. of shares arising as a result of Exercise of Option	Nil	6,81,800	Nil
g.	Options lapsed during FY 2013-14	Nil	4,08,416	Nil
h.	Variation of terms of Options	Vesting period deferred upto 31.12.2013 by the Compensation & HR Committee at its meeting held on 31.07.2013		

i.	Money realized by exercise of options	Nil	2,38,97,090	Nil
j.	Total No. of options in force as on 31st March 2014	4,97,093	2,15,407	9,94,090
k.	<b>Grant details to</b>			
	(i) members of Board and Senior Managerial Personnel	Nil	Nil	1,90,000
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	Nil	Nil	Nil
	(iii) Identified employees who were granted option during the year equal to or exceeding 1 % of Issued capital of the company at the time of grant.	Nil	Nil	Nil
l.	Diluted EPS as per Accounting Standard 20 2.36			
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	₹. 1,45,38,622/-		
	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortalsed Amount)	Profit (Loss) after Tax (Rs. In Lakhs) 2,055.92 Less: Additional Employee compensation cost of Fair Value over Intrinsic Value (Rs. In Lakhs) 18.47 Adjusted PAT (Loss) (Rs. In Lakhs) 2,037.42 Adjusted EPS 2.34		
n.	Weighted average exercise price and fair value of Stock Options granted:			
	<b>Stock Options granted on</b>	<b>Weighted average exercise price (in ₹)</b>	<b>Weighted average Fair value (in ₹)</b>	<b>Closing market price at BSE on the date of grant (in ₹)</b>
	07.08.2009	35.05	52.29	47.40
	12.01.2013	28.00	39.95	35.60
	06.02.2014	45.60	75.44	69.50
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% 3 years 9.93% (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, 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.

The Financial Year under report has changed to comply with the provisions of Section 2 (41) of the Companies Act, 2013. Therefore, the present Corporate Governance report is for Nine Months commencing from July 1, 2013 to March 31, 2014

### 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

A majority of the Board, 5 out of 8, are Independent Directors. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

As on March 31, 2014, the Board of Gati had Eight Directors, comprising (i) Five Independent Directors, including the Chairman (ii) Two Executive Directors (iii) One Nominee Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

Name	Designation	Board meeting	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee
Mr. K L Chugh	Independent Director	Chairman	—	—	Chairman
Mr. Mahendra Agarwal	Founder, Promoter & CEO	Managing Director	—	Member	—
Mr. N. Srinivasan	Independent Director	Member	Chairman	—	—
Dr. P.S. Reddy**	Independent Director	Member	Member	Chairman	Member
Mr. Sunil Kumar Alagh	Independent Director	Member	—	—	Member
Mr. APVN Sarma*	Independent Director	Member	—	—	—
Mr. Yoshinobu Mitsuhashi	Nominee Director	Member	—	—	—
Mr. Sanjeev Kumar Jain	Director-Finance	Member	—	—	—
Mr. P N Shukla	Independent Director	Member	Member	—	—

\* Resigned w.e.f 06.05.2014

\*\* Appointed as member of Audit committee w.e.f 06.05.2014

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 Chairman of more than five Committees across all the public companies in which they are Directors. Other directorships do not include alternate directorships, and companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit and Stakeholders Relationship Committees.

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 Directorship	Committee	
		Membership	Chairmanship
Mr. K L Chugh	5	-	-
Mr. Mahendra Agarwal	8	-	-
Mr. N. Srinivasan	16	4	3
Dr. P.S. Reddy	1	-	-
Mr. Sunil Kumar Alagh	4	1	1
Mr. APVN Sarma *	4	-	-
Mr. Yoshinobu Mitsuhashi	1	-	-
Mr. Sanjeev Kumar Jain	1	-	-
Mr. P N Shukla	1	-	-

\* Resigned w. e. f. 06.05.2014

### Meetings of the Board

The Board of Directors must meet at least four times a year, with a maximum time gap of 120 days between two Board meetings. During the financial year 2013-14 (nine months period ended 31.03.2014) under review, the Board met four times viz., on July 8, 2013, July 31, 2013, November 6, 2013 and February 6, 2014. 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 proceedings of the meeting held through video conferencing are duly recorded by the company.

The below table gives the composition of the Board, their attendance at the board meetings held during the year and at the previous Annual General Meeting held on November 6, 2013.

Name	Category and Designation	Attendance particulars	
		Board meetings	Last AGM
Mr. K L Chugh	Independent Director- Chairman	4	Yes
Mr. Mahendra Agarwal	Founder, Promoter & CEO	4	Yes
Dr. Ram S. Tarneja*	Independent Director	4	Yes
Mr. N. Srinivasan	Independent Director	4	Yes
Dr. P.S. Reddy	Independent Director	3	Yes
Mr. Sunil Kumar Alagh	Independent Director	2	Yes
Mr. APVN Sarma**	Independent Director	3	Yes
Mr. Yoshinobu Mitsuhashi	Nominee Director	2	Yes
Mr. Sanjeev Kumar Jain	Director-Finance	4	Yes
Mr. P N Shukla	Independent Director	4	Yes

\* Resigned w. e. f. 28.02.2014

\*\* Resigned w. e. f. 06.05.2014

### Information given to the Board:

The Company provides 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](http://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.

## Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India (ICSI), has issued Secretarial Standards on important aspects like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal and Board's Report. Although these standards, as of now, are recommendatory in nature, the Company substantially adheres to these standards voluntarily.

## 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 powers. 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 for approval.

The Company has three Board-level Committees, namely:

1. Audit Committee
2. Nomination & Remuneration Committee (Compensation & HR Committee)
3. Stakeholders Relationship Committee (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 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 2013-14 (nine months period ended 31.03.2014), the Audit Committee met three times viz., on July 31, 2013, November 6, 2013, February 6, 2014. The below table gives the composition and attendance record of the Audit Committee.

Sl. No.	Name	Position	Number of meetings during the year 2013 -14	
			Held	Attended
1	Mr. N. Srinivasan	Chairman	3	3
2	Mr. P.N Shukla	Member	3	3
3	Dr. Ram S. Tarneja*	Member	3	3
4	Dr. P.S. Reddy**	Member	-	-

\* Resigned w.e.f. 28.02.2014

\*\* Appointed w.e.f 06.05.2014

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

Mr. N Srinivasan, Chairman of the Audit Committee has attended the previous Annual General Meeting held on November 6, 2013.

#### **Nomination & Remuneration Committee ( Compensation & HR Committee ):**

The Board has constituted Nomination & Remuneration Committee consisting of 3 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 2013-14 (nine months period ended 31.03.2014), the Committee met two times viz., on July 31, 2013 and February 6, 2014. The below table gives the composition and attendance record of the Nomination & Remuneration Committee.

Sl. No.	Name	Position	Number of meetings during the year 2013-2014	
			Held	Attended
1	Mr. K L Chugh	Chairman	2	2
2	Dr. Ram S Tarneja*	Member	2	1
3	Dr. P S Reddy	Member	2	2
4	Mr. Sunil Kumar Alagh	Member	2	1

\* Resigned w.e.f. 28.02.2014

#### **Directors Remuneration**

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

##### **a) Executive Directors: -**

(₹ in mn)

Particulars	Mr. Sanjeev Jain, Director - Finance
Salary	4.92
PF contribution /Superannuation funds	0.46
Rent Free Accommodation / Perks	0.35
<b>TOTAL</b>	<b>5.73</b>

##### **b) Non-Executive Directors: -**

The sitting fee and 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 duly considered and approved by the Board and the shareholders.

The details of sitting fee paid to the Non-Executive Directors during the financial year 2013-14 (nine months period ended 31.03.2014), proposed commission and stock options granted, accepted & outstanding are as follows:

Particulars	Sitting fee (Rs.)	Commission (Rs.)	Stock options * (Nos.)
Mr. K L Chugh	1,00,000	3,00,000	75,000
Dr. Ram S Tarneja**	1,50,000	---	---
Mr. N. Srinivasan	1,40,000	2,00,000	75,000
Dr. P.S. Reddy	90,000	1,50,000	75,000
Mr. Sunil Kumar Alagh	50,000	1,50,000	75,000
Mr. APVN Sarma***	70,000	---	20,000
Mr. P N Shukla	1,40,000	1,50,000	20,000
Mr. Yoshinobu Mitsuhashi	—	1,50,000	---
<b>TOTAL</b>	<b>7,40,000</b>	<b>11,00,000</b>	<b>3,40,000</b>

\*Stock options granted, accepted and outstanding as on 31.03.2014

\*\* resigned w.e.f. 28.02.2014

\*\*\* resigned w. e. f. 06.05.2014

Commission for the financial period 2013-14 will be paid to the Directors after approval of accounts by the shareholders at the ensuing Annual General Meeting. Other than above, there were no pecuniary relationships or transactions with the non-executive director's vis-a-vis the company.

**Stakeholders Relationship Committee (Investors' Grievance Committee) :**

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to handling of stakeholders' 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
5. Review of stakeholders' queries & grievances

The Committee consists of three Directors, including an Executive Director. The Chairman of the Committee is an Independent Director. During the financial year 2013-14 (nine months period ended 31.03.2014), the Committee met two times viz., on July 31, 2013 and February 6, 2014. The below table gives the composition and attendance record of the Committee.

Sl. No.	Name	Position	Number of meetings during the year 2013-2014	
			Held	Attended
1	Dr. P.S. Reddy	Chairman	2	2
2	Mr. APVN Sarma*	Member	2	2
3	Mr. Mahendra Agarwal	Member	2	2

\* Resigned w.e.f. 06.05.2014

Mr. VSN 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 financial year 2013-14 (nine months period ended 31.03.2014) is given below:

S.No.	Nature of Complaint	Received	Disposed	Pending
1	Non receipt of dividend warrants	6	6	NIL
2	Non receipt of Annual Report	4	4	NIL

**Name, designation and address of Compliance Officer:**

Mr. VSN. Raju  
Company Secretary & Compliance Officer  
Email: investor.services@gati.com

**Corporate Office:**

Gati Limited  
Plot No. 20, Survey No. 12,  
Kothaguda, Kondapur, Hyderabad – 500084  
Tel. +91 040 7120 4284  
Fax: +91 040 231 12316

**Regd. Office:**

Gati Limited  
1-7-293, M. G. Road  
Secunderabad – 500 003  
Tel: +91 040 27844284  
Fax: +91 040 27894284

**General Body Meetings****(a) Annual General Meeting:**

Date of AGM	Time	Venue	No. of Special resolutions passed
November 6, 2013	10.30 A.M	Hotel Radison BLU, 8-2-409, Road No.6, Banjara hills, Hyderabad – 500034	1
October 19, 2012	10.30 A.M	Hotel Radison BLU, 8-2-409, Road No.6, Banjara hills, Hyderabad – 500034	2
November 16, 2011	10.00 A.M	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.

### Subsidiary Companies:

The Board of Directors has reviewed the financial statements and minutes of the board meetings of Gati-Kintetsu Express Private Limited (GATI-KWE), the materially unlisted subsidiary company. The Company is taking all necessary steps to appoint an Independent Director of the Company on the Board of GATI-KWE as per the listing agreement. However, Mr. Mahendra Agarwal, Managing Director & Mr. Sanjeev Jain, Director – Finance of the Company are Directors in GATI-KWE.

### Disclosures

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

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large. However, the other related party transactions form part of the financial statements.

(ii) Except as specified below there were no 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:

In response to company's application to Reserve Bank of India (RBI) seeking permission for part repurchase of FCCBs, RBI vide its letter dated 27th September 2013 accorded permission while stating that the Company was not an eligible borrower under the automatic route and the borrowing be treated as a Foreign Debt. The company was levied a compounding fee of Rs.29.6 Mn in this respect. While suspending the compounding orders of RBI, the Hon'ble High Court of Andhra Pradesh had passed an interim order directing the Company to deposit Rs. 0.74 Mn with Reserve Bank of India, out of the compounding fee of Rs.29.6 Mn, which the Company has since deposited. The matter being subjudice and on the basis of written legal advice, the Company has not recognized the conversion notice from one of the bondholders in respect of the FCCBs.

(iii) The Company affirms that no personnel have been denied access to the audit committee during the financial year 2013-14 (nine months period ended 31.03.2014).

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

### CEO and CFO Certification:

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

### Means of Communication

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

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

### NSE Electronic Application Processing System (NEAPS):

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

### BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

### E-voting

To widen the participation of shareholders in company decisions with respect to businesses which are transacted through General Meetings / Postal Ballot, e-voting facility to the shareholders is introduced.

Further, the Companies Act, 2013 and Clause 35B of the Listing Agreement also requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings.

### Management Discussion and Analysis

A detailed report on the Management Discussion and Analysis is provided as a separate section in the annual report.

## Additional Shareholders' Information

### Annual General Meeting:

**Date:** August 5, 2014

**Time:** 11 am

**Venue:** Hotel Novotel Hyderabad Convention Centre,  
Novotel & HICC Complex, (Near Hitec City), P.O. Bag 1101, Cyberabad Post Office, Hyderabad -81

### Financial Calendar :

Tentative calendar for declaration of financial results in FY 2014-15	
Results for the quarter ended June 30, 2014	July / August, 2014
Results for the quarter ended September 30, 2014	October / November, 2014
Results for the quarter ended December 31, 2014	January / February, 2015
Results for the year ended March 31, 2015	April / May, 2015

### Book Closure Dates

The dates for book closure are from August 2, 2014 to August 5, 2014 (both days inclusive) for the purpose of payment of dividend.

### Dividend

The Board of Directors has proposed a dividend of Rs. 0.70 per share (35%) on equity shares of Rs. 2 each. The Dividend if declared by the shareholders at the 19th Annual General Meeting scheduled to be held on August 5 2014, will be paid within the stipulated time.

### Unclaimed dividend

The shareholders and other stakeholders are hereby informed that 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 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
8	2012-13 : Final	30%	06.11.2013	05.12.2020

### 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 on Bombay Stock Exchange : **532345**
- b) Trading scrip code on National Stock Exchange : **GATI**
- c) International Securities Identification Number (ISIN) : ISIN is a unique identification number of traded scrip. The Company's ISIN for equity shares is INE152B01027.



### 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, 2013	25.95	5,834.10	25.80	19,352.48
As on March 31, 2014	80.85	6,704.20	81.00	22,386.27

Total equity as on March 31, 2014 was 8,72,64,087 (previous year 8,65,82,287) equity shares of Rs.2/- each.

### Monthly high / low stock quotations at BSE & NSE

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Jul-2013	26.80	22.80	26.50	22.80
Aug-2013	28.00	22.65	27.35	22.65
Sep-2013	26.00	23.55	25.95	23.50
Oct-2013	30.15	23.10	30.05	23.50
Nov-2013	34.00	27.05	34.00	27.40
Dec-2013	49.50	26.70	49.40	26.60
Jan-2014	68.40	43.50	68.50	43.55
Feb-2014	72.00	56.00	72.05	56.10
Mar-2014	83.40	56.80	83.30	56.85

### Share Transfer System

All queries and requests relating to share/debenture 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 | Fax: +91 040 44655024 | 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 dematerialized upto March 31, 2014. 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.

Particulars	Shares on March 31, 2014	%
Physical Shares	16,10,237	1.85
NSDL	7,22,90,205	82.84
CDSL	1,33,63,645	15.31
<b>Total</b>	<b>8,72,64,087</b>	<b>100.00</b>

### 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 March 31, 2014:**

No. of shares		No. of Shareholders	% of total Shareholders	No. of shares	% to Total Capital
Upto	5000	40065	96.97	88,55,191	10.51
5001	10000	555	1.34	21,38,590	2.49
10001	20000	295	0.71	23,09,676	2.65
20001	30000	89	0.22	11,18,876	1.28
30001	40000	62	0.15	11,30,851	1.30
40001	50000	46	0.11	10,67,591	1.22
50001	100000	90	0.22	32,16,735	3.69
100001	And above	115	0.28	6,74,26,577	77.27
<b>TOTAL</b>		<b>41317</b>	<b>100.00</b>	<b>8,72,64,087</b>	<b>100.00</b>

**Distribution of Shareholding on the basis of ownership :**

S.No.	Description	No. of shares as on March 31, 2014	% Equity
1	Company Promoter / Promoter group	3,32,58,430	38.11
2	HUF	13,10,232	1.50
3	Clearing members	7,29,583	0.84
4	Banks	2,85,069	0.33
5	Foreign Institutional Investors	2,43,333	0.28
6	Non Resident Indians	15,95,926	1.83
7	Bodies Corporate	1,03,90,593	11.91
8	General Public	3,94,50,921	45.21
	<b>TOTAL</b>	<b>8,72,64,087</b>	<b>100.00</b>

**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: +91 040 – 4465 5000- 152 | Fax: +91 040 44655024

E-mail : mohsin.mohd@karvy.com

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

Secretarial Department

Plot No. 20, Survey No. 12,

Kothaguda, Kondapur, Hyderabad – 500084

Tel. +91 040 7120 4284 | Fax: +91 040 23112316

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 March 31, 2014.

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.

