

Applying skill to shape the future.





It takes a combination of experience, knowledge and skill for an artist to create a strong visual statement. In time, these trails help the artist to create masterpiece upon masterpiece. Further, these masterpieces acquire awe-inspiring grandeur and become the pinnacle of all artistic endeavour. More importantly, it sets a trend for others to follow. And finally shapes and influences future generations. This is how Gati's own story is being painted.

Over the last 21 years, Gati has constantly endeavoured to craft innovative services to meet ever changing customer needs. From the very launch of the door-to-door cargo management service way back in 1989, Gati started setting industry processes and systems which have become the standards for the organised logistics market in India. The concept of a 24/7 Call Free Number, Cash On Delivery Service, Third Party Logistics, Multimodal Transportation, Integrated Web-based Shipment Management System, Gati Enterprise Management System, Mechantronics Warehousing Facilities, e-Commerce etc. among many others have now set industry benchmarks.





Evolving through diversification

Just as an artist with a canvas uses a myriad of brushes to accentuate his core skills, Gati has, over the years, evolved from being just a mere logistics and distribution company to an integrated Supply Chain Solutions provider for its customers in India.

2010 saw Gati expand its Express Distribution Services offering to provide services to match every need of the customer. Under the new Go-To-Market strategy, the Express Distribution Service offers differential pricing option based on distance and time sensitivity. And that's not all, Gati has extended its service offering in the areas of e-Commerce, teleshopping and 3PL solutions for multi-brand retail.





GTM service offering

Premium Plus

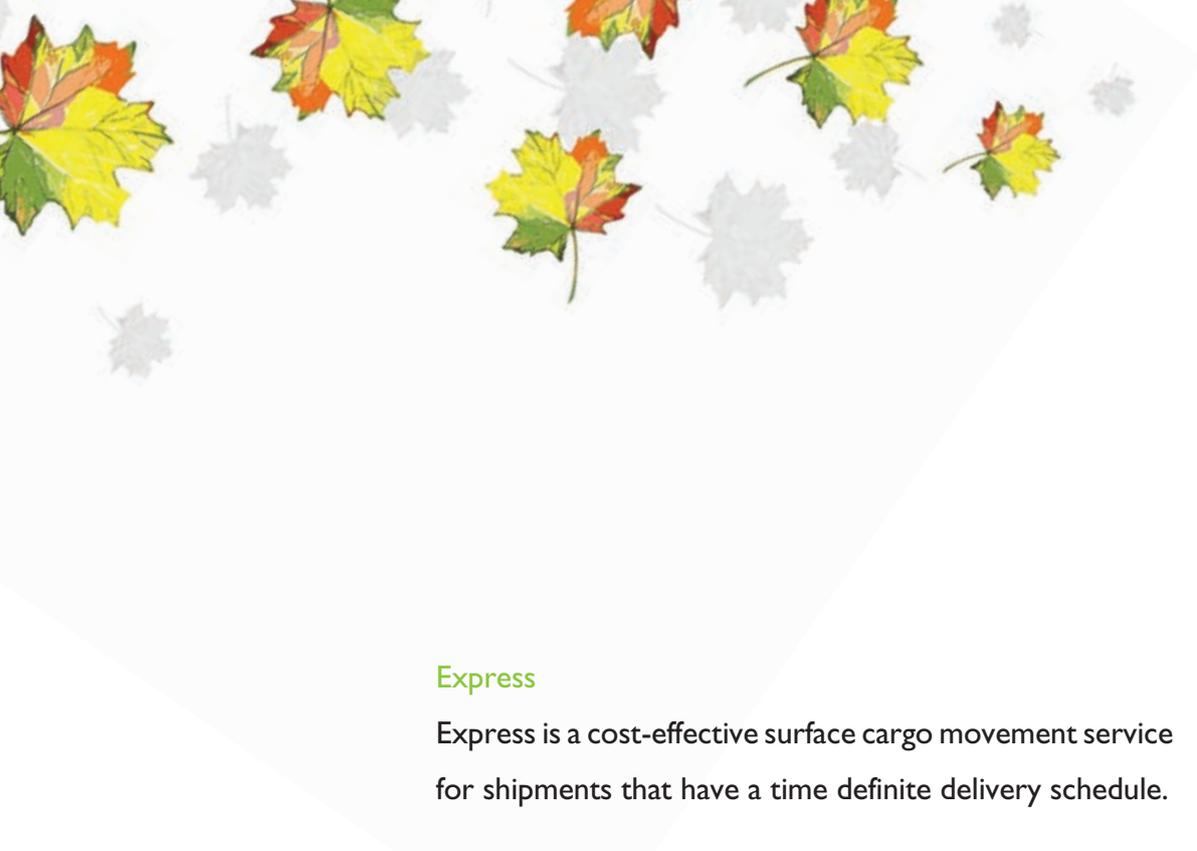
Premium Plus is designed to cater to time-critical shipments. This service assures delivery within 12 hours or before the following day noon across all major ports in India.

