GATI LIMITED

Registered Office : 1-7-293, M G Road, Secunderabad – 500 003.
Website : www.gati.com; E-mail : investor.services@gati.com

NOTICE

To
The Members,

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 that the resolution appended below is proposed to be passed as an ordinary resolution by way of postal ballot:

The members are requested to consider and, if thought fit, to pass the following Ordinary Resolution:

1. Transfer of Express Distribution and Supply Chain Division of the Company to its subsidiary Company, Redsun Supply Chain Solutions Ltd. on a going concern basis.

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a), Section 192A read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities and subject to such terms and conditions as may be imposed by them, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee thereof) to transfer, the Company's Undertaking comprising of Express Distribution and Supply Chain Business or substantial part thereof along with the employees as well as assets and liabilities pertaining thereto including all relevant licenses, permits, consents and approvals whatsoever, as a "going concern" to 'Redsun Supply Chain Solutions Ltd., Secunderabad, a wholly owned subsidiary of the Company, effective from such date, subject to mutual agreement on such terms and conditions as the Board may deem appropriate in the best interest of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, matters, deeds and things, as may be necessary, without further referring to the Members of the Company, including finalising the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalising and executing necessary documents including schemes, agreements, deeds of assignment / conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate, to give effect to this Resolution."

By order of the Board
For Gati Limited

VSN Raju
Company Secretary

Place : Secunderabad
Date : 13th February, 2012

GATI LIMITED

Registered Office : 1-7-293, M G Road, Secunderabad – 500 003.
Website : www.gati.com; E-mail : investor.services@gati.com

POSTAL BALLOT FORM

(Please read the instructions printed overleaf carefully before completing this form)

1. Name(s) of Member(s)
(in block letters)
(including joint holders, if any)

2. Registered address of the Member (s):

3. Registered Folio No./DP ID No./Client ID No.*
(* Applicable to members holding shares in dematerialized form)

4. Number of shares held :

5. I / We hereby exercise my/our vote in respect of the ordinary resolution to be passed through postal ballot for business as stated in the Notice of the Company dated 13 February 2012 by conveying my/our assent or dissent to the said resolution by placing the tick (✓) mark in the appropriate box below.

Item No.	Particulars	No. of Shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
1.	Ordinary resolution under section 192A of the Companies Act, 1956, for "Transfer of Express Distribution and Supply Chain Business division of the Company to its wholly owned subsidiary, Redsun Supply Chain Solutions Ltd. as a going concern basis".			

Place:
Date:

(Signature of the Member)

NOTE: Last date for receipt of postal ballot form by the Scrutinizer 19th March, 2012

INSTRUCTIONS

1. A member desiring to exercise vote by postal ballot may complete this postal ballot form in all respects and send it to the scrutinizer in the attached self- addressed envelope. Postage will be paid by the Company. However, envelopes containing postal ballot forms deposited in person or sent by courier or registered post at the expense of the registered members will also be accepted. Voting through any other form or photocopy of the postal ballot form will not be considered valid.

2. The self-addressed envelope bears the address of the scrutinizer appointed by the Board of Directors of the Company.

3. This form should be completed and signed by the member. In case of joint holding, this form should be completed and signed by the first named member and in his absence, by the next named member. The signature of the member on this postal ballot form should be as per the specimen signature registered with the Company or furnished by National Securities Depository Limited / Central Depository Services (India) Limited to the Company, in respect of shares held in the physical form or dematerialized form, respectively.

4. In case shares are held by companies, trusts, societies, etc., the duly completed postal ballot form should be accompanied by certified copy of the Board resolution / authority together with attested specimen signature(s) of the duly authorized sigatory(ies). Postal ballot form signed by the holder of power of attorney for and on behalf of a shareholder of the company must be accompanied by the copy of power of attorney duly certified by Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the Seal of his office. If the same is already registered with the Company, please quote the Registration No. beneath the signature.

5. Save as provided in point no. 4 above, members are requested not to send any other paper / document along with the postal ballot form in the enclosed self addressed postage prepaid envelopes as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope, the same would not be considered and would be destroyed by the Scrutinizer.

6. A tick (✓) mark should be placed in the relevant box signifying assent / dissent for the resolution, as the case may be, before mailing the postal ballot form.

7. There will be only one postal ballot form for every folio irrespective of the number of joint member(s).

8. Members are entitled to cast their votes in any manner, i.e. all the votes either in favour or against or partly in favour or against.

9. Duly completed postal ballot form should reach the scrutinizer not later than the close of working hours of 19th March, 2012. Postal ballot form(s) received after this date will be strictly treated as if the reply from the member has not been received.

10. Voting rights shall be reckoned on the number of shares registered in the name of the members as on the last date of dispatch of the Notice.