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

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

**For dvm Gopal & Associates**  
Company Secretaries

Place: Hyderabad  
Date : May 6, 2014

**dvm Gopal**  
Proprietor  
CP No. 6798  
FCS No. 6280

## 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 March 31, 2014.

for **GATI LIMITED**

Place: Hyderabad  
Date: May 6, 2014

**Mahendra Agarwal**  
Founder & CEO

## Indian economy and Logistics Sector

Indian economy has witnessed a modest GDP growth of 4.7% in FY 2013-14 compared to its peak in FY 2006-07. However, India has performed now much better than its global counter parts. The green shoots in economy are strongly anticipated because of stable central government. The positive economic indicators of H2' FY 2014 clearly signals turnaround and it is believed that, Indian economy will gain traction in time to come. As logistics forms the backbone of the economy, our industry is going to be the major beneficiary of anticipated economic growth.

Despite moderate economic growth, Indian logistics industry is estimated to have grown at a CAGR of 16% over last five years. In logistics sector, express distribution is a premium segment which caters to industries like auto components, banking and financial services, garments, pharmaceuticals, telecom products and IT components. In FY 2014-15, Express Industry of India is estimated to have a market size of INR 174,500 Mn. With the brisk growth in modern retail and boom in e-Commerce, domestic express distribution industry is poised to grow leaps and bounds. Considering the unique nature of its services i.e. strong distribution network and huge IT investment, express distribution industry will play a pivotal role in logistics sector.

Domestically, road and rail network are key modes of transportation, which spans across the length and breadth of India. Roads continue to play a key role in logistics sector contributing 60% (approximately) of total freight movement. National highways constitute 2% of the road network and accounts for 40% of the total road freight. Twelfth Five year plan indicates a 2.2 times jump in the investment split in the national highways as compared to previous five year plan. The Express distribution segment of the company derives 79% of the revenue from its surface movement. Cold chain industry has witnessed growth of 15% over the last 5 years and e-Tailing has grown at 40%. Considering the growth in cold chain logistics and e-Tailing, Gati has increased its focus in the said business.

Gati limited is geared to capitalize the huge opportunity of E-Commerce Logistics, owing to our reach and established brand name. The growth in E-Commerce logistics is further accelerated due to increase in internet penetration and growing use of smart phones. Apart from metro cities, internet penetration is also increasing in tier I and tier II cities.

One of the recent trends in e-Tailing market is increasing demand from Tier II and Tier III cities, because of unavailability of certain products in those areas. Gati with its widespread reach, is suitably positioned to cater to the demand of hinterland cities. In the years to come, e - Commerce logistics vertical will accelerate growth of the Gati group.

In a country like India, rampant inefficiencies in cold chain infrastructure and increasing demand for perishable items, creates a huge opportunity for an integrated cold chain service provider. As such, organized players contribute only 8 to 10% of the cold chain industry, and expected to gain more market share in future. India is a leading producer of milk and second largest producer of fruits and vegetable. As per industry estimates, nearly 18% produce of fruits and vegetable amounting to INR 13,300 Crores is wasted annually because of lack of cold chain facilities. Fruits and vegetable segment is one of our primary targets for Gati-Kausar. India ranks No.6 in terms of meat and poultry production. Export market of Meat and Poultry in India is growing at 26.5% and is opening up new opportunities for Gati Kausar.

The growth in organized cold chain industry is also expected to be driven by growth in Quick service restaurants, organized retail segment and food processing industry. Apart from the same, Government of India is encouraging cold chain industry through various incentives i.e. 100% FDI through automatic route, exemption on import duties on cold-chain infrastructure and direct tax benefits. Given these favourable industry dynamics, Gati Kausar's plan to set up 10 large cold chain warehouse is the another tipping point for expansion of Gati Group.

The below table sets out the strength, weakness, opportunity and threat in the key focus of the group.

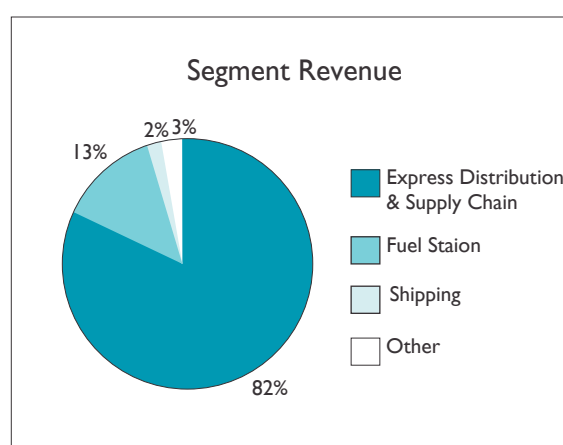
Company	Strengths	Weakness	Opportunities	Threats
<b>GATI-KWE</b>	<p>Undisputed leader in express distribution with supreme industry knowledge</p> <p>PAN India Network with time sensitive delivery capability</p> <p>Captures 19% market share in non-docs Express segment</p> <p>Asset light model</p>	<p>Underutilized capacity</p> <p>Enormous shortage of skilled manpower</p> <p>Frequent fuel hikes</p> <p>Limited air freight network.</p>	<p>Introduction of GST</p> <p>Expected growth in GDP</p> <p>Increasing industry preference towards time sensitive delivery and Just-In-Time delivery.</p> <p>Increasing trend in outsourcing logistics to 3PLs</p>	<p>Deregulation of diesel prices</p> <p>Infrastructure bottle necks</p> <p>Unorganized Sector</p> <p>Regulatory bottleneck and more check points</p> <p>Increase in competition</p> <p>Fragmented market structure</p>

Company	Strengths	Weakness	Opportunities	Threats
<b>e-Commerce Logistics</b>	<p>Already established infrastructure and brand name of Gati Ltd</p> <p>Extensive coverage and reach in terms of pin codes and leveraging the network of GKEPL</p> <p>Efficient Execution and IT Capabilities</p> <p>Delivery capability ranging from 50 gms to 50 kgs</p> <p>Capacity to deliver on same day</p>	<p>Lack of training amongst delivery boys</p> <p>Poor courier experience</p> <p>Limited air freight network</p>	<p>Phenomenal growth of e-Retail segment</p> <p>Increasing disposable income levels and favourable demographic profile</p> <p>Increased internet penetration and usage of smart phones</p> <p>Very few specialised LSP to cater to e-Logistics</p>	<p>Increased competition from other players</p> <p>Shift towards In-House delivery model by E-com players</p> <p>Fast changing industry dynamics and ever-changing requirements of customers</p> <p>Squeezing margins of e-Tailers</p>
<b>GATI-KAUSAR</b>	<p>Estimated market size of 12000 Crore to 15000 Crore</p> <p>Enhanced IT Capabilities</p> <p>Fleet size of 215 reefer trucks</p> <p>Customization and Value added services</p> <p>Established client base</p>	<p>Lack of integrated infrastructure</p> <p>Huge repairs and maintenance costs</p> <p>Use of outdated technology in refrigerants</p> <p>High cost of electricity</p>	<p>Government Subsidies</p> <p>Lack of cold storage infrastructure in India</p> <p>Growth in food processing industry and organized retail in India</p> <p>Booming Quick Service Restaurant</p>	<p>Erratic power supply</p> <p>Shortage of electricity</p> <p>Capital intensive business</p> <p>Highly competitive Industry</p>

### Business Highlights

Gati Ltd remains the undisputed leader in express distribution industry of India. Against the backdrop of slow economic performance, Gati has shown a robust growth of 17% in FY 2013-14. Gati Group recorded an operating revenue of INR 11,166 Mn in the nine months period ended March 31, 2014. The segment-wise revenue is depicted below.

The major contribution to the growth were from the Express distribution business of Gati-Kintetsu Express Private Ltd, a subsidiary of the Company and e-Commerce Logistics vertical in the Gati standalone entity. The growth in the Gati Kausar, a cold chain subsidiary, was not in line with last 5 years CAGR due to cyclical impact and growth in cold chain in the foregoing year is expected to improve with the cold storage plans of the group.



### Key Business Segment

#### Express Distribution and Supply Chain

Segment Revenue for 9 months: INR 9,183 million

Express distribution and supply chain comprises of viz., Gati-Kintetsu Express Private Ltd, Gati Kausar. E-Commerce Logistics and International Freight forwarding.

#### Gati-Kintetsu Express Private Limited

Gati-Kintetsu Express Private Limited recorded a turnover of INR 7,823 Mn in the nine months period registering a growth of 20% over the nine months. The growth in the revenue is due to growth in the volume and especially, growth in volume of e-Commerce logistics contributed to the growth. The company currently carries over 5.5 Million Nos. of packages per month. While the growth is seen in all modes of transportation, surface holds a major share in overall movement. In terms of air movement, direct relationship with airlines are increasing than relationship with co-loaders. The efforts to improve the EBITDA margins with the help of project Udaan of the company have shown progress. The EBITDA margins have gone up to 10.7% in FY 13-14 from 9.8% in FY 12-13.

#### E-Commerce Logistics:

E-Commerce vertical of Gati is providing logistic solutions to the leading e-Tailers in the country. Rapid growth in the e-Tailing industry requires innovative solutions from the logistics industry and Gati is continuously developing new solutions to cater to their needs. E-Commerce vertical recorded a revenue of INR 407.6 Mn in the nine months period registering a growth over 100% as compared to previous period. The momentum is expected to continue in next two years as per the management. e-Commerce Logistics vertical is increasing its business through setting up of e-Fulfilment centres, Packaging Centres, small offices and delivery partners.

## International Business:

Gati International freight forwarding business had maintained the level of business and recorded a revenue of INR 522.67 Mn. While the India centric cargo movement from Asia Pacific countries has come down, the focus has shifted to movement across SAARC countries and other parts of the world.

## Gati Kausar

Gati Kausar in its current reefer truck business saw a minor growth in the FY 13-14 due to cyclical impact in the produce which require cold storage. Gati Kausar recorded a revenue of INR 349.39 million. Cold storage plans of the subsidiary are progressing well and it will lift up the growth of the group.

## Fuel Station Segment

Segment Revenue for 9 months : INR 1,493 million

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). Fuel Station Segment has seen a steady growth with assured return.

## Shipping Segment

Segment Revenue for 9 months : INR 192 million

Gati ship Limited maintained the level of business with PAT losses being lower as compared to previous year as we scaled down the operation. On the plan to stop the losses, group has succeeded in selling one of the ship which was making major losses. Other ship continue to sail in the west coast of India in partnership with ISL, a Tata Steel group company.

## Financial Review

### Share capital

The equity share capital as on March 31, 2014, was INR 174.2 million comprising of 8,72,64,087 equity shares of Rs 2 each. There is an increase in equity share capital due to the allotment of 6,81,800 No. of shares under employee stock option scheme.

### Reserves and Surplus

Reserve and surplus have decreased by INR 143 million. The reserve has reduced with a combination of increase and decrease in the following way

- Increase in profits after minority interest to extent of INR. 234.1 million
- Decreased due to:
  - a) Provision for premium payable on FCCB to the extent of INR 64.37 million
  - b) Write-off of capital advances and other receivables to the extent of INR 173.47 million against special reserve
  - c) Issue of ESOS/Cancellation of ESOS to the extent of 12.7 million
  - d) Dividend proposed to the extent of INR 161.08 million and tax payable on the same to the extent of INR 33.99 million

### Borrowings

Total debt level has remained stagnant. The debt size as on March 31, 2014 was INR 4802 million as against INR 4770 million as on June 30, 2013.

### Other Non-current Liabilities

In other long term liabilities there is a reduction in deferred tax liability to the extent of INR 45 million is net of reversal of deferred tax liability provisions of INR 78.2 million and the due provisions during the current year.

Long term provisions have increased due to premium on redemption of foreign currency convertible bonds

### Current Liabilities other than borrowings

Trade payable have increased by INR 69 million due to increases in operations. Other current liabilities has declined majorly due to decrease in the level of current maturities in the borrowings and decrease in unpaid dividend due to payment of unpaid dividend to a rightful shareholder.

There is a decrease in statutory liabilities as the service tax liability was paid on the last day of month which in case of last financial year, were settled in following month within the stipulated due dates.

### Fixed Assets

Gati made investments predominantly in IT and other office related assets to uphold the increased level of operations. It also invested in corporate building and the same was in capital work in progress as of March 31, 2014.

## Non-Current Assets other than Fixed Asset

There is increase in non-current assets (other than fixed assets) predominantly on account of increase in non-current investments and other non-current assets.

There has been increase in non-current investments on account subscription of optionally convertible debentures issued by Amrit Jal Venture Pvt Ltd in repayment of the financial assistance provided by Gati in earlier years.

Other deposits under the long term loans and advances have declined on account write-off of certain capital advances against the special reserve.

## Current Assets

The current assets has decreased with a combination of increase and decrease in the following way

- Trade receivables have increased by INR 211 millions due to increase in operations
- Loan to other parties decreased by INR 324 million mainly due to conversion of loan into optionally convertible debentures as explained above.
- Increase in TDS deducted by the customer available for set-off to the extent of INR 125 million
- Increase operational advances to the extent of INR 65 million
- Cash balance has declined due to efficient cash management in order to reduce working capital loans.

This year Gati closed its books of accounts for 9 months ended March 31, 2014. Hence all the profit and loss items for FY 2013-14 are compared with 9 months figures of FY 2012-13.

The below table sets out the financials for the comparable period of 9 months:

(₹ In Mn)

Particulars	2013-14 (9 Months)	2012-13 (9 Months)
Revenue Operation	111,657	96,074
Other Income	1,061	1,004
<b>Total Income</b>	<b>112,718</b>	<b>96,074</b>
<b>Expenditure:</b>		
- Cost of Sales	17,481	12,430
- Operating Expenses	66,270	58,586
- Employee Benefit Expenses	10,269	9,026
- Other Expenses	9,226	8,559
<b>Total</b>	<b>103,246</b>	<b>88,601</b>
<b>EBITDA</b>	<b>9,472</b>	<b>7,473</b>
<b>EBITDA %</b>	<b>8.40%</b>	<b>7.78%</b>
Depreciation/Amortization	2,207	1,802
Finance Cost	3,250	3,318
<b>PBT</b>	<b>4,015</b>	<b>2,353</b>
<b>PBT %</b>	<b>3.56%</b>	<b>2.45%</b>
Exceptional Item	-	(729)
<b>Profit after exceptional but before extraordinary items</b>	<b>4,015</b>	<b>1,624</b>
<b>Profit Before Tax</b>	<b>4,015</b>	<b>1,624</b>
Tax Expense	1,184	617
<b>PAT before Minority Interest</b>	<b>2,831</b>	<b>1,007</b>
Minority Interest	(489)	(713)
<b>PAT for the year</b>	<b>2,342</b>	<b>294</b>



## Revenue from Operations

Gati group recorded a operating revenue of INR 11,166 million in 9 months registered a growth of 17% when compared to the same period in the previous year. The increase in revenue is predominantly contributed by express distribution business of Gati - Kintetsu Express Private Limited and e-Commerce.

## Other Income

Other income for the nine months period ended FY 13-14 were INR 106.09 million and has remained at the same level as compared to nine months of the same period in the previous year. They represent interest income and rent income received by the group.

## Operating expenses and consumption of stock

At consolidated level operating expenses (9 months) as percentage of revenue from operation has remained at the same level.

## Employee Benefit Expenses

Employee benefit expenses have increased by 13.8% on account of new recruitments and salaries hike. The said increase is partly due to increase in manpower in e - Commerce Logistics Vertical.

## Finance Costs

Finance cost has declined marginally due to efficient working capital management in the business.

## Depreciation and Amortization

Depreciation has increased by 22% mainly due to the increased level of amortisation of the Foreign currency monetary item translation difference account for the FY 2013-14.

## Other Expenses

Other expenses have increased in absolute term but less in proportion to the increase in revenue.

## 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. Internal Audit team identify and assess the adequacy of the combination of controls that provides reasonable assurance that compliance risks are at an acceptable, minimal, level. 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, exercise due diligence to prevent and detect criminal conduct and promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law, thus 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.

To retain leadership position, Gati continuously innovates and customizes its Human Resource strategy to meet changing Gati’ites needs. The endeavour is to create an environment where performance is rewarded and Gati’ites get opportunity to explore and realise their potential.

With a diverse talent base of 3500 plus hi-calibre Gati’ites of which Gen Y comprises 65% of workforce, Gati continuously invest in Learning & Development program to be future ready and support its business growth in challenging environment. We have a structured "Capability Development" program to upgrade domain expertise and leadership capability across levels and functions.

To infuse fresh perspective and diversity we have hired from across industries and experience groups. The academic interface was strengthened and expanded to reach Top B- Schools including IIM & IIT.

We launched various automation initiatives like:

- Online employee redressal portal called " Ask HR"
- Employee Referral Program "Parichay"
- Gati’ite Information System (GIS) to capture personal information of all Gati’ites.
- E-Storage & Creation of Application to enable easy storage and access to the Personal files of Gati’ites.
- To facilitate easy transition of new joiners into the organization we have introduced e-induction module.

The rigorous focus on talent engagement, defined career progression and benchmarking of compensation & benefits has helped Gati to attract and retain the best talent and emerge as a preferred employer.

