Gati to form a JV with Japan's Kintetsu World Express (KWE)

Key Highlights of JV

- **JV IS FOR THE EXPRESS DISTRIBUTION AND SUPPLY CHAIN BUSINESS**
- **GATI TO HOLD 70 PER CENT, KWE 30 PER CENT**
- **KWE TO INVEST INR 2677 MN FOR 30% STAKE IN JOINT VENTURE**
- **GATI BALANCE SHEET TO BE SIGNIFICANTLY DELEVERAGED**
- **JV TO BE CONSOLIDATED IN THE FINANCIALS OF GATI**

Hyderabad- February 13, 2012- In order to strengthen its leadership position in India and establish its global presence, the Board of Gati has been exploring possibilities for some time now to create more value for its shareholders. To achieve this, the Board of Gati today approved a proposal to form a joint venture (JV) with Japanese global logistic service major Kintetsu World Express under the name 'Gati-Kintetsu Express'.

Under the JV agreement, Gati will hold 70 per cent stake and 30 per cent will be held by KWE. As part of the transaction, Express Distribution and Supply Chain (EDSC) business of Gati will move into the joint venture company through a Business Transfer Agreement.

KWE will invest Rs. 2,677 Mn for its 30 per cent stake in the JV through a combination of primary and secondary acquisition of shares. The funds raised from the transaction will be primarily used to reduce debt. The JV company shall be consolidated in financials of Gati.

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The proposed Joint Venture will combine Gati's expertise in 3PL and express distribution in India with KWE's freight forwarding expertise and global customer base. The joint venture company will support large customer base of KWE who have operations in India, simultaneously strengthening KWE's distribution capabilities into the Indian Market. Together KWE and Gati will partner in supporting business expansion of domestic and international customers in the Indian market. The JV company shall also invest in high end 3PL facilities, including temperature controlled warehouses.

Speaking on the occasion **Mahendra Agarwal, Founder and CEO** of Gati Ltd said *"We take pride in associating ourselves with KWE, one of the world's leading logistics solutions provider. The partnership will help us leverage KWE's global customer base, develop world class infrastructure capabilities, enhance our distribution services and further strengthen our leadership position in India. This partnership apart from providing value for the JV partners will greatly enhance value for Gati Shareholders.*

Mr Satoshi Ishizaki, CEO of KWE, said *"Gati represents the best-in express delivery services in India and KWE is proud to be partnered with such an excellent company. The partnership with Gati will enable KWE to further expand and strengthen its global operations, with the Indian market increasingly growing in size and importance."*

KPMG Corporate Finance was the exclusive financial advisor to Gati Limited.

About Gati Limited:

Gati Limited (www.gati.com) is pioneer and leader in Express Distribution and Supply Chain Solutions in India. Having started as a cargo management company in 1989, Gati has grown into an organization with more than 3500 employees and an annual turnover of Rs 12094 million (249 million USD) covering 622 out of total 626 districts in India. Gati has over 4500 vehicles on the road excluding their fleet of refrigerated vehicles, container shipping vessels and world class warehousing facilities across India. Furthermore, Gati has a strong market presence in the Asia Pacific region and SAARC countries. Gati has offices in Singapore, Beijing, Shanghai, Qingdao, Hong Kong, Bangkok, Kuala Lumpur and Dubai and the SAARC countries.

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About KWE Inc

The Tokyo Stock Exchange listed KWE Inc (www.kwe.com) is a Global provider of logistic services and solutions to its world-wide clients. Established in the year 1970, KWE today has a total of 308 offices in 194 cities in 32 countries overseas.

KWE provides comprehensive one-stop services & solutions that incorporate airfreight forwarding, Ocean freight forwarding and a full-range of logistics services to provide "Optimum Distribution Solutions" to its clients on a global scale. KWE has 57 affiliated companies with a total of 308 offices spread in 194 cities and 32 countries. The consolidated revenue for the last financial year stood at USD 3505.6 Mn and the consolidated net income was at 103.20 Mn USD. The total asset was at USD 1575.17 Mn.

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