Premium

Premium service is for shipments that need to be delivered urgently and cost-effectively. This service assures delivery within 24 hours, 48 hours and more than 48 hours (multimodal) to all the metro & non-metro locations.

Express Plus

Express Plus is an express surface cargo movement service that ensures faster transit time due to direct express route connectivity across major locations in India.



Express

Express is a cost-effective surface cargo movement service for shipments that have a time definite delivery schedule.

Special Services

Gati has a host of special services tailored to suit every need. Keeping in mind the varied logistic needs, Gati has designed products like Gati Laabh catering to the SME segment, Gati Desk To Desk Cargo for non-commercial shipment, Gati Secure Box for fragile goods, Gati Light for time sensitive non-commercial shipments, Gati Student Express, Gati Art Express for transportation of art pieces, Gati e-Retail for specialised distribution & delivery services and makemygiftz.com - an online gifting portal which provides doorstep delivery of Indian speciality products.







Innovating to succeed

The dextrous use of brush strokes can transform a simple work of art into something extraordinary with complex detailing. This extraordinary work of art acts as the perfect showcase of an artist's skill. Gati RedSun has transformed the way people perceive Supply Chain by going beyond implementing simple logistics solutions and providing complex intelligent supply chain solutions specific to business needs.

Pit-Stop Express-A breakthrough in Cold Chain Logistics

Gati RedSun launched "Pit-Stop Express" an innovative cold chain solution for Pharma and Bio Pharma companies. Pit-Stop Express is a unique surface movement service for temperature sensitive consignments. This service cost effectively preserves the cold chain integrity of life saving drugs, vaccines and other temperature sensitive materials and delivers them to the remotest parts of the country.

Integrated Supply Chain Solutions

As a single window solutions provider, Gati RedSun is working with clients to improve supply chain performance and deliver increased business value. With industry specific solutions across retail, automotive parts, e-Commerce and teleshopping verticals, amongst others, Gati RedSun has been delivering integrated supply chain solutions that reduce overall logistics cost, improve inventory flow and release working capital. Fulfilment centre operations support piece picking, scan pack and efficient store replenishment cycles that support both online and traditional bricks and mortar retailing. Global inventory visibility coupled with Gati's leading track and trace capability is supporting reductions in Vehicle Off Road (VOR) times which further drives improvements in service level and increases brand value for Automotive OEM's.





Bringing the world closer

Only when an artist creates a masterpiece that resonates with his time, are his creations recognised in art shows across the world.

Gati International, the global wing of Gati Ltd., is a leading provider of freight forwarding and logistics services. It specialises in air freight and ocean freight shipments and associated supply chain management solutions and has widespread reach across SAARC, APAC & European countries. With offices in Singapore, HongKong, China, Malaysia, Thailand, Dubai and Nepal, Gati International is making foray into other markets.

Gati International has an association with Lognet Global - a leading global network of freight forwarding and shipping professionals across the globe. This association has helped Gati International to strengthen its network and improve its reach around the world. Further Lognet membership is a privileged membership that gives Gati International the recognition of being the best in business.



The image features a white background with artistic blue elements. At the top, there are several thick, dark blue drips of paint hanging down. On the right side, there is a large, expressive blue brushstroke that curves upwards and to the right, with varying shades of blue and some white highlights, suggesting movement and texture. The overall composition is minimalist and artistic.

Highlights

As time goes by, an artist's skill and talent help him achieve whatever he wishes to, and he therefore becomes the master of canvas. However, every lesson learnt and skill acquired is a moment to be treasured.