## Corporate Social Responsibility

### Education

#### Inauguration of Computer Lab

Inaugurated the Computer Lab at Gati Govt. High School, Hyderabad and at Gati Manickam Chettair Middle School, Nagore, Tamilnadu on March 13, 2014, which would serve as a true demonstration of GATI's commitment towards CSR and community in promoting the use of modern information and communication technologies. The lab is equipped with 20 computers and computer skills are being taught from Class VI to X.

#### Launched Notebook Donation Drive

Notebook donation drive 2014 was launched across India for Gati’ites to contribute money towards purchase of books and donate in schools.

#### Celebrations at Gati Govt. High School, Hyderabad

Volunteers from GATI-KWE hoisted the National Flag at Gati Govt. High School, Hyderabad along with the students and paid their tributes to the nation on the eve of Republic Day and Independence Day. Further events like Teachers Day and Childrens' Day were also celebrated and facilitated the outstanding performers by awards / rewards. Motivated the sportsman by cash awards and distribution of sports kits, to excel in their fields.

## Community

### Support to the Uttarakhand calamity

All the Gati’ites came together and voluntarily contributed two days of their salary to the survivors of the Uttarakhand calamity. The Company contributed a sum equivalent to double the employees' contribution. The management at GATI-KWE has decided to build a GATI-KWE Multipurpose Community Center in Rudraprayag. The community center could be used to conduct gatherings or programs by the village communities, schools or colleges.

GATI- KWE received certificate from the Hon'ble Chief Minister of Uttarakhand, on December 13, 2013 in appreciation and acknowledgement of the exemplary work done in providing immediate relief to the Uttarakhand flood victims.

GATI-KWE donated Rs. 5 lakhs towards the e-health center, which is a fully integrated cloud based e-Health Center (eHC), inaugurated by HP and Medi-Citi – SHARE India, in collaboration with The Council of Scientific and Industrial Research (CSIR), at Aliabad, outskirts of Hyderabad. The e-Health Center is expected to provide remote healthcare services through a fully integrated cloud technology solution designed by HP, to approximately 20,000 people across 10 villages in the district. The solution will connect the medical equipment from the e-Health Center and collect basic patient health data to enable better medical diagnosis. The e-Health Center will also provide remote consultation using built in videoconferencing options tapping into specialist expertise worldwide.

GATI- KWE team in association with Share India (Mediciti Institute of Medical Sciences) organized for a medical checkup camp for the children of Thara at Mediciti Hospital located at Ghanpur, Medchal Mandal, Ranga Reddy Dist.

GATI-KWE distributed year long medicines a way to care for children at Thara Home and eliminate the illness, chronic pain, and vitamin deficiencies, as well as fighting malnutrition.

The 6th P D Agarwal Blood Donation Drive was organized at various locations across India. Our partners RED CROSS Society ensures that our donations go towards saving precious lives.

On the eve of World Heart Day GATI-KWE in association with Medici Hospitals conducted a "Heart Screening Camp". Camp was organized with an objective and emphasis on prevention as the incidents of heart attacks are increasing at an alarming rate in India and younger population is becoming more vulnerable to cardio vascular diseases.

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

### **Clothes donation to Goonj**

GATI-KWE conducted an in-house Clothes Donation Drive. The objective of this drive was to encourage Gati'ites 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 Goonj, who in turn would give it to the needy people in the rural areas.

### **Library books donation to Gati Govt. High School & THARA**

Confederation of Indian Industry (CII) in Collaboration with The Asia Foundation (TAF) is working towards enhancing the knowledge levels of the school students. CII & TAF donated library books to Gati Govt. High School, Hyderabad and THARA.

### **Light a Diya -light up a Life**

Westside in associate with GATI-KWE, organized an activity for a social cause before Diwali, by selling Diyas for charity. A stall was set up and the proceeds from the sale of these merchandise or contributions was utilized for the various sustainable NGO projects working specifically in the areas of Child-Education & Nutrition across Hyderabad.

### **Environment**

#### **Recycling of e-Waste, an initiative towards Green IT**

Company has been disposing off its old IT hardware in an organized & environment friendly way, since last 3 years. 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. GATI-KWE is also a logistics partner to Eco Recycling limited and provides its support across 750 locations in India.

The children of Nachiketa Tapovan School, Hyderabad are taught by Volunteers to make crafts from Eco-friendly and recyclable material, which in turn creates a sense of responsibility in their minds for the Planet. To support the children in their efforts, unwanted greeting cards, invitation cards, and wedding cards were collected from all the Gati'ites and given to them on a periodic basis.

#### **GATI-KWE adopted a Tiger at Nehru Zoological Zoo**

GATI has adopted a tiger at the Nehru Zoological Park, Hyderabad as a contribution towards wildlife conservation. On the occasion of GATI's 25 years and as a part of its corporate social responsibility, the company has donated INR 1 lakh to the park which will go towards the maintenance and care of a tiger for the period of one year from November 11, 2013 to November 10, 2014.

#### **Enrichment plantation drive**

Gati'ites took active participation in the enrichment plantation drive of flower shrubs at the Nehru Zoological Zoo, Hyderabad and was an absolute delight. 200 saplings were planted across 16 locations in India, where Gati has its Express Distribution centers.

### **Donations**

The donation made by GATI-KWE to MediCiti Govind Shanthi Binjrajk Rural Health Training Center, towards the noble cause will go a long way in providing good medical care to the patients visiting the center. GATI-KWE provides periodical donations to Share India for research to improve rural health.

GATI-KWE was one of the main sponsors for the prestigious 4th Annual Round Table India Open Charity Golf Tournament. This Tournament is in support of "Freedom through Education", the national project of Round Table India in pursuit of educating underprivileged children.

### **Awards**

GATI has been awarded with "Corporate Social Responsibility Award" by Carlson Rezidor Hotel Group's 1st Annual Responsible Business

Action Month.

GATI has been honored under "Recycling Program Category" for its commitment towards building a clean and green.

### 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 March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the Nine months period 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 at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

#### Emphasis of matters:

We draw attention to the following notes:

- (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 March 19, 2013. The Scheme permits the company to create a capital reserve to be called special reserve to which shall be credited excess of value of assets over value of liabilities on amalgamation amounting to Rs. 555.54 Crores to be utilized to adjust there from 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.
- (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.
- (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.
- (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.
- (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.

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. The Branch Auditor's Reports have been forwarded to us and appropriately dealt with.

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(AS) 5, Accounting Standard (AS13) and

e) On the basis of the written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274 (1) (g) of the Act.

**For R.S. Agarwala & Co.**

Chartered Accountants

Firm Regn No:-304045E

**(R.S.Agarwala)**

Partner

Membership No.005534

Camp: Secunderabad

Date: May 6, 2014

## 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 equipment's, computers etc. We are informed that a test physical verification of these assets was carried out by the management during the period and no material discrepancies were noticed. The management has informed us that in respect of other fixed assets like furniture and fittings, office equipment's, 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 period 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 period any loans secured or unsecured from companies, firms or other parties covered in the register maintained 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 (1)(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 March 31, 2014 which have not been deposited on account of a dispute are as under.

Nature of Dues	Amount (₹ In lacs)	Forum where pending
Income tax	27.15	Commissioner (Appeals)
Service tax	287.46	Central Excise & Service Tax Appellate Tribunal

10. The Company has no accumulated losses as at March 31, 2014 and has not incurred any cash losses in the financial period ended on that date or in the immediately preceding financial period.
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 banks and other financial institutions.
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 statute applicable to chit fund / 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.
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 the long-term investment.
18. The company has not made any preferential allotment of shares during the period.
19. There are no secured debentures issued during the period.
20. The company has not raised any money by public issue during the period.
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 period, nor we have been informed of such cases by the management

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

Camp : Secunderabad  
Date : May 6, 2014

**(R.S. Agarwala)**  
Partner  
Membership No.005534

## Balance Sheet as at 31st March 2014

(₹ in Million)

Particulars	Note	31st Mar 2014	30th June 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	174.53	173.16
Reserves and Surplus	2	6,225.40	8,241.83
		<b>6,399.93</b>	<b>8,414.99</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	1,713.09	1,600.58
Deferred Tax Liability	4	11.75	88.65
Other Long Term Liabilities	5	5.51	4.00
Long Term Provisions	6	186.33	121.95
		<b>1,916.68</b>	<b>1,815.17</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	137.58	80.39
Trade Payables	8	268.10	104.00
Other Current Liabilities	9	570.10	464.36
Short Term Provisions	10	167.62	261.12
		<b>1,143.40</b>	<b>909.86</b>
<b>Total</b>		<b>9,460.01</b>	<b>11,140.04</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Fixed Assets	11		
Tangible Assets		680.15	689.43
Capital Work in progress		375.50	240.05
Non-Current Investments	12	6,436.89	7,446.28
Long Term Loans and Advances	13	252.54	386.46
Other Non-Current Assets	14	17.38	4.88
		<b>7,762.46</b>	<b>8,767.10</b>
<b>Current Assets</b>			
Inventories	15	15.68	12.14
Trade Receivables	16	379.12	281.05
Cash and Bank Balances	17	130.56	131.74
Short Term Loans and Advances	18	1,172.19	1,948.01
		<b>1,697.55</b>	<b>2,372.94</b>
<b>Total</b>		<b>9,460.01</b>	<b>11,140.04</b>
<b>The Notes form an integral part of these Financial Statements</b>	<b>I-45</b>		

In terms of our Report of even date attached

**For R.S. Agrawala & Co**

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

**R. S. Agarwala**

Partner  
Membership No. : 05534

Camp: Secunderabad

Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman

**Mahendra Agrawal** - Founder & CEO

**N.Srinivasan** - Director

**Sanjeev Jain** - Director – Finance

**VSN Raju** - Company Secretary

## Statement of profit and loss for the period ended 31st march 2014

(₹ in Million)

Particulars	Note	(9 months ended) 31st Mar 2014	(12 months ended) 30th June 2013
<b>REVENUE</b>			
Revenue From Operations	19	2,538.21	1,612.92
Other Income	20	87.63	81.22
<b>Total</b>		<b>2,625.84</b>	<b>1,694.14</b>
<b>EXPENSES</b>			
Purchase of Stock-in-trade	21	1,462.63	464.37
Changes in Inventories of Stock-in-Trade	22	(3.53)	(12.14)
Operating Expenses	23	729.60	781.86
Employee Benefits Expense	24	123.66	127.29
Finance Costs	25	46.93	59.82
Depreciation and Amortization Expense	26	40.46	20.88
Other Expenses	27	97.42	90.28
<b>Total</b>		<b>2,497.17</b>	<b>1,532.36</b>
<b>Profit Before Tax</b>		<b>128.67</b>	<b>161.78</b>
<b>Tax Expense</b>			
Current Tax		-	5.61
Deferred Tax		1.27	-
Net Reversal of Previous Year's Taxes		-	(96.96)
Reversal of Excess Deferred Tax Liability		(78.20)	(0.42)
<b>Profit for the Period / Year</b>		<b>205.60</b>	<b>253.55</b>
<b>Earning per Share</b>			
Basic (in ₹)		2.37	2.93
Diluted (in ₹)		1.76	2.17
<b>The Notes form an integral part of these Financial Statements</b>	<b>I-45</b>		

In terms of our Report of even date attached

**For R.S. Agrawala & Co**

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

**R. S. Agarwala**

Partner  
Membership No. : 05534

Camp: Secunderabad

Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman

**Mahendra Agrawal** - Founder & CEO

**N.Srinivasan** - Director

**Sanjeev Jain** - Director – Finance

**VSN Raju** - Company Secretary

## Notes to the Financial Statements

(₹ in Million)

Particulars		31st Mar 2014	30th June 2013		
(I)	<b>SHARE CAPITAL</b>				
	<b>Authorised</b>				
	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		
		<b>300.00</b>	<b>300.00</b>		
	<b>Issued,Subscribed and Paid-up :</b>				
	87,264,087 (Previous Year 8,65,82,287) Equity Shares of ₹2/- each fully paid up	174.53	173.16		
<b>Terms/rights attached to equity shares</b>					
The Company has only one class of equity shares of par value of Rs. 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.					
<b>Reconciliation of the number of shares outstanding</b>					
Particulars		31st March 2014		30th June 2013	
		No.of shares	(₹ in Million)	No.of shares	(₹ in Million)
Shares at the begining of the period/year		86.58	173.16	86.58	173.16
Allotted under Employee Stock Option Scheme		0.68	1.37	-	-
Shares at the end of the period/year		87.26	174.53	86.58	173.16
Details of shareholders holding more than 5 % shares					
Name Of Share Holders		31st March 2014		30th June 2013	
		No.of shares	% of Holding	No.of shares	% of Holding
TCI FINANCE LTD		7.72	8.85	12.72	14.70
MAHENDRA INVESTMENT ADVISORS PVT LTD		8.07	9.24	8.07	9.31
MANISH AGARWAL BENEFIT TRUST		-	-	4.50	5.20
DHRUV AGARWAL BENEFIT TRUST		-	-	4.50	5.20
RADHAKISHAN DAMANI		6.54	7.50	-	-
		22.33	25.59	29.79	34.41
<b>Shares reserved for issue under options and contracts/commitments</b>					
(I) 17,06,590 equity shares of ₹2/- each are reserved under employee stock option scheme as on 31st March 2014 ( Previous year 18,02,716). Of this 2,13,750 options, 5,83,227 options, 6,11,386 options and 2,98,227 options will vest in the year 2014-15, 2015-16, 2016-17 and 2017-18 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\$ 22.18 Mn. The Bonds are convertible pursuant to terms and conditions thereof, 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.					

## Notes to the Financial Statements

(₹ in Million)

Particulars	31st Mar 2014	30th June 2013
<b>(2) Revaluation Reserve</b>		
As per last balance sheet	59.57	59.60
Less: Transferred to Statement of Profit and Loss	(0.02)	(0.03)
	<b>59.55</b>	<b>59.57</b>
<b>Securities Premium Reserve</b>		
As per last balance sheet	1,487.10	1,570.13
Add : Additions during the period (i)	30.49	-
Less: Deductions during the period/year (ii)	(64.37)	(83.03)
	<b>1,453.22</b>	<b>1,487.10</b>
<b>Share Option Outstanding account</b>		
As per last balance sheet	18.11	24.61
Additions during the Period / Year (iii)	15.12	5.46
Less: Transferred to Securities Premium Reserve (I)	(7.96)	-
Less: Deduction on cancellation of options not exercised (iii)	(4.74)	(11.95)
	<b>20.53</b>	<b>18.12</b>
<b>Other Capital Reserves</b>		
As per last balance sheet	208.17	208.17
Add: Forfeiture of upfront money on stock options not exercised	0.22	-
	<b>208.39</b>	<b>208.17</b>
<b>Special Reserve</b>		
As per last balance sheet	4,915.43	-
Excess of value of assets over value of liabilities on amalgamation	-	5,555.43
Less: Adjustments during the period / Year (Note 28)	(2,155.69)	(640.00)
	<b>2,759.74</b>	<b>4,915.43</b>
<b>General Reserve</b>		
As per last balance sheet	801.51	741.16
Add: Transferred from statement of profit and loss	20.56	25.35
Transferred from Shipping Business Reserve(Utilized)	-	35.00
	<b>822.07</b>	<b>801.51</b>
<b>Shipping Business Reserve(Utilized)</b>		
As per last balance sheet	-	35.00
Less: Transferred to General Reserve	-	(35.00)
<b>Tonnage Tax Reserve(Utilized)</b>		
As per last balance sheet	92.91	92.91
	<b>92.91</b>	<b>92.91</b>
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
As per last balance sheet	(151.70)	(88.11)
Add: Provided during the period / year	(8.88)	(75.21)
Less: Amortised during the period / year	34.89	11.61
	<b>(125.69)</b>	<b>(151.71)</b>
<b>Surplus as per Statement of Profit and Loss</b>		
As per last balance sheet	810.73	637.36
Add: Profit for the period / year	205.59	253.55
Less: Proposed Final dividend	(61.08)	(51.95)
Tax on dividend	-	(2.88)
Transferred to General Reserve	(20.56)	(25.35)
	<b>934.68</b>	<b>810.73</b>
<b>Total</b>	<b>6,225.40</b>	<b>8,241.83</b>

(i) On allotment of 681800 shares under Employee Stock Option Scheme and transferred from Stock Option Outstanding account.

(ii) Provision for Pro-rata Premium on redemption of Foreign Currency Convertible Bonds.

(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 employee benefit expense includes Rs.-8.45 mn (previous year Rs. -4.91mn.) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunds/lapsed and on account of re-imbursement of discount on option issued to Employees of the subsidiary.