11. Votes will be considered invalid on the following grounds:
    if the member's signature does not tally.
    if the member has marked all his shares both in favour and also against the ordinary resolution.
    If the postal ballot is unsigned.
    If the ballot paper is received torn or defaced or mutilated to an extent that it is difficult for the scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or on one or more of the above grounds

12. The scrutinizer's decision on the validity of the postal ballot will be final.

Notes :

1. Explanatory statement for the proposed special business pursuant to section 173(2) read with section 192A of the Companies Act, 1956 is given hereunder.

2. The Board of directors at its meeting held on February 13, 2012, has appointed Mr D.C. Agarwal, Practicing Company Secretary, as scrutinizer for the purpose of postal ballot exercise.

3. The notice is given to all the members, whose names appear in the Register of Members as on February 9, 2012.

4. You are requested to carefully read the instructions printed in the postal ballot form and return the said postal ballot form (no other form or photocopy of the postal ballot form is permitted) duly completed with the assent (for) or dissent (against), in the attached self-addressed envelope, so as to reach the Scrutinizer on or before March 19, 2012 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member. The Scrutinizer will submit his report to the Chairman or the Managing Director after completion of the scrutiny and the results of postal ballot will be announced on or before March 21, 2012, at the Registered Office of the Company at 1-7-293, M.G. Road, Secunderabad - 500 003. The results of the postal ballot will be published in English and Regional (telugu) newspapers and will also be posted on the website of the Company at www.gati.com.

5. A copy each of the documents referred to in the Notice and the accompanying Explanatory Statement is open for inspection at the registered office of the Company on all working days, between 10.00 A.M and 5.00 P.M. upto March 19, 2012.

6. The date of declaration of the results of the postal ballot will be taken as the date of passing of the resolution proposed in this notice.

EXPLANATORY STATEMENT FOR THE PROPOSED ORDINARY RESOLUTION ACCOMPANYING THE NOTICE DATED FEBFRUARY 13, 2012 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A OF THE COMPANIES ACT, 1956.

Item No.1

In order to strengthen Gati's leadership position in India and establish its global presence, the Board of the Company has been exploring possibilities for some time now to create more value for its shareholders. To achieve this, the Company's 'Express Distribution and Supply Chain' division or substantial part thereof will be transferred to Redsun Supply Chain Solutions Ltd. ("Redsun") currently a wholly owned subsidiary of company. The division will be transferred on a going concern basis under a Business Transfer Agreement (BTA), along with associated assets, liabilities, employees and debts. Following the transfer of the division, the Company proposes to enter into a strategic joint venture with Kintetsu World Express ("KWE") for the Express Distribution and Supply Chain business in India. The alliance is to bring together the Company's market leadership position in express distribution and supply chain services in India and KWE's large base of global logistics customer and expertise in meeting the supply chain requirements of global corporations. The Company would hold 70 % of Redsun ("JV Company") and KWE to hold 30% (20% through primary subscription and 10% through acquiring shares held by Gati in JV Company). Mr. Mahendra Agarwal, the current CEO of the Company would continue to provide leadership to the JV Company also.

The following are the key benefits of the strategic alliance with KWE.

a) Access to KWE's base of global clients and markets

- KWE is a leading global logistics company, with a strong presence in Japan and the broader Asia Pacific region. KWE has longstanding relationships with a number of leading Japanese and global customers who have operations in India, the express distribution needs of these customers would contribute to the growth of the JV Company

b) Access to global logistics best practices and expansion of service offerings

- The JV Company shall benefit from KWE's process and service expertise in meeting the business needs of large global clients. The alliance with KWE will allow the JV Company to significantly develop and build its capabilities in areas of business such as 3PL services and other specialized offerings.

c) De-leveraging the Company's Balance Sheet and enhancement of profitability

A major part of the funds infused by KWE would be used to retire debts leading to significant de-leveraging of the balance sheet which will result into substantial reduction of Interest cost leading to enhanced profitability.

d) Consolidation of Financials

The JV Company's financials will be consolidated into the Company , leading to value creation for the shareholders.

Further, the Company will continue to grow and consolidate all its other businesses including International division(freight forwarding), e-commerce and Cold Chain solutions directly or through existing subsidiaries.

The above proposal is subject to the approval of Members and other concerned Authority(ies).

Pursuant to the provisions of Sections 293(1)(a) and 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the sale, transfer or disposal of an undertaking requires the approval of the Members by an Ordinary Resolution by way of Postal Ballot. Accordingly, the approval of the Members is being sought through Postal Ballot for passing the Ordinary Resolution as set out in the above Notice.

None of the Directors other than Mr. Mahendra Agarwal as the promoter of the company, may be deemed to be interested or concerned in the proposed resolution.

By order of the Board
For Gati Limited

VSN Raju
Company Secretary

Place : Secunderabad
Date : 13th February, 2012