Gati's obsession in innovating to provide the best possible service has been a continuous journey. Here are some of the snapshots:

1989 – Started operations as a Door-to-Door cargo company with Money Back Guarantee for delays in delivery

1994 – Introduced the concept of Cash On Delivery for the first time in India

1994 – Pioneered Desk-to-Desk service to meet the price sensitive customer market

1995 – Introduced the Call Free Number for the first time in Indian Logistics Industry

1996 – Tied-up with Indian Airlines to facilitate speedier delivery of shipments

1997 – The first 3PL service provider in India

1998 – First logistics company in India to be awarded an ISO 9001 certification

1999 – Expanded services to SAARC countries





- 2001 – Launched India’s first Millennium Parcel train service
- 2003 – Launched GEMS an end-to-end cargo management system
- 2003 – Frost & Sullivan declared Gati ‘The Best Logistics Company’
- 2004 – State-of-the-art mechanronic warehouses in major cities in India
- 2006 – Unveiled a new corporate Identity and a new brand promise - ‘Ahead in reach’
- 2008 – Launched the Centralised Call Centre at Nagpur
- 2008 – Strategic Alliance with GLS (General Logistics Systems)
Europe’s Parcel Leader
- 2009 – Launched a real time shipment delivery information system
- 2009 – Launched Gati Academy
- 2010 – Launched Gati RedSun, Supply Chain Division
- 2010 – Ventured into e-Commerce – www.makemygiftz.com
- 2011 – Awarded the ‘Best Logistics Provider of the Year - Road’ at the 5th
Express, Logistics & Supply Chain Awards
- 2011 – Awarded for use of IT for maximising Business Impact - ‘Video Conferencing’at
the EDGE Awards





Adding colour to lives

Nothing can be more joyous than the appreciation an artist receives from the community. It is this feeling that encourages Gati to undertake its Corporate Social Responsibility initiatives in a serious manner and thereby give back to the community.



Relief for natural disasters

Floods washed off the handloom sheds in Andhra Pradesh

Rajouli village in Mahabubnagar district, Andhra Pradesh, known for famous Gadwal sarees, was one among the worst flood affected villages of Andhra Pradesh in the month of October 2009. The floods shattered the lives of the weavers. With looms destroyed and nowhere to stay the weavers were just hoping for some assistance to help them keep their tradition of weaving alive.

It's here that Gati stepped in. While the government provided assistance in building houses for them, Gati acquired land in village just opposite to the area where the houses were being constructed to build prefabricated work sheds for the weavers. The first work shed was inaugurated in September, 2010. Work on the second shed is now in process and the plan is to have 38 looms (approximate) in the new shed. Apart from construction of the shed, Gati has also planted trees, provided for water harvesting and has installed RO system for cleaning drinking water in the vicinity.

Education

Gati Government School

As a contribution to the Andhra Pradesh government's Janmabhoomi programme, Gati built a government school building at Banjara Hills, Hyderabad. The school has 27 classrooms with all the necessary facilities like furniture, a huge playground, proper sanitation facilities, staff rooms etc. 1000 students currently study at the school. The school has been declared as Model Government School.

The housekeeping, security and maintenance of the school are under Gati's purview. Apart from that, Gati also organises and sponsors annual events like Republic Day, Independence Day, Teachers' Day and Childrens' Day.



Training and Development

State of the art 'Transport Training & Development Institute' In Hyderabad

Improper driving is the cause of nearly 80% of the road accidents in India, due to less emphasis on safe driving, which is the need of the hour. Towards this, Gati joined hands with Hyderabad Goods Transport Association in setting up 'Transport Training & Development Institute (TTDI)', a state-of-the-art truck drivers and transport employees training school cum grooming centre at Autonagar in Hyderabad. The TTDI is the first of its kind initiative dedicated to train the personnel of transport sector which includes truck drivers, cleaners, hamalis (transport labours), staff of transporters, etc.

The objective of this Transport Training & Development Institute (TTDI) is to empower commercial vehicle drivers with all the essential safety practices so that they face the roads with a much greater responsibility. In addition, fleet drivers are trained in improved driving skills, basic mechanics, fuel saving techniques and safe practices. More importantly, the truck drivers



and transport employees are also educated on basics of trouble shooting, fire-fighting, first aid and prevention of HIV – the most prevalent disease among truckers.