## Notes to the Financial Statements

(₹ in Million)

	Particulars	31st Mar 2014	30th June 2013	
(3)	<b>LONG TERM BORROWINGS</b>			
	<b>Secured</b>			
	<b>Term Loans</b>			
	- From Banks	352.36	296.78	
	- From Others	1.47	2.52	
		<b>353.83</b>	<b>299.30</b>	
	<b>Unsecured</b>			
	- Fixed deposits	320.00	192.97	
	- Foreign Currency Convertible Bonds ( Note 39 and Note 40)	1,333.13	1,324.26	
		<b>1,653.13</b>	<b>1,517.23</b>	
	<b>Total Long term Borrowings</b>	<b>2,006.96</b>	<b>1,816.53</b>	
	Less: Current maturities of long term borrowings (Note 9)	293.87	215.96	
		<b>1,713.09</b>	<b>1,600.57</b>	
<b>Particulars of Nature of security and terms of repayment</b>				
	Nature of Security	Terms of Repayment	31st Mar 2014	30th June 2013
	<b>Term Loans</b>			
	<b>From Bank</b>			
	Property situated at Samalka,Tehsil Vasant Vihar , New Delhi.	Repayable in 36 EMI starting from March, 2013	67.99	90.50
	Property situated in Mahatma Gandhi Road, Secunderabad and Pimplas, Bhiwandi, Maharastra	Repayable in 4 Quarterly Installments of Rs 250 Lacs and Rs 375 Lacs each starting from August, 2013 and December, 2014 respectively after a initial holiday period of 1 year	129.52	100.00
	Property situated at Kondapur village, Ranga Reddy District.	Repayable in 16 Quarterly Installments of Rs 156.25 lacs each commencing from August, 2014 after initial holiday period of 1 year	147.13	100.00
	Property situated at Shamirpet, Ranga Reddy District.	As per Monthly EMI`s	3.65	6.28
	Hypothecation of Vehicles acquired against individual loans	As per Monthly EMI`s	4.06	-
	<b>From Others</b>			
	Hypothecation of Vehicles acquired against individual loans	As per Monthly EMI`s	1.47	2.52
			<b>353.82</b>	<b>299.30</b>
(4)	<b>DEFERRED TAX LIABILITY</b>			
	Difference between books and tax depreciation		11.75	88.65
			<b>11.75</b>	<b>88.65</b>
(5)	<b>OTHER LONG TERM LIABILITIES</b>			
	Interest accrued on Fixed Deposits		5.51	4.00
			<b>5.51</b>	<b>4.00</b>
(6)	<b>LONG TERM PROVISIONS</b>			
	Premium on redemption of Foreign Currency Convertible Bonds		186.33	121.95
			<b>186.33</b>	<b>121.95</b>



## Notes to the Financial Statements

(₹ in Million)

	Particulars	31st Mar 2014	30th June 2013
<b>(7) SHORT TERM BORROWINGS</b>			
	<b>Secured</b>		
	Working Capital Loans		
	From Banks	137.58	80.39
		<b>137.58</b>	<b>80.39</b>
	<b>Particulars of Nature of Security</b>		
	Working capital loan is secured by first charge on entire current assets of the company present and future, on paripassu basis with other banks along with immovable properties situated at Bhiwandi (Maharashtra), Verna Industrial Estate (Goa) and personal guarantee of Managing Director.	67.20	31.72
	Working capital loan is secured by first charge on entire bookdebts of the company on pari passu basis with other banks along with immovable properties in Chennai and Portblair as collateral security.	70.38	48.67
		<b>137.58</b>	<b>80.39</b>
<b>(8) TRADE PAYABLES</b>			
	Payable to Subsidiaries	218.43	85.89
	Payable to Others	49.67	18.10
		<b>268.10</b>	<b>103.99</b>
<b>(9) OTHER CURRENT LIABILITIES</b>			
	Current Maturities of Long Term Borrowings (Note 3)		
	- From Bank	187.05	134.01
	- From Others	106.82	81.95
		<b>293.87</b>	<b>215.96</b>
	Payable to a subsidiary	82.02	136.40
	Other Liabilities		
	- Statutory Dues	10.24	8.22
	- Rent Deposits from a subsidiary	58.34	-
	- Security Deposit from Others	27.61	29.60
	- Others Liabilities	93.72	64.54
	- Unpaid/Unclaimed dividends	4.30	9.64
	(Rs.4,66,434 has been transferred to Investor Education and Protection Fund during the period)		
		<b>570.10</b>	<b>464.36</b>
<b>(10) SHORT TERM PROVISIONS</b>			
	Provision for Employee Benefits	6.84	8.32
	<b>Others</b>		
	Taxation	99.70	190.49
	Proposed Final Dividend	61.08	51.95
	Tax on dividend	-	2.88
	Contingencies ( Note 29)	-	7.47
		<b>167.62</b>	<b>261.11</b>

## (II) Fixed Assets

(₹ in Million)

Particulars	Gross Block					Depreciation			Net Carrying Value		
Description	As at 01.07.2013	Additions During the Period	Added on Amalgamation	Deductions During the Period	Balance As On 31.03.2014	As On 01.07.2013	For the Period	Adjustment On Deductions	Total Depreciation	31st March 2014	30th June 2013
<b>Tangible</b>											
Land											
Freehold	510.96	0.13	-	15.32	495.78	-	-	-	-	495.78	510.96
Leasehold	103.38	-	-	-	103.38	-	-	-	-	103.38	103.38
Buildings	63.42	-	-	0.35	63.07	12.89	0.84	0.08	13.65	49.42	50.53
Vehicles	56.09	4.83	-	6.21	54.71	48.20	1.51	6.08	43.63	11.08	7.89
Plant & Equipment	1.83	0.05	-	-	1.88	0.58	0.07	-	0.65	1.23	1.25
Computers	15.14	4.91	-	0.02	20.03	10.76	1.34	-	12.10	7.93	4.38
Furniture & Fittings	26.36	1.26	-	-	27.62	18.12	1.42	-	19.54	8.08	8.25
Office Equipments	4.42	0.87	-	-	5.29	1.62	0.41	-	2.03	3.26	2.80
<b>Total</b>	<b>781.60</b>	<b>12.05</b>	<b>-</b>	<b>21.89</b>	<b>771.76</b>	<b>92.17</b>	<b>5.59</b>	<b>6.16</b>	<b>91.60</b>	<b>680.15</b>	<b>689.42</b>
Previous Year	797.40	4.69	1.14	21.64	781.60	87.82	9.29	4.94	92.17	689.42	709.58
<b>Capital Work-in-Progress</b>									<b>Total</b>		
										375.50	240.05
										<b>1,055.65</b>	<b>929.48</b>

a) A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increases in the value of assets are by Rs.4.60 Mn, Rs.14.13 Mn and Rs.14.84 Mn respectively and aggregating to Rs.33.56 Mn was transferred to Revaluation Reserve.

b) Depreciation for the period includes Rs.0.02 Mn in respect of the above revaluations.

## Notes to the Financial Statements

(₹ in Million)

	Particulars	31st Mar 2014	30th June 2013
(12)	<b>Non Current Investments</b> <b>Long Term Investments(At Cost)</b> <b>Non-trade</b> <b>Fully Paid Equity shares of Joint Stock Companies</b> <b>Quoted</b> 1,600,300 shares of TCI Finance Ltd. of Rs.10/- each. (Market Value - Rs. 28.95 Mn ; previous year - Rs. 39.13 Mn)	14.39 <b>14.39</b>	14.39 <b>14.39</b>
	<b>Unquoted</b> 18,750,000 shares of Amrit Jal Ventures Private Ltd. of Rs.10/- each. (Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Private Ltd.)	187.50	187.50
	18,000 shares of ITAG Infrastructure Ltd. of Rs 10/- each	0.18	0.18
		<b>187.68</b>	<b>187.68</b>
	<b>Subsidiaries</b> 7,267,176 shares of Gati Asia Pacific Pte Ltd. of \$1 (SGD) each	275.05	275.05
	47,42,542 shares of Gati Kausar India Ltd. of Rs.10/- each ( 500 Shares acquired during the period)	352.27	352.24
	23,00,000 shares of Gati Import Export Trading Ltd. of Rs.10/- each	23.00	23.00
	362,163 shares of Zen Cargo Movers Pvt. Ltd. of Rs.10/- each	3.62	3.62
	3,50,000 shares of Gati Kintetsu Express Pvt Ltd. of Rs.10/- each	5,510.00	5,510.00
	60,10,000 shares of Gati Ship Ltd. of Rs.10/- each	1,080.10	1,080.10
	10,000 shares of Gati Logistics Parks Private Ltd. of Rs.10/- each	0.10	0.10
	10,000 shares of Gati Projects Private Ltd. of Rs.10/- each	0.10	0.10
		<b>7,244.24</b>	<b>7,244.21</b>
	<b>Debentures :</b> 34,57,236 14.5% Unsecured Optionally Convertible Debentures of Amrit Jal Ventures Pvt Ltd. of Rs.100/- each  (Issued during the period in repayment of loan of an equivalent amount granted by Gati Limited in earlier years to Gati Infrastructure Private Limited on the terms of subscription , redemption or conversion and other conditions as per Investment Agreement dated 10th July 2013.)	345.72	-
		<b>345.72</b>	<b>-</b>
	Provision for diminution in the full value of Investment in i) Gati Asia Pacific Pte Ltd. ii) Gati Ship Ltd.	(275.04) (1,080.10)	
		<b>6,436.89</b>	<b>7,446.28</b>

## Notes to the Financial Statements

(₹ in Million)

	Particulars	31st Mar 2014	30th June 2013
<b>(13)</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	<b>Unsecured and Considered Good</b>		
	Loans and Advances to Subsidiaries	144.40	124.60
	Loans and Advances to Others	98.64	253.41
	Capital Advances	4.36	3.11
	Advances and Rental Deposits	3.01	4.00
	Earnest Money and Security Deposits	2.13	1.34
		<b>252.54</b>	<b>386.46</b>
<b>(14)</b>	<b>OTHER NON CURRENT ASSETS</b>		
	Deferred employee stock option compensation	17.38	4.88
		<b>17.38</b>	<b>4.88</b>
<b>(15)</b>	<b>INVENTORIES (As taken, valued and certified by the Management)</b>		
	(At lower of cost and net realisable value)		
	Diesel, Petrol, Lubricants etc.	15.68	12.14
		<b>15.68</b>	<b>12.14</b>
<b>(16)</b>	<b>TRADE RECEIVABLES</b>		
	Unsecured		
	<b>Outstanding for more than six months from the due date</b>		
	Considered Good	17.48	17.55
	Considered Doubtful	13.67	12.16
		31.15	29.71
	Less : Provision for doubtful debts	13.67	12.16
		17.48	17.55
	Others	361.64	263.50
		<b>379.12</b>	<b>281.05</b>
<b>(17)</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in Hand	31.02	16.34
	<b>Balances with Banks</b>		
	In Current Accounts	44.01	52.23
	In Deposit Accounts	51.23	53.53
	In Unpaid/Unclaimed Dividend Accounts	4.30	9.64
		<b>130.56</b>	<b>131.74</b>
<b>(18)</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	<b>Unsecured and Considered Good</b>		
	Loans & Advances to Subsidiaries	95.08	514.73
	Loans & Advances to an Associate	13.22	13.22
	Loans & Advances to Other Parties	674.93	980.02
	Balance consideration receivable for Sale of Investments in Shares of Gati Ship Limited	-	48.00
	Prepaid Expenses	2.53	1.96
	Cenvat Credit Receivable	10.99	1.42
	Advances to employees	0.47	0.03
	Interest Accrued	96.47	81.66
	Tax Deducted at Source	255.44	293.11
	Others	23.06	13.84
		<b>1,172.19</b>	<b>1,948.01</b>

In the opinion of the Board, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

## Notes to the Financial Statements

(₹ in Million)

Particulars	(9 months ended) 31st Mar 2014	(12 months ended) 30th June 2013
<b>(19) REVENUE FROM OPERATIONS</b>		
Freight, Demurrage and Miscellaneous charges	930.27	938.55
Other Operating Income ( Note 30)	119.65	212.82
Sale of Diesel, Petrol and Lubricants	1,488.29	461.55
	<b>2,538.21</b>	<b>1,612.92</b>
<b>(20) OTHER INCOME</b>		
Rent	9.38	0.82
Difference in Exchange (Net)	-	0.47
Profit on sale of assets	0.45	-
Dividends from Current Investments	-	8.09
Interest	74.80	71.84
(Includes interest from subsidiaries - 0.58 Mn, Previous Year 3.46 Mn.)		
Liabilities no longer required written back	3.00	-
	<b>87.63</b>	<b>81.22</b>
<b>(21) PURCHASE OF STOCK-IN-TRADE</b>		
Acquired on amalgamation	-	12.85
Purchased during the period/year	1,462.63	451.52
	<b>1,462.63</b>	<b>464.37</b>
<b>(22) CHANGES IN INVENTORIES OF STOCK-IN-TRADE</b>		
Inventories at the beginning of the period / year	12.14	-
Inventories at the end of the period / year	(15.67)	(12.14)
	<b>(3.53)</b>	<b>(12.14)</b>
<b>(23) OPERATING EXPENSES</b>		
Freight	715.71	754.67
Vehicles' trip expenses	0.02	0.01
Other Operating Expenses	14.30	26.52
Claims for Loss & Damages (Net)	(0.52)	0.64
Vehicles' taxes	0.09	0.02
	<b>729.60</b>	<b>781.86</b>
<b>(24) EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Bonus	126.64	122.04
Gratuity	(3.59)	2.95
Contribution to Provident and Other Funds	6.54	5.15
Contribution to Employees' State Insurance	0.54	0.38
Other Expenses	(6.47)	(3.23)
	<b>123.66</b>	<b>127.29</b>
<b>(25) FINANCE COSTS</b>		
Interest	60.41	60.21
Other Borrowing Costs	1.39	1.67
Less: Capitalised during the period / year	(14.87)	(2.07)
	<b>46.93</b>	<b>59.82</b>
<b>(26) DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation for the period / year	5.59	9.29
Add : Amortization of Foreign Currency Monetary Item	34.89	11.61
Translation Difference Account		
Deduct : Transfer from Revaluation Reserve	(0.02)	(0.02)
	<b>40.46</b>	<b>20.88</b>

## Notes to the Financial Statements

(₹ in Million)

Particulars	(9 months ended) 31st Mar 2014	(12 months ended) 30th June 2013
<b>(27) OTHER EXPENSES</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	7.17	8.51
Rates and Taxes	3.01	4.31
Insurance	1.40	0.81
Telephone expenses	1.60	1.30
Printing and Stationery	3.34	1.57
Travelling expenses	7.91	9.95
Legal expenses	13.87	17.60
Advertisement Expenses	4.47	3.48
Office Maintenance and Repairs	7.65	5.25
Miscellaneous expenses	32.52	26.95
Directors Sitting fees	0.74	1.00
Commission to Non-Whole-time Director	1.10	1.05
Remuneration to Auditors:		
Audit Fees	0.50	0.45
Tax Audit Fees	0.30	0.30
Bad debts and irrecoverable balances written off (Net) (a)	8.38	4.52
Difference in Exchange (Net)	2.15	-
Loss on Sale of Fixed Assets (Net)	-	1.63
	<b>96.11</b>	<b>88.67</b>
[(a) Includes Provision for doubtful debts Rs.1.51 Mn. Previous year Rs.2.50 Mn.]		
<b>REPAIRS &amp; MAINTAINANCE</b>		
Motor Trucks	0.03	0.23
Other Vehicles	0.19	0.05
Plant and Equipments	0.12	0.02
Computers	0.97	1.31
	<b>1.31</b>	<b>1.61</b>
	<b>97.42</b>	<b>90.28</b>

**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 Newatia Commercial & Trading Private Limited, Trymbak Commercial and Trading Private Ltd, Ocimum Commercial and Trading Private Limited, Sumeru Commercial and Trading Private Limited and Gati Express Distribution Limited (Transferor Companies) with Gati Limited (Transferee Company) with effect from 31st March, 2013, the appointed date.

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 in the books of the transferee Company amounting to Rs.5555.43 Mn. which shall be utilized by the transferee Company to adjust there from 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 the Board of Directors may deem fit.

In accordance with the Scheme

- i) The loss of Rs.640 Mn. on sale of investment in 4.00 Mn. Nos Equity shares of subsidiary Gati Ship Limited was adjusted against Special Reserve in the year 2012-13.
- ii) During the period, on professional advice, the Board of Directors have carried out the following further adjustments against Special Reserve.
  - a) The diminution in value of Investment in Gati Asia Pacific Pte Ltd of Rs.275.04 Mn. and in value of Investment in Gati Ship Limited of Rs. 1080.10 Mn has been adjusted against Special Reserve.
  - b) Irrecoverable advances to subsidiary Gati Ship Limited of Rs.626.43 Mn and balance consideration receivable for Sale of Investments in shares of subsidiary Gati Ship Limited of Rs.48.00 Mn has been adjusted against Special Reserve.
  - c) Irrecoverable other advances made in earlier years aggregating to Rs. 126.11 Mn has been adjusted against Special Reserve.



## Notes to the Financial Statements

d) All the above adjustments otherwise, required to be debited to the Statement of Profit and Loss and adjusted against Special Reserve are not in accordance with the Accounting Standard (AS) 13 'Accounting for Investments' and Accounting Standard (AS) 5 'Net Profit or Loss for the period, prior period items and changes in accounting policies'. Had the Scheme not prescribed the above accounting treatment the accounts would have reflected as follows:

(₹ in Million)		
Statement of Profit and Loss:	Increase	Decrease
Profit before tax		2155.7
Profit for the period		2155.7
<b>Balance Sheet:</b>		
Special Reserve	2155.7	
Surplus in Statement of Profit or Loss		2155.7

29. The Opening Balance of Rs 7.47 Mn. in the provision for contingencies account has been fully adjusted by Write off/Adjustments:
- Interest Receivable - Rs.2.57 Mn. (Previous year Rs.7.59Mn.)
  - Trade Receivables - Rs 4.90Mn. (Previous year Rs. 35.32 Mn.) .
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 Rs.70.00 Mn during the period from subsidiaries (previous year Rs. 104.00 Mn) and net profit of Rs. 16.80 Mn on sale of land during the period (previous year Rs. 67.60 Mn) and
- c) Management Fees of Rs.30.00 Mn during the period (Previous year Rs.33.2 Mn) be considered as other operating income. This has no impact on the profit of the period.
31. The company has made investment in Share Capital of Rs. 352.27 Mn. and has other receivables of Rs.26.38 Mn. (Previous year Rs.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 Rs. 3.62 Mn and has other receivables of Rs. 14.76 Mn (Previous Year Rs.13.56 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. (a) In an earlier year the Company has granted unsecured loan of Rs. 100.00 Mn to a body corporate which is outstanding as on 31st March 2014 along with interest receivable of Rs. 39.00 Mn. The net worth of the body corporate has fully eroded because of losses suffered from year to year. However, the management is confident of full recovery of the dues and interest receivable and therefore no provision is considered necessary for any possible losses that may arise in this behalf.
- (b) There are certain overdue loans and advances from subsidiaries Rs. 202.3 Mn (previous year Rs.159.1 Mn) and from an Associate Rs.13.2 Mn (previous year 13.2 Mn). These loans and advances became overdue on account of the sluggish market conditions and the resultant difficulty in repayment. The management is actively continuing to pursue options for recovery of these dues. The management is confident of full recovery of all dues in due course and no provision is considered necessary for any possible losses that may arise in this behalf.
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 March 31, 2014, Rs.12.57 Mn. has been carried forward in the "Foreign Exchange Monetary Item Translation Difference Account" (FCMITDA). Consequently the net profit is lower by 26.01 Mn. for the period ended 31st March 2014.

## Notes to the Financial Statements

- 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 Arbitral tribunal passed an Award dated 17th September 2013, whereby, it has, inter alia, directed Air India Limited to pay an amount of Rs.268.2 Mn. to the Company and to pay interest @18% per annum on the awarded amount. Air India has preferred an application before the Hon'ble Delhi High Court seeking setting aside of the Award and the matter is pending disposal. In the circumstances, the dues from Air India Limited of Rs.265.9 Mn. included in Loans and Advances, are considered good for recovery by the Management.
- 36.** In view of the various deductions admissible under the Income-tax Act, there is no liability for current tax for the period. Provision for Deferred tax liability for the period has been made and Deferred tax liability provided in earlier years now found in excess has been reversed. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2014. (Assessment Year 2014-15).
- 37.** The Board of Directors of the company has allotted the equity shares on exercise of options at a premium of Rs.33.05 per share granted to Employees 6,29,300 shares and Non-Executive Directors 52,500 shares. Consequently the Equity Share Capital of the company increased from 8,65,82,287 equity shares of Rs 2/- each to 8,72,64,087 equity shares of Rs 2/- each during the period.
- 38.** The Company has granted options under the Companies Employees Stock Options Scheme and 17,06,590 equity shares of Rs.2/- each are reserved under employee stock option scheme as on 31st March 2014 (Previous year 18,02,716). Of this 2,13,750 options, 5,83,227 options, 6,11,386 options and 2,98,227 options will vest in the year 2014-15, 2015-16, 2016-17 and 2017-18 respectively.
- 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 pursuant to terms and conditions thereof, 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. 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.
- 40.** In response to company's application to Reserve Bank of India (RBI) seeking permission for part repurchase of FCCBs, RBI vide its letter dated 27th September 2013 accorded permission while stating that the Company was not an eligible borrower under the automatic route and the borrowing be treated as a Foreign Debt. The company was levied a compounding fee of Rs.29.6 Mn in this respect. While suspending the compounding orders of RBI, the Hon'ble High Court of Andhra Pradesh had passed an interim order directing the Company to deposit Rs. 0.74 Mn with Reserve Bank of India, out of the compounding fee of Rs.29.6 Mn, which the Company has since deposited. The matter being subjudice and on the basis of written legal advice, the Company has not recognized the conversion notice from one of the bondholders in respect of the FCCBs.

(₹ in Million)

41	Particulars	31st Mar 2014	30th June 2013
<b>(a)</b>	<b>Contingent Liability not provided for in respect of</b>		
	Bank Guarantees	90.33	96.20
	Guarantees and Counter Guarantees outstanding	1,379.66	1,913.50
	Estimated amount of contracts remaining to be executed on capital account and not provided for	7.11	2.65
<b>(b)</b>	<b>Earning per share</b>		
	(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS	205.59	253.55
	(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	86.75	86.58
	Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	30.07	30.17
	Weighted average no. of ordinary shares for Diluted EPS (Nos.)	116.82	116.75
	(iii) Nominal value of Ordinary Shares (Rs.)	2.00	2.00
	(iv) Basic Earning per Ordinary Share (Rs.)	2.37	2.93
	(v) Diluted Earning per Ordinary Share (Rs.)	1.76	2.17

### 42. Related Party Disclosures

Related parties with whom transactions have taken place during the period

#### i) Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Founder & CEO)

Mr Sanjeev Kumar Jain

#### ii) Associates of the Company

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 P Ltd.
15. Gati Academy

#### iii) 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 Limited)
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 Limited)
11. Gati Logistics Parks Private Ltd.
12. Gati Projects Private Ltd.

## Notes to the Financial Statements

(₹ in Million)

SL	Nature of Transaction	KMP & Relative of KMP	Associates	Subsidiaries	31st March 2014	30th June 2013
<b>A</b>	<b>Expenditure</b>					
	Freight and Other Charges		0.26	150.86	151.12	96.46
	Interest					3.63
	<b>Key Management Personnel</b>					
	Remuneration	5.73			5.73	6.09
<b>B</b>	<b>Receipts</b>					
	Freight and Other Charges		0.76	4.37	5.13	33.63
	Interest		45.59	0.58	46.16	4.08
	Rent & Management Fee		4.50	34.46	38.96	0.23
	Dividend Income			70.00	70.00	104.00
	Fuel Sales income			2.29	2.29	4.22
	Employee Compensation cost			6.33	6.33	
<b>C</b>	<b>Transaction during the period</b>					
	Investments - Given		345.72		345.72	4,866.37
	Diminution in value of Investment			1,355.15	1,355.15	
	Management Fees Written off			0.95	0.95	
	Advances Written off			752.55	752.55	
	Loans - Given			19.80	19.80	7.94
	Loans - Repaid					100.05
	Advances - Given			206.79	206.79	567.56
	Advances - Repaid					294.95
	Deposits Given			58.30	58.30	8.54
	Deposits Repaid					5.07
<b>D</b>	<b>Balance at the year end</b>					
	Investments		547.79	5,889.09	6,436.89	7,446.28
	Sundry Debtors		1.00	34.49	35.49	41.34
	Loans & Advances		150.29	135.80	286.09	176.98
	Advances - Gati Ship Limited					477.72
	Advances - Logistics Park			124.60	124.60	124.60
	Sundry Creditors		0.08	300.52	300.60	155.84
	Deposits and Advances		78.97	62.34	141.31	16.13
	Corporate Guarantees			1,379.70	1,379.70	1,677.90

43	Additional Information	31st March 2014	30th June 2013
	<b>I. Expenditure in Foreign Currency</b>		
	Travelling Expenses	1.18	0.38
	Freight Expenses	28.32	-
	<b>II. Earnings in Foreign Currency</b>		
	Interest Income	0.58	-
	Freight Income	5.13	1.16

44. The Financial Results cover a period of nine months ended 31st March 2014 and the company would close the accounts on 31st March each year. The figures for the current period are therefore not comparable with those of the previous year. Figures of the previous year/period have been regrouped /reclassified wherever necessary.

**45. 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.

## Notes to the Financial Statements

- 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 assumption used in determining gratuity and leave encashment for the company's plan are shown below

Particulars:	31st March 2014	30th June 2013
Discount Rate	9%	9%
Future Salary Increase	8%	8%
Employee Turnover	7%	7%
Average Balance Service (For Gratuity)	24.92 years	24.41 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 additions/deductions is calculated prorata from/to the date of addition/deduction.

Individual assets costing upto Rs.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 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 31 March 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.

## Notes to the Financial Statements

### 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 "I" to "45"

In terms of our Report of even date attached

**For R.S. Agrawala & Co**

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

**R. S. Agarwala**

Partner  
Membership No. : 05534

Camp: Secunderabad

Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman

**Mahendra Agrawal** - Founder & CEO

**N.Srinivasan** - Director

**Sanjeev Jain** - Director – Finance

**VSN Raju** - Company Secretary



## Cash Flow Statement for the period ended 31st March, 2014

(₹ in Million)

Particulars	31st March 2014	30th June 2013
<b>(I) Cash flows from Operating Activities</b>		
Net Profit After Tax	205.59	253.55
<b>Add :</b>		
Provision for tax	(76.93)	(91.77)
<b>Net profit before taxation</b>	<b>128.66</b>	<b>161.78</b>
<b>Adjustment for Non-Cash and Non-Operating Items.</b>		
Depreciation	40.48	20.88
Interest on borrowings (Net)	46.93	59.82
(Profit) / Loss on sale of fixed assets (Net)	(17.72)	(66.01)
Dividend Income	(70.00)	(112.10)
Interest Income	(74.80)	(71.84)
Rental income received	(9.38)	(0.82)
<b>Operating profits before working capital changes</b>	<b>44.17</b>	<b>(8.29)</b>
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(98.07)	(23.76)
(Increase) / Decrease in Inventories	(3.53)	(12.14)
(Increase) / Decrease in Loans & Advances	(237.91)	(148.48)
Increase / (Decrease) in Trade Payables	166.26	83.70
Increase / (Decrease) in Other Liabilities	29.58	167.77
Increase / (Decrease) in Short Term Borrowings	57.18	80.39
Increase / (Decrease) in Provisions	(99.74)	(74.66)
<b>Cash generated from operations</b>	<b>(142.06)</b>	<b>64.53</b>
(Income tax paid) Net tax refund received	0.48	(50.00)
<b>Net Cash from Operating Activities</b>	<b>(141.58)</b>	<b>14.53</b>
<b>(II) Cash Flow from Investing Activities</b>		
(Increase) / Decrease in Capital WIP	(135.44)	(81.44)
(Increase) / Decrease in Capital Advances (Net)	(1.25)	(93.37)
Proceeds from sale of investments	-	32.00
Purchase of investments	(0.03)	-
Advances Made	-	(446.53)
Interest received	74.80	71.84
Rent income	9.38	0.82
Dividend Income	70.00	112.09
Transfer/(Purchase) / Sale of Fixed Assets (Net)	21.40	78.04
Investments made	-	-
<b>Net Cash from Investing Activities</b>	<b>38.86</b>	<b>(326.55)</b>
<b>(III) Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	1.36	-
Increase / (Decrease) in Share premium	22.53	-
Receipt of Secured Loans	157.06	215.16
Repayment of Secured Loans	(102.53)	(107.93)
Public deposit	127.03	(13.24)
Dividend Paid ( including dividend tax )	(54.83)	(110.69)
Interest on loans paid	(46.93)	(59.82)
<b>Net Cash from Financing Activities</b>	<b>103.69</b>	<b>(76.52)</b>

## Cash Flow Statement for the period ended 31st March, 2014

(₹ in Million)

Particulars	31st March 2014	30th June 2013
<b>Foreign Currency Exchange Gain / (Loss)</b>	<b>(2.15)</b>	<b>0.47</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (I + II + III)</b>	<b>(1.18)</b>	<b>(388.07)</b>
Cash and Cash equivalents at the beginning of the period/year	131.74	519.81
Cash and Cash equivalents at the end of the period/year	130.56	131.74
<b>Cash flow from Activities during the period/year</b>	<b>(1.18)</b>	<b>(388.07)</b>

### Notes:

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

In terms of our Report of even date attached

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

**R. S. Agarwala**  
Partner  
Membership No. : 05534

Camp: Secunderabad  
Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman  
**Mahendra Agrawal** - Founder & CEO  
**N.Srinivasan** - Director

**Sanjeev Jain** - Director – Finance  
**VSN Raju** - Company Secretary

## 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.	31st March, 2014	7,267,176 shares of SGD 1 each	100% held by Gati Ltd	Nil	Loss of Rs. 8.11 Mn
2	Gati Hong Kong Ltd.	31st March, 2014	3,444,337 shares of HKD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of Rs. 43.05 Mn
3	Gati China Holdings Ltd.	31st March, 2014	2,036,602 shares of USD 1 each	100% held by Gati Asia Pacific Pte. Ltd	Nil	Loss of Rs. 0.32 Mn
4	Gati Cargo Express (Shanghai) Co. Ltd.	31st March, 2014	1,200,000 shares of USD 1 each	100% held by Gati China Holdings Ltd	Nil	Loss of Rs. 8.84 Mn
5	Gati Cargo Malaysia SDN BHD	31st March, 2014	211,681 shares of RM 1 each	100% held by Gati Asia Pacific Pte. Ltd	-	-
6	Gati Kausar India Ltd.	31st March, 2014	4,742,542 shares of Rs. 10 each	99.82% held by Gati Ltd	Nil	Loss of Rs. 39.21 Mn
7	Zen Cargo Movers Pvt. Ltd.	31st March, 2014	362,163 shares of Rs. 10 each	100% held by Gati Ltd	Nil	Profit of Rs. 0.06 Mn
8	Gati Import Export Trading Ltd.	31st March, 2014	2,300,000 shares of Rs. 10 each	100% held by Gati Ltd	Nil	Loss of Rs. 0.18 Mn
9	Gati - Kintetsu Express Private Limited	31st March, 2014	350,000 shares of Rs. 10 each	70% held by Gati Ltd	Nil	Profit of Rs. 369.05 Mn
10	Gati Ship Limited	31st March, 2014	6,010,000 shares of Rs. 10 each	60% held by Gati Ltd	Nil	Loss of Rs. 154.42 Mn
11	Gati Projects Private Limited	31st March, 2014	10,000 shares of Rs. 10 each	100% held by Gati Ltd	Nil	-
12	Gati Logistics Parks Private Limited	31st March, 2014	10,000 shares of Rs. 10 each	100% held by Gati Ltd	Nil	-

## Statement relating to Subsidiary companies as on 31st March, 2014

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	Dividend
1	Gati Asia Pacific Pte. Ltd.	345.36	-166.44	214.40	35.49	142.58	31.28	-8.11	-	-8.11	-
2	Gati Hong Kong Ltd.	163.68	-263.03	78.57	177.91	-	127.75	-43.05	-	-43.05	-
3	Gati China Holdings Ltd.	122.40	-1.22	123.18	2.00	72.12	-	-0.32	-	-0.32	-
4	Gati Cargo Malaysia SDN BHD	4.00	-	-	-	-	-	-	-	-	-
5	Gati Cargo Express (Shanghai) Co. Ltd.	90.83	-100.42	92.03	101.62	-	122.80	-8.84	-	-8.84	-
6	Gati Kausar India Ltd.	47.51	-27.11	311.62	291.22	0.01	357.81	-39.21	-	-39.21	-
7	Zen Cargo Movers Pvt. Ltd.	3.62	-12.69	6.41	15.48	-	3.61	0.06	-	0.06	-
8	Gati Import Export Trading Ltd.	23.00	14.73	223.78	186.05	-	306.41	0.44	0.62	-0.18	-
9	Gati - Kintetsu Express Private Limited	5.00	2,125.90	5,166.36	3,035.46	-	7,836.24	563.77	194.72	369.05	200.00
10	Gati Ship Limited	100.10	1,753.73	2,577.20	723.37	-	194.55	-154.42	-	-154.42	-
11	Gati Projects Private Limited	0.10	-	0.14	0.04	-	-	-	-	-	-
12	Gati Logistics Parks Private Limited	0.10	-	170.64	170.54	-	-	-	-	-	-
	<b>Total</b>	<b>910.89</b>	<b>3,285.11</b>	<b>8,990.53</b>	<b>4,794.53</b>	<b>214.71</b>	<b>9,018.49</b>	<b>309.43</b>	<b>195.34</b>	<b>114.08</b>	<b>200.00</b>

(₹ in Million)

Converted into Indian Rupees at the exchange rate ISGD = 47.5226

Converted into Indian Rupees at the exchange rate IHKD = 7.7129

Converted into Indian Rupees at the exchange rate ICNY = 9.7041

Converted into Indian Rupees at the exchange rate I THB = 1.8391

Converted into Indian Rupees at the exchange rate I USD = 60.0998

## Independent Auditors' Report

### 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 March 31, 2014, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the nine months period 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 misstatement.