The institute is a 9000 sq. ft., two storied facility that houses modern, mechanical and electrical labs. Further, it even has a computer lab to groom truck drivers and transport employees on computers, English, soft skills, Google map reading and more.



Go Green Initiative

Green Belt Plantation

Gati strongly believes in its responsibility towards the environment. One such initiative undertaken by Gati is the plantation and maintenance of Green Belt under the Metro Track in Gurgaon, Delhi to offset carbon emissions.

As part of this initiative, Gati has planted about 150 tall trees and 300 shorter trees over a stretch of one and a half kms to offset carbon dioxide emission. The trees planted include Ficus Panda (perennial green tree), Bottle Brush (flowering tree) and Badelia. This provides ground cover and thereby prevents soil erosion, loss of top soil and offsets 1500 to 2500 tonnes of carbon emissions.



Blood Donation Camp

An internal employee drive

As an organisation, Gati has always advocated a work culture that practices Corporate Social Responsibility at an individual employee level. On the anniversary of the founder Mr. P.D. Agarwal, Team Gati organises an annual blood donation camp on September 17th across the country. And this event enjoys good participation from all employees year after year.

Gati Board of Directors



Mr. K.L.Chugh
Chairman



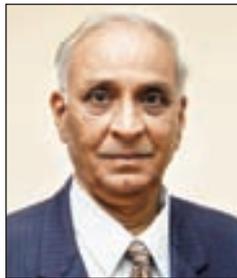
Mr. Mahendra Agarwal
Managing Director & CEO



Dr. Ram S. Tarneja
Director



Mr. N. Srinivasan
Director



Mr. T.S. Rao
Director



Dr. P. Sudhakar Reddy
Director



Mr. Sunil Kumar Alagh
Director



Mr. A.P.V.N.Sarma
Director



Gati Leadership Team

Mr. Mahendra Agarwal

Managing Director & CEO

Ms. Chitra Shinde

Chief Operating Officer

Mr. Sameer Khatri

Chief International Business Officer

Mr. Sanjeev Jain

Chief Finance Officer

Mr. Chris Buckthorp

Chief - Managed Services (Gati RedSun)

Dr. Ashok D. Chanda

Chief of Strategy & Shared Services

Mr. G. S. Ravi Kumar

Chief Information Officer

Mr. J. Subramanian

Chief Group HR





Mr. Sanjeev Jain

Chief Finance Officer

Mr. VSN Raju

Company Secretary

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

Auditors

Chartered Accountants

Bankers

State Bank of India

ICICI Bank Limited

Axis Bank Limited

Registered Office

I-7-293, M.G.Road

Secunderabad - 500 003, Andhra Pradesh, India.

Email : investor.services@gati.com

Tel : +91 40 27844284 Fax : +91 40 27894284

Registrars & Transfer Agents

M/s. Karvy Computershare Private Limited

Plot No. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081, Andhra Pradesh, India.

Email: mohsin@karvy.com

Tel : +91 40 44655000, Extn.: 51, 52

Fax : +91 40 44655024



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CONSOLIDATED FINANCIAL HIGHLIGHTS

PARTICULARS		2010-11	2009-10	2008-09
Sales	₹ / Lakhs	120,298	92,611	79,041
Total Income	₹ / Lakhs	120,944	93,345	80,296
Gross Profit Before Interest, Depreciation & Tax	₹ / Lakhs	9,892	8,745	6,220
Interest (Net)	₹ / Lakhs	4,976	4,425	3,656
Depreciation	₹ / Lakhs	2,543	2,718	2,638
Profit Before Tax	₹ / Lakhs	2,373	1,602	(1,761)
Income Tax	₹ / Lakhs	963	653	105
Profit After Tax	₹ / Lakhs	1,410	950	(1,866)
Dividend on Equity Share Capital	%	25	20	-
Dividend Payout	₹ / Lakhs	430	341	-
Equity Share Capital	₹ / Lakhs	1,720	1,703	1,698
Reserves & Surplus (Excl.Revaluation Reserves)	₹ / Lakhs	25,513	24,803	24,625
Net Worth	₹ / Lakhs	28,874	28,270	26,323
Gross Block	₹ / Lakhs	54,286	52,683	53,724
Net Block	₹ / Lakhs	41,002	41,778	44,565
Loan	₹ / Lakhs	46,834	45,414	47,677