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 but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by 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

In our opinion and 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 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:

- a) In the case of Consolidated Balance Sheet of the state of affairs of the Group as at March 31, 2014.
- b) In the case of Consolidated Statement of Profit and Loss, of the profit of the Group for the nine months period ended on that date and
- c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the nine months period ended on that date.

#### Emphasis of matters:

##### We draw attention to the following notes:

- (a) Note 28 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 19th 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 irrecoverable advances and dues aggregating to Rs 80.05 crores required to be debited to the Statement of Profit and Loss have been adjusted against Special Reserve which is not in accordance with the Accounting Standards (AS) 5 'Net Profit or Loss for the period, prior period items and Changes in Accounting Policies'. This has resulted in the profit for the period before tax and profit after tax for the period being higher by Rs.80.05 crores.
- (b) Note 31(a) of the consolidated financial statements regarding non provision against investments and other receivables from the subsidiary Gati Kausar India Limited amounting to Rs.35.23 crores and Rs. 2.64 crores 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 31(b) of the consolidated financial statements regarding non provision against investments and other receivables from the subsidiary Zen Cargo Movers Pvt. Ltd. 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.

## Independent Auditors' Report

- (d) Note 32 of the consolidated financial statements in respect of two wholly owned overseas subsidiaries of Gati Asia Pacific Pte Ltd (wholly owned subsidiary of Gati Ltd) namely (i) Gati Hong Kong Ltd has capital deficiency, has incurred a net loss of Rs. 71,75,314/- (HK\$ 905,853) during the period ended 31st March 2014 and as of that date, the subsidiary's total liabilities exceeded its total assets by Rs. 1,61,23,802/- (HK\$ 2,090,498) which indicate the existence of a material uncertainty that may cast significant doubt about the subsidiary's ability to continue as a going concern and (ii) in the case of Gati China Holdings Ltd, in the management's opinion no impairment provision in respect of its investments made to its subsidiary, is required to be made.
- (e) Note 33 of the Consolidated 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.

Our opinion is not qualified in respect of these matters.

### Other Matters:

We did not audit the financial statements of eight subsidiaries (including 5 overseas subsidiaries/ step down subsidiaries), whose financial statements reflect total assets of Rs. 46.25 crores as at 31st March, 2014, total revenues of Rs. 58.24 crores and net cash outflows amounting to Rs 0.29 crores for the nine months period ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors 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, is based solely on those reports.

Our opinion is not qualified in respect of these matters.

**Camp:-Secunderabad**

Date :- 6th May,2014

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

**( R.S.Agarwala)**  
**Partner**  
Membership No.005534



## Consolidated Balance Sheet as at March 31, 2014

(₹ in Million)

Particulars	Note	31st March 2014	30th June 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	174.53	173.16
Reserves and Surplus	2	7,553.85	7,696.92
		<b>7,728.38</b>	<b>7,870.08</b>
<b>Minority Interest</b>		<b>1,173.16</b>	<b>1,154.21</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	2,671.68	2,378.05
Deferred Tax Liabilities(Net)	4	60.83	106.65
Other Long Term Liabilities	5	5.51	4.00
Long Term Provisions	6	186.33	121.95
		<b>2,924.35</b>	<b>2,610.65</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	1,304.33	1,381.36
Trade Payables	8	732.33	662.90
Other Current Liabilities	9	1,257.50	1,452.52
Short Term Provisions	10	653.47	471.64
		<b>3,947.63</b>	<b>3,968.42</b>
<b>Total</b>		<b>15,773.52</b>	<b>15,603.36</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Fixed Assets	11		
Tangible Assets		3,778.97	3,858.68
Intangible Assets		14.98	12.76
Capital Work in Progress		387.07	244.61
Goodwill on Consolidation		4,468.85	4,468.82
Non-Current Investments	12	547.80	202.08
Long Term Loans and Advances	13	1,337.98	1,489.33
Other Non-Current Assets	14	17.60	5.08
		<b>10,553.25</b>	<b>10,281.35</b>
<b>Current Assets</b>			
Inventories	15	119.09	118.35
Trade Receivables	16	2,414.22	2,202.82
Cash & Bank Balances	17	308.02	465.77
Short Term Loans and Advances	18	2,378.94	2,535.07
		<b>5,220.27</b>	<b>5,322.01</b>
<b>Total</b>		<b>15,773.52</b>	<b>15,603.36</b>
The Notes form an integral part of these Consolidated Financial Statements	I - 47		

In terms of our Report of even date attached

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

**R. S. Agarwala**  
Partner  
Membership No. : 05534

Camp: Secunderabad  
Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman  
**Mahendra Agrawal** - Founder & CEO  
**N.Srinivasan** - Director  
**Sanjeev Jain** - Director – Finance  
**VSN Raju** - Company Secretary

## Consolidated Statement Of Profit And Loss for the period ended March 31, 2014

(₹ in Million)

Particulars	Note	(9 months ended) 31st March 2014	(12 months ended) 30th June 2013
<b>REVENUE</b>			
Revenue from Operations	19	11,165.72	12,729.46
Other Income	20	106.09	165.67
<b>TOTAL</b>		<b>11,271.81</b>	<b>12,895.13</b>
<b>EXPENSES</b>			
Purchase of Stock in Trade	21	1,749.41	1,741.55
Change in Inventories of Stock-in-trade	22	(1.33)	(27.55)
Operating Expenses	23	6,627.01	7,858.83
Employee Benefits Expense	24	1,026.93	1,236.39
Finance Costs	25	324.97	436.67
Depreciation and Amortization Expense	26	220.69	247.51
Other Expenses	27	922.55	1,098.50
<b>TOTAL</b>		<b>10,870.23</b>	<b>12,591.90</b>
<b>Profit before Exceptional Items and Tax</b>		<b>401.58</b>	<b>303.22</b>
<b>Exceptional Items</b>		<b>-</b>	<b>(70.90)</b>
<b>Profit Before Tax</b>		<b>401.58</b>	<b>232.33</b>
<b>Tax Expense</b>			
Current Tax		166.39	150.92
Net reversal of Previous Year's taxes		(2.13)	(96.96)
Deferred Tax		32.35	5.69
Reversal of Excess Deffered Tax Liability		(78.20)	-
<b>Profit before Minority Interest</b>		<b>283.17</b>	<b>172.68</b>
<b>Less: Minority Interest</b>		<b>48.95</b>	<b>76.39</b>
<b>Profit after Minority Interest</b>		<b>234.22</b>	<b>90.60</b>
<b>Earning per Share</b>			
Basic (in ₹)		2.70	1.11
Diluted (in ₹)		2.00	0.82
The Notes form an integral part of these Consolidated Financial Statements		I - 47	

In terms of our Report of even date attached

**For R.S. Agrawala & Co**

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

**R. S. Agarwala**

Partner  
Membership No.: 05534

Camp: Secunderabad

Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman

**Mahendra Agrawal** - Founder & CEO

**N.Srinivasan** - Director

**Sanjeev Jain** - Director – Finance

**VSN Raju** - Company Secretary

## Notes to the Consolidated Financial Statements

(₹ in Million)

Particulars	31st March 2014	30th June 2013
<b>(I) SHARE CAPITAL</b>		
<b>Authorised</b>		
12,50,00,000 Equity Shares of Rs.2/- each	250.00	250.00
500,000 Redeemable Preference Shares of Rs.100/- each	50.00	50.00
	<b>300.00</b>	<b>300.00</b>
<b>Issued,Subscribed and Paid-up :</b>		
87,264,087 (Previous Year 86,582,287) Equity Shares of Rs.2/- each fully paid up	174.53	173.16

### Terms/rights attached to equity shares

The Company has only one class of equity shares of par value of Rs. 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 numbers of Shares outstanding

Particulars	31st March 2014		30th June 2013	
	No. of Shares	(₹ in Million)	No. of Shares	(₹ in Million)
<b>Shares at the beginning of the period / year</b>	86,582,287	173.16	86,582,287	173.16
Alloted under Employee Stock Option Scheme	681,800	1.36	-	-
<b>Shares at the end of the period / year</b>	<b>87,264,087</b>	<b>174.53</b>	<b>86,582,287</b>	<b>173.16</b>

### Details of Shareholders holding more than 5% Shares

Company Name	31st March 2014		30th June 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
TCI FINANCE LTD	7,724,350	8.85	12,724,350	14.70
MAHENDRA INVESTMENT ADVISORS PVT. LTD.	8,065,105	9.24	8,065,105	9.31
MANISH AGARWAL BENEFIT TRUST	-	-	4,500,000	5.20
DHRUV AGARWAL BENEFIT TRUST	-	-	4,500,000	5.20
RADHAKISHAN DAMANI	6,540,718	7.50	-	-
	<b>22,330,173</b>	<b>25.59</b>	<b>29,789,455</b>	<b>34.41</b>

### Shares reserved for issue under options and contracts/commitments

- 17,06,590 equity shares of Rs.2/- each are reserved under employee stock option scheme as on 31st March 2014 (Previous period 18,02,716). Of this 2,13,750 options, 5,83,227 options, 6,11,386 options and 2,98,227 options will vest in the year 2014-15, 2015-16, 2016-17 and 2017-18 respectively.
- On December 12, 2011, the Company issued 22,182 Foreign Currency Convertible Bonds of US\$ 1,000 each for an amount of US\$ 22.18 Mn. The Bonds are convertible pursuant to terms and conditions thereof, 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 Rs 2/- each.

Particulars	31st March 2014	30th June 2013
<b>( 2 ) RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
As per last balance sheet	208.17	208.17
Add: Forfeiture of upfront money on options not exercised	0.22	-
Add: Created during the period (Note 28)	626.43	-
	<b>834.82</b>	<b>208.17</b>

## Notes to the Consolidated Financial Statements

(₹ in Million)

Particulars	31st March 2014	30th June 2013
<b>Special Reserve</b>		
As per last balance sheet	5,058.27	-
Add: Excess of value of assets over value of liabilities on amalgamation	-	5,555.43
Less: Adjustments during the period/year (Note 28)	(800.55)	(497.16)
	<b>4,257.72</b>	<b>5,058.27</b>
<b>Securities Premium Reserve</b>		
As per last balance sheet	1,487.10	2,701.80
Addition during the period (i)	30.49	-
Amalgamation adjustment & others	-	(1,131.67)
Less : Deduction During the period/year (ii)	(64.37)	(83.03)
	<b>1,453.22</b>	<b>1,487.10</b>
<b>Revaluation Reserve</b>		
As per last balance sheet	59.57	59.60
Less : Transferred to Statement of Profit & Loss	(0.02)	(0.02)
	<b>59.55</b>	<b>59.58</b>
<b>Share Option Outstanding Account</b>		
As per last balance sheet	18.11	24.61
Additions during the period/year (iii)	15.12	5.46
Less: Transferred to Securities Premium Reserve (I)	(7.96)	-
Less: Deduction on cancellation of options not exercised (iii)	(4.74)	(11.95)
	<b>20.53</b>	<b>18.12</b>
<b>Foreign Currency Translation Reserve</b>		
As per last balance sheet	8.94	5.04
Add: Addition during the period/year	(2.86)	3.90
	<b>6.08</b>	<b>8.94</b>
<b>Shipping Business Reserve(Utilized)</b>		
As per last balance sheet	-	35.00
Less: Transferred to General Reserve	-	(35.00)
<b>Tonnage Tax Reserve(Utilized)</b>		
As per last balance sheet	92.91	92.91
	<b>92.91</b>	<b>92.91</b>
<b>General Reserve</b>		
As per last balance sheet	835.12	741.16
Add: Transferred from statement of profit and loss	57.46	58.96
Add: Transferred from Shipping Business Reserve(Utilized)	-	35.00
	<b>892.58</b>	<b>835.12</b>
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
As per last balance sheet	(151.71)	(88.11)
Add: Provided during the period/year	(8.88)	(75.21)
Less: Amortised during the period/year	34.89	11.61
	<b>(125.70)</b>	<b>(151.71)</b>
<b>Surplus as per Statement of Profit and Loss</b>		
As per last balance sheet	80.45	170.01
Add: Profit for the period/year	234.22	96.29
Proposed Final Dividend	(161.08)	(51.95)
Tax on dividend	(33.99)	(25.98)
Amalgamation Adjustment	-	(48.98)
Transferred to General Reserve	(57.46)	(58.96)
	<b>62.14</b>	<b>80.43</b>
	<b>7,553.85</b>	<b>7,696.92</b>

## Notes to the Consolidated Financial Statements

(₹ in Million)

- (i) On allotment of 6,81,800 shares under Employee Stock Option Scheme and transferred from Stock Option Outstanding account.
- (ii) Provision for Pro-rata Premium on redemption of Foreign Currency Convertible Bonds.
- (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 employee benefit expenses includes credit of Rs.2.12 Mn (previous year credit of Rs. 4.91 Mn) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunds/lapsed.

### ( 3 ) LONG TERM BORROWINGS

#### Secured - Term Loans

From Banks

From Others

Finance Lease - Ship

#### Unsecured

Fixed deposits

Foreign Currency Convertible Bonds

**Less : Current Maturities of Long term borrowing (Note 9)**

	31st March 2014	30th June 2013
From Banks	1,194.03	1,196.28
From Others	76.63	96.88
Finance Lease - Ship	574.08	578.15
Unsecured		
Fixed deposits	320.00	192.97
Foreign Currency Convertible Bonds	1,333.13	1,324.25
	<b>3,497.87</b>	<b>3,388.53</b>
<b>Less : Current Maturities of Long term borrowing (Note 9)</b>	<b>(826.19)</b>	<b>(1,010.49)</b>
	<b>2,671.68</b>	<b>2,378.04</b>

#### Particulars of nature of security and terms of repayment

#### Secured to the Extent

Nature of Security	Terms of Repayment	31st March 2014	30th June 2013
<b>Secured Loans</b>			
<b>From Banks</b>			
Property Situated at MG Road, Secunderabad and Pimpalas, Bhiwandi, Maharashtra	Repayable in 4 Quarterly Installments of Rs 25 Mn and Rs 37.5 Mn each starting from August, 2013 and December, 2014 respectively after a initial holiday period of 1 year	129.52	100.00
Property situated at Samalka, Tehsil Vasant Vihar, New Delhi.	Repayable in 36 EMI starting from March, 2013	67.99	90.50
Property situated at Kondapur village, Ranga Reddy District.	Repayable in 16 Quarterly Installments of Rs 15.63 Mn each commencing from August, 2014 after initial Holiday period of 1 year	147.13	100.00
Property situated at Shamirpet, Ranga Reddy District.	Repayable in monthly installments	3.66	6.28
Property at Peenya, Bangalore. Subservient Charge on the current and fixed assets of the company with coverage up to 100% of the loan amount.	Initial term loan 50 CR. Repayable in 16 Quarterly Installments of Rs 31.25 Mn starting from June 2015 after a initial holiday period of 1 year, Initial term loan 250 Mn. Repayable in 8 Quarterly Installments of RS 31.25 Mn starting from Nov 2014 after a initial holiday period of 1 year	381.46	250.00
Exclusive charge on entire movable fixed assets, specifically on plant & machinery, computers, furniture and fixtures, office equipments.	Repayable in 23 Monthly Installments of RS 21.8 Mn starting from March 2013 after initial holiday period of 1 year	180.20	312.80
<b>Primary Security :-</b> Second Charge on Stocks, Book Debts and other current assets of the company.	Repayment in 36 monthly installments starting from March 2012 to February 2015	7.30	12.55
<b>Collateral Security :-</b> Property in SY.No, 1021 situated at Upparpally, H/o Shamirpet G.P., Ranga Reddy District. Property in SY.No, 1022 situated at Upparpally, H/o Shamirpet G.P., Ranga Reddy District.			