KEY INDICATORS

Particulars		2010-11	2009-10	2008-09
Equity Share Capital	₹ / Lakhs	1,720	1,703	1,698
Earning Per Share	₹	1.65	1.12	(2.20)
Cash Earning Per Share	₹	4.51	4.41	0.01
Sales Per Share	₹	141.67	109.79	94.74
Book Value Per Share	₹	33.82	33.25	31.06
Debt : Equity Ratio		1.62	1.61	1.81
PBDIT / Sales	%	8.22	9.44	7.87
Net Profit Margin	%	1.17	1.03	(2.36)
Return on Networkth	%	4.88	3.36	(7.09)
Return on Capital Employed	%	4.45	3.53	(8.64)

Notice to Shareholders

Notice is hereby given that the 16th Annual General Meeting of the Company will be held on Wednesday, the November 16th, 2011 at 10.00 A.M at Hotel Taj Deccan, Road No.1, Banjara Hills, Hyderabad - 500 034 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at June 30, 2011, the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on the equity shares of the Company.
3. To appoint a Director in place of Dr. Ram S Tarneja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T S Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and Branch Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business:

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

“RESOLVED THAT Mr.APVN Sarma, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and Article 115 of the Articles of Association of the Company and in respect of whom the Company has received notice in writing from a member under Section 257 of the Companies Act 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED that in accordance with the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to such consents and approvals as may be necessary, the company hereby approves the re-appointment of and remuneration payable to Mr. Mahendra Agarwal as Managing Director of the Company, designated as “Founder and CEO” for a period of five years with effect from 1st August, 2011 on terms set out in the explanatory statement with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee which the Board may constitute to exercise powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of re-appointment and / or remuneration so as not to exceed overall ceiling as stipulated in sections 198, 309 and 310 of the Companies Act, 1956 as may be agreed to between the Board and Mr. Mahendra Agarwal.”

“RESOLVED further that wherein any financial year, the Company has no profits or its profits are inadequate, the Company do pay to Mr. Mahendra Agarwal, Managing Director of the Company, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Schedule XIII to the Companies Act, 1956.”

“RESOLVED further that the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Authorised Share Capital of the Company comprising of 10,00,00,000 (Ten crores) Equity Shares of ₹ 2/- each and 10,00,000 (Ten lakhs) Preference Shares of ₹ 100/- each aggregating to ₹ 30,00,00,000/- (Rupees Thirty Crores Only) be and is hereby reclassified into 12,50,00,000 (Twelve Crores Fifty lakhs Only) Equity Shares of ₹ 2/- each (Rupees Two only) and 5,00,000 (Five lakhs Only) Preference Shares of ₹ 100/- each (Rupees One Hundred Only) aggregating to ₹ 30,00,00,000/- (Rupees Thirty Crores Only)”

“RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be substituted with the following:

V. The Authorised Share Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty Crores Only) divided into 12,50,00,000 (Twelve Crores Fifty lakhs Only) Equity Shares of ₹ 2/- each (Rupees Two only) and 5,00,000 (Five lakhs Only) Preference Shares of ₹ 100/- each (Rupees One Hundred Only)”

“RESOLVED FURTHER THAT Clause 3 of the Articles of Association of the Company be substituted with the following:

3. The Authorised Share Capital of the Company shall be as stated in Clause V of the Memorandum of Association of the Company. The Company has a power to increase or reduce the capital of the Company and to divide, sub-divide or consolidate its shares from time to time in such manner as is permitted under the Act.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or Committee thereof be and are hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and settle any question that may arise in this regard.”

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

“RESOLVED that pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable 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:

1. The existing Article 1 shall be replaced with the following:

1. The regulations contained in Table A of schedule 1 to the Companies Act, 1956 or any statutory modification thereof from time to time, shall apply in so far as and to the extent they are not inconsistent with any of the provisions in these Articles.

2. The following clauses shall be deleted from Article 2 as:

“Group

e1. “Group” in relation to any person means its subsidiaries, its holding companies, and any subsidiaries of such holding companies and a “member of a Group” shall mean any one of them.”

“Investor Director

e2. “Investor Directors” means the TIFOI Designated Directors and the Promoters Designated Directors appointed from time to time to the Board of the Company in accordance with these Articles or their respective alternates appointed in accordance with the Articles and an “Investor Director” means any one of them.”