## Notes to the Consolidated Financial Statements

(₹ in Million)

Particulars of nature of security and terms of repayment		Secured to the Extent	
Nature of Security	Terms of Repayment	31st March 2014	30th June 2013
Hypothecation of Trucks & Vehicles against individual loans	Repayable in monthly installments	101.99	130.96
Term loan is 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.	Repayable in monthly installments	24.15	12.55
Loans are fully secured by hypothecation of specific vehicles against which loan is availed and corporate guarantee extended by Gati Limited.	Repayable in monthly installments	78.16	100.59
Loans are fully secured by hypothecation of specific vehicles against which loan is availed.	Repayable in monthly installments	33.10	40.45
Secured by mortgage of immovable property.	Repayable in 16 instalments starting from February 2014 , last installment due in May 2015.	39.38	39.59
<b>From Others</b> Loans are fully secured by hypothecation of specific vehicles against which loan is availed and corporate guarantee extended by Gati Limited	Repayable in monthly installments	17.61	29.86
Loans are fully secured by hypothecation of specific vehicles against which loan is availed.	Repayable in monthly installments	59.02	67.03
Finance Lease - Ship Secured by leased Ship namely Gati Pride.	Repayable in monthly installments	574.08	578.15
		<b>1,844.75</b>	<b>1,871.31</b>
<b>( 4 ) DEFERRED TAX LIABILITIES</b> Difference between books and tax depreciation		60.83 <b>60.83</b>	106.65 <b>106.65</b>
<b>( 5 ) OTHER LONG TERM LIABILITIES</b> Interest Accrued on Fixed Deposits		5.51 <b>5.51</b>	4.00 <b>4.00</b>
<b>( 6 ) LONG TERM PROVISIONS</b> Premium on redemption of Foreign Currency Convertible Bonds		186.33 <b>186.33</b>	121.95 <b>121.95</b>
<b>( 7 ) SHORT TERM BORROWINGS</b> <b>Secured</b> Working Capital Loans From Banks		1,304.33	1,361.73
<b>Unsecured</b> From Others		0.00	19.63
		<b>1,304.33</b>	<b>1,381.36</b>

## Notes to the Consolidated Financial Statements

(₹ in Million)

Other information pertaining to nature of security		
<b>Secured Working Capital Loan from Banks</b>		
Working capital loan is secured by first charge on entire current assets of the company present and future, on paripassu basis with other banks along with immovable properties situated at Bhiwandi (Maharashtra), Verna Industrial Estate (Goa) and personal guarantee of Managing Director.	67.20	31.72
Working capital loan is secured by first charge on entire book debts of the company on paripassu basis with other banks along with immovable properties in Chennai and Portblair as collateral security.	70.38	48.68
Working Capital Loans secured by hypothecation of book debts and other current assets of the company on paripassu basis with all consortium banks as primary security along with immovable properties as collateral. Personal Guarantee of Managing Director	1,058.25	1,183.75
Secured by hypothecation of specific vehicles of the Company and charge on the current assets along with the corporate guarantee extended by Gati Limited.	48.05	47.69
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	48.24	49.89
Primary Security : First and exclusive charge on all existing and future current assets and movable fixed asset of the company. Collateral Security : First and exclusive charge by way of Equitable / registered Mortgage of Flat no 35/15 Long Road, Shanthi nagar, Bangalore.	12.21	-
	<b>1,304.33</b>	<b>1,361.73</b>
<b>( 8 ) TRADE PAYABLES</b>		
Acceptance (a)	199.94	-
Other than Acceptances	532.39	662.90
	<b>732.33</b>	<b>662.90</b>
{(a) Under vendor financing/discounting arrangements with the company's bankers on payment of interest and furnishing of corporate guarantee by Gati Ltd.}		
<b>( 9 ) OTHER CURRENT LIABILITIES</b>		
Current maturities of Long Term Borrowings (Note 3)		
From Banks	565.88	759.63
From Others	260.31	250.87
Other Liabilities		
- Statutory dues	52.87	100.86
- Security Deposit	106.08	100.26
- Others	268.06	231.26
- Unpaid/Unclaimed Dividend ( Rs.0.47 Mn has been transferred to Investor Education and Protection Fund during the period)	4.30	9.64
	<b>1,257.50</b>	<b>1,452.52</b>
<b>( 10 ) SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits	61.56	58.86
<b>Others</b>		
Taxation	413.83	341.88
Proposed Final Dividend	161.08	51.95
Tax on Dividend	17.00	11.38
Expenses	-	0.10
Contingencies	-	7.47
(Includes Bad debts Written off Rs.4.90 Mn, Int Receivable Written off Rs.2.57 Mn)	<b>653.47</b>	<b>471.64</b>



**(II) Fixed Assets**

(₹ in Million)

Particulars	Gross Block				Depreciation			Net Carrying Value		
Description	As on July 01, 2013	Additions during the period	Deductions During the Period	Balance as on March 31, 2014	As on July 01, 2013	For the Period	Adjustment On Deductions	Total Depreciation	31st March 2014	30th June 2013
<b>Tangible Land</b>										
Freehold	566.36	0.13	15.32	551.17	-	-	-	-	551.17	566.36
Leasehold	103.38	-	-	103.38	-	-	-	-	103.38	103.38
Buildings	584.04	1.86	0.35	585.55	61.44	6.96	0.08	68.32	517.23	522.60
Vehicles	465.85	9.67	13.24	462.28	237.06	36.15	10.37	262.84	199.44	228.79
Plant & Equipments	882.93	9.95	32.76	860.12	360.29	53.06	22.59	390.76	469.36	522.64
Computers	372.01	46.46	0.05	418.42	305.18	18.32	0.03	323.47	94.95	66.83
Ships	1,354.28	0.00	-	1,354.28	343.69	20.28	-	363.96	990.31	1,010.59
Furniture & Fittings	235.33	12.61	0.01	247.93	117.70	11.92	0.01	129.61	118.32	117.63
Office Equipments	155.71	14.04	0.28	169.46	59.86	6.70	0.03	66.53	102.93	95.84
<b>Leased Assets</b>										
Assets taken on Finance Lease	761.85	32.14	-	793.99	137.84	24.27	-	162.12	631.88	624.01
<b>Subtotal</b>	<b>5,481.73</b>	<b>126.85</b>	<b>62.00</b>	<b>5,546.58</b>	<b>1,623.06</b>	<b>177.66</b>	<b>33.11</b>	<b>1,767.61</b>	<b>3,778.97</b>	<b>3,858.68</b>
<b>Intangible</b>										
Computer Software	159.34	10.39	-	169.72	146.58	8.16	-	154.74	14.98	12.76
<b>Total</b>	<b>5,641.07</b>	<b>137.23</b>	<b>62.00</b>	<b>5,716.31</b>	<b>1,769.64</b>	<b>185.82</b>	<b>33.11</b>	<b>1,922.35</b>	<b>3,793.95</b>	<b>3,871.43</b>
Previous Year	5,426.19	446.07	231.19	5,641.07	1,564.37	235.92	30.64	1,769.64	3,871.43	
<b>Capital Work-in-Progress</b>								<b>Total</b>	<b>387.07</b>	<b>242.53</b>
									<b>4,181.03</b>	<b>4,113.97</b>

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

b) Depreciation for the period includes Rs. 0.02 Mn in respect of above revaluations.

c) Additions to assets include Rs. 32.14 Mn (Previous year Rs. 18.08 Mn) on account of exchange rate difference pertaining to foreign currency loan.

<b>( 12 ) NON CURRENT INVESTMENTS</b>		
<b>Long Term Investment (At Cost)</b>		
<b>Non-Trade</b>		
<b>Fully Paid Equity Shares of Joint Stock Company</b>		
<b>Quoted</b>		
1,600,300 of TCI Finance Ltd. of Rs.10/- each.	14.39	14.39
(Market Value - Rs.28.95 Mn ; previous year Rs. 39.13 Mn		
100 Shares of SBI of Rs. 100/- each	0.01	0.01
(Market Value - Rs. 0.19 Mn ; previous year - Rs 0.2 Mn)		
	<b>14.40</b>	<b>14.40</b>
<b>Unquoted</b>		
18,750,000 of Amrit Jal Ventures Pvt. Ltd. of Rs.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 Rs 10/- each	0.18	0.18
	<b>187.68</b>	<b>187.68</b>
<b>Debentures</b>		
34,57,236 14.5% Unsecured Optionally Convertible Debentures of Amrit Jal Ventures Pvt Ltd. of Rs.100/- each	345.72	-
(Issued during the period in repayment of Loan of an equivalent amount granted by Gati Limited in earlier year to Gati Infrastructure Private Limited on the terms of subscription , redemption or conversion and other conditions as per Investment Agreement dated 10th July 2013.)		
	<b>547.80</b>	<b>202.08</b>
<b>( 13 ) LONG TERM LOANS AND ADVANCES</b>		
<b>Considered Good</b>		
Capital Advances	100.83	93.92
Advances and Rental Deposits	662.12	641.60
Earnest Money and Security Deposits	172.80	174.29
Other Deposits	348.94	526.23
<b>Considered Doubtful</b>		
Capital Advances	5.90	2.50
Less : Provision for doubtful Advances	(5.90)	(2.50)
Other Deposits	53.29	53.29
	<b>1,337.98</b>	<b>1,489.33</b>
<b>( 14 ) OTHER NON CURRENT ASSETS</b>		
Pre-Operative Expenses	0.22	0.20
Deffered Emplpyees Stock option Compensation	17.38	4.88
	<b>17.60</b>	<b>5.08</b>
<b>( 15 ) INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stores and Spare Parts	86.45	87.06
Diesel Petrol etc	15.68	12.14
Trading Goods		
(At lower of cost and net realisable value)	16.96	19.15
	<b>119.09</b>	<b>118.35</b>
<b>( 16 ) TRADE RECEIVABLES (Unsecured)</b>		
<b>Outstanding for more than six months from due date</b>		
Considered Good	256.42	218.78
Considered Doubtful	37.49	47.83
	293.91	266.61
Less : Provision for doubtful debts	(19.13)	(30.21)
	274.78	236.40
<b>Others</b>	2,139.44	1,966.42
	<b>2,414.22</b>	<b>2,202.82</b>

## Notes to the Consolidated Financial Statements

(₹ in Million)

<b>( 17 ) CASH AND BANK BALANCES</b>		
Cash in Hand	37.33	21.52
<b>Balances with Banks</b>		
In Current Accounts	91.84	272.60
In Deposit Accounts	174.55	162.01
In Unpaid/Unclaimed Dividend Accounts	4.30	9.64
	<b>308.02</b>	<b>465.77</b>
<b>( 18 ) SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured - Considered Good</b>		
Prepaid Expenses	46.15	50.23
Cenvat Credit Receivable	31.25	21.99
Loans and Advances to Other Parties	695.25	1,018.88
Operational Advances	907.09	841.62
Advances to Employees	5.47	5.93
Interest Accrued	101.16	83.77
Tax Deducted at Source/Advance Tax	572.98	444.33
Others	19.59	20.32
Balance consideration receivable for Sale of Investments in Shares of Gati Ship Limited	-	48.00
	<b>2,378.94</b>	<b>2,535.07</b>
(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.)		
	(9 months ended) 31st March 2014	(12 months ended) 30th June 2013
<b>( 19 ) REVENUE FROM OPERATIONS</b>		
Freight, Demurrage and Miscellaneous Charges	8,950.93	10,417.32
Warehousing, Logistics & Other Services	142.81	153.62
Shipping Freight, Charter Hire, Miscellaneous charges	209.47	240.47
Other Operating Income	70.17	162.49
Sale of Products	1,792.34	1,755.56
	<b>11,165.72</b>	<b>12,729.46</b>
<b>( 20 ) OTHER INCOME</b>		
Rent	5.69	1.80
Profit on sale of Fixed Asset (Net)	13.20	4.86
Dividends	-	17.14
Interest	82.77	77.57
Difference in Exchange (Net)	-	44.02
Miscellaneous Income	4.43	20.28
	<b>106.09</b>	<b>165.67</b>
<b>( 21 ) PURCHASE OF STOCK-IN-TRADE</b>		
Diesel, Petrol, Lubricants	1,462.63	1,644.86
Others	286.78	96.69
	<b>1,749.41</b>	<b>1,741.55</b>
<b>( 22 ) CHANGES IN INVENTORIES OF STOCK-IN-TRADE</b>		
Opening Stock	31.30	16.60
Closing Stock	(32.63)	(44.15)
	<b>(1.33)</b>	<b>(27.55)</b>
<b>( 23 ) OPERATING EXPENSES</b>		
Freight	5,367.76	6,329.24
Vehicles' trip Expenses	400.33	390.86
Tyres and Tubes	11.25	8.41
Warehouse Rent	58.72	47.82
Other Operating Expenses	640.93	753.13
Claims for Loss & Damages (Net)	52.39	70.88
Commission	2.10	2.98
Vehicles' taxes	4.60	7.02

## Notes to the Consolidated Financial Statements

(₹ in Million)

	(9 months ended) 31st March 2014	(12 months ended) 30th June 2013
Vehicles' and ships Insurance	8.83	9.13
Power, Fuel and Water Expenses	61.62	110.97
Stores and Spare Parts Consumed	1.88	5.08
Transport and Warehousing	3.10	0.32
Port and Survey Expenses	13.50	122.99
	<b>6,627.01</b>	<b>7,858.83</b>
<b>( 24 ) EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	952.34	1,141.04
Gratuity	13.61	22.60
Contribution to Provident and Other Funds	33.29	41.45
Contribution to Employees' State Insurance	6.44	8.18
Other Expenses	21.25	23.12
	<b>1,026.93</b>	<b>1,236.39</b>
<b>( 25 ) FINANCE COSTS</b>		
Interest	332.56	430.43
Other borrowing Costs	7.28	8.31
Less: Capitalised during the period/year	(14.87)	(2.07)
	<b>324.97</b>	<b>436.67</b>
<b>( 26 ) DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation for the year	185.82	235.92
Add: Amortization of foreign currency monetary item translation difference account	34.89	11.61
Deduct: Transfer from Fixed Asset to Revaluation Reserve	(0.02)	(0.02)
	<b>220.69</b>	<b>247.51</b>
<b>( 27 ) OTHER EXPENSES</b>		
<b>(A) ADMINISTRATIVE EXPENSES</b>		
Rent	238.88	268.90
Rates and Taxes	13.16	6.88
Insurance	10.78	11.78
Telephone expenses	26.43	29.81
Printing and Stationery	26.09	27.31
Travelling Expenses	58.47	83.08
Legal Expenses	22.03	29.07
Advertisement Expenses	33.15	60.85
Office Maintenance and Repairs	114.88	145.72
Electricity Expenses	60.99	72.07
Remuneration to Directors	0.95	1.18
Commission to Non-Whole-time Directors	1.75	1.35
<b>Remuneration to Auditors:</b>		
Audit Fees	2.84	2.37
Tax Audit Fees	1.12	1.14
Bad Debts and irrecoverable balances written off (Net) (a)	53.89	25.76
Differences in Exchange (Net)	3.04	-
IT Network Expenses	24.64	33.36
Charity and Donations	6.28	5.23
Miscellaneous Expenses	148.45	204.12
	<b>847.82</b>	<b>1,009.96</b>
(a) Includes provision for doubtful debts Rs 6.37 Mn, (Previous year Rs. 15 Mn)		
<b>( B ) OTHER EXPENSES</b>		
Motor Trucks	10.87	12.82
Other Vehicles	9.81	13.97
Plant and Equipments	6.07	7.85
Computers	33.01	31.43
Buildings	0.11	0.44
Ships	14.86	8.75
Dry docking expenses	-	13.28
	<b>74.73</b>	<b>88.54</b>
	<b>922.55</b>	<b>1,098.50</b>

## Notes To The Consolidated Financial Statements

(₹ in Million)

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 Newatia Commercial & Trading Private Limited, Trymbak Commercial and Trading Private Ltd, Ocimum Commercial and Trading Private Limited, Sumeru Commercial and Trading Private Limited and Gati Express Distribution Limited (Transferor Companies) with Gati Limited (Transferee Company) with effect from 31st March, 2013, the appointed date.

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 in the books of the transferee Company amounting to Rs.5,555.43 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 the Board of directors may deem fit.

In accordance with the Scheme

- i) The loss of Rs.640 Mn on sale of investment in 40,00,000 Nos Equity shares of subsidiary Gati Ship Limited net of minority share of Rs.142.88 Mn was adjusted against Special Reserve in the year 2012-13.
- ii) During the period, on professional advice, the Board of Directors have carried out the following further adjustments against Special Reserve, which is reflecting in the consolidated financial statements:
  - a) Irrecoverable advances to subsidiary Gati Ship Limited of Rs 626.43 Mn and balance consideration receivable for Sale of Investments in shares of subsidiary Gati Ship Limited of Rs.48 Mn have been adjusted against Special Reserve.
  - b) Irrecoverable other advances made in earlier years aggregating to Rs.126.11 Mn has been adjusted against Special Reserve.
  - c) All the above adjustments otherwise, required to be debited to the Statement of Profit and Loss and adjusted against Special Reserve are not in accordance with the Accounting Standard (AS) 13 'Accounting for Investments' and Accounting Standard (AS) 5 'Net Profit or Loss for the period, prior period items and changes in accounting policies'. Had the Scheme not prescribed the above accounting treatment the consolidated accounts would have reflected as follows:

(₹ in Million)

Statement of Profit and Loss:	Increase	Decrease
Profit before tax		800.5
Profit for the year		800.5
<b>Balance Sheet:</b>		
Special Reserve	800.5	800.5
Surplus in Statement of Profit or Loss		

29. The Opening Balance of Rs 7.47 Mn in the provision for contingencies account has been fully adjusted by Write off/Adjustments: (a) Interest Receivable - Rs.2.57 Mn (Previous year Rs.7.59 Mn) (b) Trade Receivables - Rs 4.90 Mn. (Previous year Rs. 35.32 Mn).
30. 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 the net profit of Rs.16.8 Mn on sale of land during the period (previous year Rs. 67.6 Mn) be considered as other operating income.
- 31 (a) The company has made investment in Share Capital of Rs. 352.27 Mn and has other receivables of Rs.26.38 Mn (Previous year Rs.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.
- 31 (b) The company has made investment in Share Capital of Rs. 3.62 Mn and has other receivables of Rs. 14.76 Mn (Previous Year Rs.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.