“Liquidity Event

e3. “Liquidity Event” shall mean the occurrence of any of the following:

1. The lapse of a period of five years from 21st February 2006 or
2. The shareholding of TIFOI in the Company falling to a level below 5% of the total issued and paid up equity share capital of the Company.”

“Listing Agreement

e4. “Listing Agreement” means the listing agreement in force from time to time between the Company and any stock exchange in India”

“Clause 49 of the Listing Agreement

e5. “Clause 49 of the Listing Agreement” shall refer to the provisions of Clause 49 of the Listing Agreement between the Company and the stock exchange of Mumbai, Hyderabad Stock Exchange, National Stock Exchange and Securities Exchange Board of India from time to time (including any amendment and replacement thereto) and any equivalent provision in any other Listing Agreement.”

“Permitted Transfers

f1. “Permitted Transfers” has the meaning given to it under Article 62A.3”

“Promoters

f2. “Promoters” shall mean Mr. Mahendra Agrawal, Dhruv Agarwal Benefit Trust, Manish Agarwal Benefit Trust, Mahendra Kumar Agarwal (HUF), Mahendra Investment Advisors Private Limited, Bunny Investments & Finance Private Limited, TCI Finance Limited, Jubilee Commercial & Trading Private Limited and such other companies and trusts established either one or more of them in the future.”

“Promoters Designated Director

f3. “Promoters Designated Directors” means the directors nominated to the Board by the Promoters (other than the Independent Directors as defined in Clause 49 of the Listing Agreement and the TIFOI Designated Director,) or any alternate of such directors appointed pursuant to the Articles and a “Promoters Designated Director” shall mean any one of them.”

“SEBI

h1. “SEBI” means the Securities and Exchange Board of India.”

“Shareholder

h2. “Shareholders” means the Promoters (taken as a whole) and TIFOI and a “Shareholder” shall mean either of them

(provided that for the purposes of Articles 62A, (where the context so admits) a reference to a Shareholder shall include each of the Promoters or TIFOI (as the case may be).”

“Shareholder Reserved Matter

- h3. “Shareholder Reserved Matter” has the meaning given to it in Article 136A and a “Shareholder Reserve Matter” shall mean any one of them.”

“Takeover Code

- h4. “Takeover Code means” the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997.”

“TIFOI

- h5. “TIFOI” shall mean The Infrastructure Fund of India, a limited liability company incorporated under the laws of Mauritius having its registered office at IFS Court Twenty Eight Cybercity, Ebene, Mauritius.”

“TIFOI Designated Director

- h6. “TIFOI Designated Director” means the director nominated from time to time to the Board pursuant to the Article 109A by TIFOI in accordance with Article 113(2) or any alternate of such director appointed in accordance with the Articles and a “TIFOI Designated Director” shall mean any one of them.”

3. The existing Article 58 shall be replaced with the following:

58. Subject to the provisions of the Act the Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right title or interest to or in the said shares notwithstanding that the company may have been made notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to or of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered in or referred to in some book of the Company but the Company shall, nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

4. The following shall be deleted after Article 62:

62A.1 Notwithstanding Article 62, save as expressly provided in Clause 62A.2, no Shareholder may transfer, charge, pledge, grant options or third party rights over or otherwise encumber (“transfer”) any interest in any of their shares other than in accordance with the Articles.

62A.2 Notwithstanding anything contained above, the provisions of clause 62A.1 shall not prevent:

60A.2.1 The Company from allotting shares to a strategic or financial investor, provided however that none of the rights granted to TIFOI under these Articles are diluted without the written permission of TIFOI and that share capital of the Company post such allotment does not exceed Rupees Twenty five crores.

62A.2.2 The Promoters from granting any new pledge in respect of its shares for the purposes of securing any indebtedness advanced to it by a lender. Provided that any notice of default received by such Shareholder in respect of any such pledge shall be forthwith notified to TIFOI. Provided further that a minimum of twenty six (26) per cent of the Promoters shareholding shall remain unencumbered at all times till the occurrence of a Liquidity Event.

62A.2.3 The Promoters from acquiring such number of further shares in the Company pursuant to which the share capital of the Company post such acquisition does not exceed Rupees Twenty five crores.

62A.2.4 The Company from issuing or allotting any shares to employees and non promoter Directors of the company in accordance with any employee stock option scheme or employee stock purchase plan currently being implemented or which may in the future be implemented by the Company as an incentive for its employees and non promoter Directors, subject however to the condition that the total shares issued to the employees and non promoter Directors under such scheme or plan do not exceed seventy five lakhs shares of the face value of ₹ 2/- each.

62A.2.5 Provided however that in case shares or warrants issued to the Promoters or to a strategic or financial investor as per Article 62A.2.1 above is at a price lower than the price at which the shares or warrants were issued to TIFOI then the Promoters and the Company shall ensure that such number of shares or warrants are also offered to TIFOI and / or Promoters, as the case may be as are required to ensure the same level of shareholding of TIFOI and Promoters in the Company before such issue. These additional warrants / shares shall be issued to TIFOI and Promoters at a price in accordance with the applicable law and SEBI regulations.

Permitted Transfers

62A.3 Nothing in these Articles shall prevent:

62A.3.1 Any transfer by a Shareholder where the other Shareholder gives his / its prior written consent.

62A.3.2 A Shareholder who is a corporate entity transferring its shares to any member of its Group, provided that, in the event that such transferee ceases to be a member of its Group it shall, prior to such event, transfer it back to another member of its Group;

62A.3.3 A Shareholder who is an individual transferring shares to his relatives;

62A.3.4 A trustee of a family trust transferring its shares to any replacement trustee of such trust or to any beneficiary of such trust.

62A.4 No transfer in accordance with these Articles shall be made by a Shareholder to any person unless the transferee has executed a deed of adherence and further in the case of a permitted transfer under Article 62A.3 Clause above, it has notified the Company of the identity of such party.

62A.5 Notwithstanding anything to the contrary in this clause, no sale in accordance with applicable law by TIFOI of the shares and the warrants (or the shares as a result of the conversion of such warrants) held by it, to an entity engaged in a business which is directly or indirectly in competition with the business shall be made without the prior written consent of the Promoters

62B.1 Until such time as a Liquidity Event has occurred, in the event of any proposed transfer by Promoter to a third party in accordance with these Articles as a result of which the total shareholding of the Promoters in the Company reduces to a level below 26% of the issued and paid up equity share capital of the Company; or the Promoters transfer the management and control in the Company to a third party, irrespective of the level of shareholding of the Promoters in the Company, the Promoters, as a condition of the transfer, shall procure that the purchaser shall offer, by a written notice ("the Co Sale Notice") to be delivered to TIFOI, to acquire all the shares held by TIFOI at the same price and on the same conditions as those offered to the Promoters TIFOI may accept this offer at any time within 20 (twenty) business days of receipt of the Co Sale Notice, after which time the offer shall lapse.

5 The following shall be deleted after Article 108

"Number of Promoter Designated Directors

108A. The number of directors nominated to the Board by the Promoters (other than the Independent Directors as defined in Clause 49 of the Listing Agreement and the TIFOI Designated Director), or any alternate of such directors appointed pursuant to the Articles shall not constitute more than 50 percent of the Board."

6 The following shall be deleted after Article 109:

"TIFOI Designated Director

109A. The Board shall always consist of one TIFOI Designated Director, till the occurrence of a Liquidity Event. The TIFOI Designated Director shall not be required to retire by rotation. The Company shall procure that the TIFOI Designated Director is not declared, identified or designated as an "occupier" of any factory in relation to the Company, or as an "employer" of any employees of the Company."

7. The following shall be deleted after Article 112:

"Investor Directors

112A. Each of the Shareholders shall be entitled to nominate and remove their respective Investor Directors to the Board at their sole discretion. Each Shareholder shall, as far as practicable, endeavour to consult with the other prior to any removal or new nomination. Neither the Promoters (nor any of its Investor Directors) may seek to remove the TIFOI Investor Director except with the consent of TIFOI and the Promoters shall vote (either at a meeting of the Shareholders or through its Investor Directors at a meeting of the Board) at the direction of TIFOI to procure the replacement or appointment of the TIFOI Directors."

8. The following shall be deleted after Article 113 (1)

2. Each of the Investor Directors shall be entitled in their sole discretion to nominate an appropriately qualified alternate director, subject to reasonable consultation with the other Shareholder. Each of the Shareholders shall also be entitled at any time by notice to be served by such Shareholder in writing upon the Company to require that any of their respective Investor Directors be appointed to or removed from any committee of the Board or any corporate governance committee.