## Notes To The Consolidated Financial Statements

(₹ in Million)

- 32 (a)** The step down overseas subsidiary, Gati Hong Kong Limited has capital deficiency, has incurred net loss of Rs. 7.18 Mn (HK\$ 0.91 Mn) during the period and has total liabilities exceeding the total assets as at 31st March 2014 by Rs. 16.12 Mn (HK\$ 2.09 Mn) which indicate the existence of a material uncertainty giving rise to significant doubt as the Company's ability to continue as a going concern. Shareholder of the subsidiary confirm to provide financial support. Accordingly, the financial statements do not include any adjustments relating to realization of the value of assets and to provide for any further liabilities that might be necessary should the Company be unable to continue its operations as going concern.
- 32 (b)** The step down overseas subsidiary, Gati China Holdings Limited, has investment in its subsidiary which are higher than the subsidiary's net assets. However, in the Management's opinion in view of certain special measures being taken no impairment provision is required to be made.
- 33.** In an earlier year Gati Limited has granted unsecured loan of Rs. 100 Mn to a body corporate which is outstanding as on 31st March 2014 along with interest receivable of Rs. 39 Mn. The net worth of the body corporate has fully eroded because of losses suffered from year to year. However, the management is confident of full recovery of the dues and interest receivable and therefore no provision is considered necessary for any possible losses that may arise in this behalf.
- 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 March 31, 2014 Rs.125.69 Mn has been carried forward in the "Foreign Exchange Monetary Items Translation Difference Account" (FCMITDA). Consequently the net profit is lower by Rs. 26.01 Mn for the period ended 31st March 2014.
- 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 Arbitral tribunal passed an Award dated 17th September 2013, whereby, it has, inter alia, directed Air India Limited to pay an amount of Rs.268.2 Mn to the Company and to pay interest @18% per annum on the awarded amount. Air India has preferred an application before the Hon'ble Delhi High Court seeking setting aside of the Award and the matter is pending disposal. In the circumstances, the dues of Rs.265.9 Mn included in Loans and Advances, are considered good for recovery by the management.
- 36.** Tax provision in these accounts has been made considering the working results for the period ended 31st March, 2014. The actual tax liability will be determined on the basis of tax accounting year from 1st April 2013 to 31st March, 2014. (Assessment Year 2014-15). Provision for Deferred tax liability for the period has been made and Deferred tax liability provided in earlier years now found in excess has been reversed.
- 37.** The Board of Directors of the company has allotted the equity shares on exercise of options at a premium of Rs.33.05 per share granted to Employees 6,29,300 shares and Non-Executive Directors 52,500 shares. Consequently the Equity Share Capital of the company increased from 8,65,82,287 equity shares of Rs 2/- each to 8,72,64,087 equity shares of Rs 2/- each during the period.
- 38.** The Company has granted options under the Companies Employees Stock Options Scheme and 17,06,590 equity shares of Rs.2/- each are reserved under employee stock option scheme as on 31st March 2014 (Previous year 18,02,716). Of this 2,13,750 options, 5,83,227 options, 6,11,386 options and 2,98,227 options will vest in the year 2014-15, 2015-16, 2016-17 and 2017-18 respectively.
- 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 pursuant to terms and conditions thereof, 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. 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.
- 40.** In response to company's application to Reserve Bank of India (RBI) seeking permission for part repurchase of FCCBs, RBI vide its letter dated 27th September 2013 accorded permission while stating that the Company was not an eligible borrower under the automatic route and the borrowing be treated as a Foreign Debt. The company was levied a compounding fee of Rs.29.6 Mn in this respect. While suspending the compounding orders of RBI, the Hon'ble High Court of Andhra Pradesh had passed an interim order directing the Company to deposit Rs. 0.74 Mn with Reserve Bank of India, out of the compounding fee of Rs.29.6 Mn, which the Company has since deposited. The matter being subjudice and on the basis of written legal advice, the Company has not recognized the conversion notice from one of the bondholders in respect of the FCCBs.



#### 41. Segment wise revenue, results and capital employed

##### 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.

(₹ in Million)

Particulars	(9 months ended) 31st March 2014	(12 months ended) 30th June 2013
<b>1. Segment Revenue (Net Sale / Income from each Segment)</b>		
a) Express Distribution & Supply Chain	9,183.34	10,735.77
b) Shipping	191.53	240.47
c) Fuel Sales	1,492.68	1,670.76
d) Other Sales	306.34	90.67
<b>Total</b>	<b>11,173.89</b>	<b>12,737.67</b>
Less: Inter Segment Revenue	(8.17)	(8.22)
<b>Net Sales / Income from Operations</b>	<b>11,165.72</b>	<b>12,729.46</b>
<b>2. Segment Results (Profit (+) / Loss (-) before tax and interest from each Segment)</b>		
a) Express Distribution & Supply Chain	788.33	879.22
b) Shipping	(87.35)	(164.55)
c) Fuel Sales	22.78	21.74
d) Other Sales	2.77	3.51
<b>Total</b>	<b>726.53</b>	<b>739.91</b>
Less: Interest Expenses	(324.98)	(436.67)
<b>Total Profit before tax and Exceptional Items</b>	<b>401.55</b>	<b>303.24</b>
<b>3. Capital Employed</b>		
<b>Segment Assets</b>		
a) Express Distribution & Supply Chain	10,507.93	10,461.38
b) Shipping	3,668.50	3,735.92
c) Fuel Stations	68.42	60.96
d) Unallocated/ Corporate/ Inter Segment	1,469.11	1,285.55
<b>Total Assets</b>	<b>15,713.96</b>	<b>15,543.81</b>
<b>Segment Liabilities</b>		
a) Express Distribution & Supply Chain	1,178.32	912.79
b) Shipping	61.68	114.70
c) Fuel Stations	8.01	13.37
d) Unallocated/ Corporate/ Inter Segment	6,797.14	6,692.43
<b>Total Liability</b>	<b>8,045.15</b>	<b>7,733.29</b>
<b>Capital Employed</b>	<b>7,668.81</b>	<b>7,810.52</b>



Particulars	(9 months ended) 31st March 2014	(12 months ended) 30th June 2013
<b>Secondary Business Segment</b>		
<b>1. Segment Revenue (Net Sale / Income)</b>		
a) India	10,980.22	12,329.73
b) international	220.93	485.88
<b>Total</b>	<b>11,201.15</b>	<b>12,815.60</b>
Less: Inter Segment Revenue	(35.43)	(86.14)
<b>Net Sales / Income from Operations</b>	<b>11,165.72</b>	<b>12,729.46</b>
<b>2. Segment Results</b>		
a) India	752.58	718.04
b) international	(26.05)	21.87
<b>Total</b>	<b>726.53</b>	<b>739.91</b>
Less: Interest	(324.98)	(436.67)
<b>Total Profit before tax</b>	<b>401.55</b>	<b>303.24</b>
<b>3. Capital Employed Segment Assets</b>		
a) India	14,181.13	14,234.11
b) International	144.45	173.50
c) Unallocated Corporate Assets	1,388.39	1,136.20
<b>Total Assets</b>	<b>15,713.97</b>	<b>15,543.81</b>
<b>Segment Liabilities</b>		
a) India	1,365.32	1,063.06
b) international	88.84	106.33
c) Unallocated Corporate Liabilities	6,590.99	6,563.90
<b>Total Liability</b>	<b>8,045.15</b>	<b>7,733.29</b>
<b>Capital Employed</b>	<b>7,668.82</b>	<b>7,810.52</b>

**42. 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
Gati (Thailand) Co. Ltd	Thailand	49% held by GAP	Subsidiary
Gati-Kintetsu Express Pvt. Ltd.	India	70% held by Parent	Subsidiary
Gati Kausar India Ltd.	India	99.82% 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

- 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 by line basis by adding together the book values of like items of Assets, Liabilities, Income and expenditure, after fully eliminating intra-group balances and 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 period. All the assets and liabilities are converted at the rate prevailing at the end of the period. 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 Goodwill, 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 period have been consolidated together and has been shown under Minority interest with corresponding deduction from the respective line items of financials.

43. Particulars	31st March 2014	30th June 2013
<b>(a) Contingent Liability not provided for in respect of</b>		
Bank Guarantees	121.18	127.28
Guarantees and Counter Guarantees outstanding	1,379.66	1,913.50
Estimated amount of contracts remaining to be executed on capital account and not provided for	34.46	27.21
<b>(b) Earning per share</b>		
(I) Net profit after tax available for equity shareholders - for Basic and Diluted EPS	234.19	96.30
(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	86,685,141	86,582,287
Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	30,356,824	30,173,726
Weighted average no. of ordinary shares for Diluted EPS (Nos.)	<b>117,041,965</b>	<b>116,756,013</b>
(iii) Nominal value of Ordinary Shares (Rs.)	2.00	2.00
(iv) Basic Earning per Ordinary Share (Rs.)	2.70	1.11
(v) Diluted Earning per Ordinary Share (Rs.)	2.00	0.82

- (C)** 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 31st March 2014 are as follows:

(₹ in Million)

Lease payments	2013-14 (31st March 2014)		2012-13 (30th June 2013)	
	Lease payments obligations	Present value of lease payments	Lease payments obligations	Present value of lease payments
Repayable in less than 1 year	120.65	106.77	119.50	105.75
1 year to 5 years	758.31	467.31	543.14	345.89
More than 5 years	-	-	297.63	126.51
<b>Total</b>	<b>878.96</b>	<b>574.08</b>	<b>960.27</b>	<b>578.15</b>

## Notes To The Consolidated Financial Statements

### 44. Related Party Disclosures

Related parties with whom transactions have taken place during the period

#### 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)

Mr. Dhruv Agarwal (Son of Mr. Mahendra Agarwal)

Mr. Manish Agarwal (Son 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.
15. Coast to Coast Shipping Limited
16. Gati Academy

(₹ in Million)

SL	Nature of Transaction	KMP & Relative of KMP	Associates	31st March 2014	30th June 2013
<b>A</b>	<b>Expenditure</b>				
	Rent		4.77	4.77	5.75
	Freight and Other Charges		71.96	71.96	5.12
	Port Expenses		1.48	1.48	7.23
	Interest				
<b>B</b>	<b>Key Management Personnel</b>				
	Remuneration	34.83		34.83	37.08
	<b>Revenue</b>				
	Freight and Other Charges		0.76	0.76	0.06
	Interest		45.59	45.59	
	Rent		4.50	4.50	
<b>C</b>	<b>Finance and Investment</b>				
	Investments made		345.72	345.72	
	Advances - Given				21.41
	Advances - Repaid				18.20
<b>D</b>	<b>Balance at the year end</b>				
	Investments		547.79	547.79	202.07
	Sundry Debtors		1.00	1.00	14.71
	Loans				
	Advances		150.29	150.29	153.08
	Sundry Creditors		5.15	5.15	27.38
	Deposits and Advances		78.97	78.97	16.13
	Corporate Guarantees				9.58

## Notes To The Consolidated Financial Statements

(₹ in Million)

45. Additional Information	31st March 2014	30th June 2013
<b>I. Value of imported and indigenous spare parts consumed during the period</b>	<b>Value</b>	<b>Value</b>
Imported	1.37	1.99
Indigenous	7.28	3.09
	<b>8.65</b>	<b>5.08</b>
<b>II. Expenditure in Foreign Currency</b>		
Travelling Expenses	8.58	14.23
Freight Expenses	28.32	-
Insurance	3.26	4.19
Port Expenses	21.14	42.11
Charter Hire	57.42	82.06
Dry docking expenses and Repairs	-	9.92
Miscellaneous	-	8.17
<b>III. Value of imports on C.I.F basis</b>		
Spare parts	1.37	1.99
<b>IV. Earnings in Foreign Currency</b>		
Interest	0.58	-
Freight	114.74	141.37

46. The Financial Results cover a period of nine months ended 31st March 2014 and the company would close the accounts on 31st March each year. The figures for the current period are therefore not comparable with those of the previous year. Figures of the previous year have been regrouped /reclassified wherever necessary.

### 47. Significant Accounting Policies:

#### Recognition of Income & Expenditure

- 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.
- 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.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- Having regard to the size of operations and the nature and complexities of the company's business, freight received/paid in advance is accounted as income/expenses on payment and interdivisional transfers are eliminated.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents.

#### Gratuity and Leave Encashment

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved

Gratuity Fund and a provision for leave encashment is made on the basis of actuarial valuation. The Principal assumption used in determining gratuity and leave encashment for the company's plan are shown below:

Particulars	31st March 2014	30th June 2013
Discount Rate	9%	9%
Future Salary Increase	8%	8%
Employee Turnover	7%	7%
Average Balance Service (For Gratuity)	24.92 Years	24.41 Years

## Notes To The Consolidated Financial Statements

### 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 Rs.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 31 March 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 "47"

In terms of our Report of even date attached

**For R.S. Agrawala & Co**

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

**R. S. Agarwala**

Partner  
Membership No. : 05534

Camp: Secunderabad

Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman

**Mahendra Agrawal** - Founder & CEO

**N.Srinivasan** - Director

**Sanjeev Jain** - Director – Finance

**VSN Raju** - Company Secretary

## Cash Flow Statement For The Nine Months Period Ended March 31, 2014

(₹ in Million)

Particulars	31st March 2014	30th June 2013
<b>(I) Cash flows from Operating Activities</b>		
Net Profit/ (Loss) After Tax	283.14	172.69
<b>Add :</b>		
Provision for tax	118.41	59.66
Exceptional Item	-	70.90
<b>Net profit before taxation and exceptional items</b>	<b>401.55</b>	<b>303.24</b>
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	220.70	247.50
Interest on borrowings (Net)	324.98	436.67
(Profit) / Loss on sale of fixed assets (Net)	(13.20)	(4.86)
Interest Income	(82.77)	(77.57)
Dividend Income	-	(17.14)
Rental income received	(5.69)	(1.80)
<b>Operating profits before working capital changes</b>	<b>845.57</b>	<b>886.05</b>
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(211.41)	(312.73)
(Increase) / Decrease in Inventories	(0.73)	(10.44)
(Increase) / Decrease in Loans & Advances	(204.79)	(864.74)
(Increase) / Decrease in Other current assets	(4.77)	(4.50)
(Increase) / (Decrease) in Short Term Borrowings	(77.03)	6.85
(Increase) / (Decrease) in Trade Payables	68.78	(7.16)
(Increase) / (Decrease) in Other Liabilities	(9.18)	175.23
(Increase) / (Decrease) in Provisions	(4.87)	(77.53)
<b>Cash generated from operations</b>	<b>401.57</b>	<b>(208.99)</b>
(Income tax paid) Net tax refund received	(92.31)	(50.46)
<b>Net Cash from Operating Activities</b>	<b>309.27</b>	<b>(259.45)</b>
<b>(II) Cash Flow from Investing Activities</b>		
(Increase) / Decrease in Capital WIP	(142.47)	(85.99)
(Increase) / Decrease in Capital Advances (Net)	(6.91)	116.81
Interest received	82.77	77.57
Dividend Income	-	17.14
Rent income	5.69	1.80
(Purchase) / Sale of Fixed Assets (Net)	(95.15)	(311.77)
<b>Net Cash from Investing Activities</b>	<b>(156.06)</b>	<b>(184.45)</b>
<b>(III) Cash Flow from Financing Activities</b>		
Issue of Share Capital	1.36	-
Increase / (Decrease) in Share premium	22.53	-
FD Receipts	127.03	4.22
Net receipt of Secured Loans	(26.58)	75.76
Repayment of Unsecured Loans	-	(9.12)
Dividend Paid ( including dividend tax )	(110.32)	(125.29)
Interest on loans paid	(324.98)	(436.67)
<b>Net Cash from Financing Activities</b>	<b>(310.96)</b>	<b>(491.10)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (I + II + III)</b>	<b>(157.75)</b>	<b>(935.00)</b>
Cash and Cash equivalents at the beginning of the period/year	465.77	1,400.76
Cash and Cash equivalents at the end of the period/year	308.02	465.77
<b>Cash flow from activities during the period/year</b>	<b>(157.75)</b>	<b>(935.00)</b>

## Cash Flow Statement For The Nine Months Period Ended March 31, 2014

### Notes:

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

In terms of our Report of even date attached

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

**R. S. Agarwala**  
Partner  
Membership No. : 05534

Camp: Secunderabad  
Date: May 6, 2014

For and on behalf of the Board

**KL Chugh** – Chairman  
**Mahendra Agrawal** - Founder & CEO  
**N.Srinivasan** - Director  
**Sanjeev Jain** - Director – Finance  
**VSN Raju** - Company Secretary





**Registered Office and Corporate Office**

**Gati Limited**

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**Gati Limited**

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Fax: (040) 23112316  
Email: [investor.services@gati.com](mailto:investor.services@gati.com)

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For more information about our services and offerings,  
visit us at: [www.gati.com](http://www.gati.com) or call us on our Toll Free No.: 1800-180-4284/1800 266 4284