9. The following shall be deleted after as Article 136A

"Shareholder Reserved Matters

136A. Notwithstanding any other provision of these Articles, no decision shall be taken at a meeting of the Board, by the Shareholders or otherwise on the matters set out in this Article without the prior written consent of TIFOI or the TIFOI Designated Director. This clause shall lapse on the happening of a Liquidity Event.

- 1) Any material change in the rights attached to the shares.
- 2) Merger or sale of the Company.
- 3) Acquisition of another company or business by the Company.
- 4) Amendment to the Memorandum or Articles of Association, authorising additional shares or stock or affecting the investors' rights in any manner.
- 5) Issuance of any shares or any security convertible into shares that is senior to the shares held by TIFOI.
- 6) Liquidation or reorganisation of the Company.
- 7) Borrowings in excess of ₹ 50 crore (fifty crores) within a financial year other than the FCCB issue for US\$ 20 million and for purchase of ships and air freighters.
- 8) Creation of obligation in favour of an affiliate, parent or insider other than on arms length basis.
- 9) Issuance, of shares or instruments convertible into shares beyond a level where the fully diluted share capital of the Company is Rupees Twenty Five Crores.
- 10) Any buy-back of shares by the Company which could result in the shares held by TIFOI being 15% or more of the fully diluted share capital and / or triggers the Takeover Regulations.”

10. The following shall be deleted after Article 132 as under:

“Notice to TIFOI

132A. In the event that the draft board agenda contains any business which, if transacted, would constitute a Shareholder Reserved Matter, each of the Shareholders shall procure that the TIFOI Designated Directors are afforded sufficient opportunity to evaluate, consider and, if agreement can be reached, agree a common decision in respect of such Shareholder Reserved Matter prior to the Board meeting of the Company to which such item of business relates.

The Shareholders and TIFOI shall procure that no action shall be taken by the Company's Board, nor shall the Company or the Shareholders permit or acquiesce in the taking of any action with respect to any Shareholder Reserved Matter unless such Shareholder Reserved Matter has been approved in accordance with Article 136A which approval will not be unreasonably withheld.

Registered Office :

1-7-293, M G Road,
Secunderabad - 500 003.

By order of the Board

For GATI LIMITED

August 10, 2011

VSN Raju

Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself. The instrument appointing proxy should, however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. A proxy need not be a member.
2. 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 year ended 30th June 2011 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 and date of the Annual General Meeting.
3. The Register of Members and Share Transfer Books will remain closed from November 14th, 2011 to November 16th, 2011 (both days inclusive).
4. Pursuant to the provision of Section 205C of the Companies Act, 1956 as amended, dividend for the financial year ended June 30, 2004, and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 2004 or any subsequent financial years are requested to make their claim to the office of the Registrar and Transfer Agents, M/s Karvy Computershare Private Limited. It may also be noted that once the unclaimed dividend is transferred, as above, no claim shall lie in respect thereof.
5. 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 & Transfer Agent and quote folio number in all correspondence.
b) The members who are holding shares in demat form are requested to intimate any change in their address with pin code immediately to the Depository Participant.

6. 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.
7. The shares of the Company are at present listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE). The listing fee for the year 2011-2012 has been paid to BSE and NSE.
8. The shares of the company have been compulsorily dematerialised with effect from 28.08.2000.
9. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment or re-appointment at the Annual General Meeting are annexed.
10. The Ministry of Corporate Affairs, Government of India (vide its Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively) has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances and recognising delivery of Notices / Documents / Annual Reports etc. to the shareholders through electronic medium. In light of the above, the company will be sending Notice / Documents / Annual Reports etc. to the shareholders in future through email, wherever the Email Id is available; and through other modes of service provided in Section 53 of the Companies Act where email address have not been registered. Accordingly Members are requested to support this initiative by registering their email addresses in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with the company's Registrar and Share Transfer Agents, M/s. Karvy Computershare Pvt. Ltd.

II. Information required under the Listing Agreement:

As required under the Listing Agreement, the particulars of the Directors who are proposed to be appointed or seeking re-appointment are given below:

Name of Director	DR.RAM S TARNEJA	MR.T.S. RAO
Qualification	Ph.D from Cornell University	Post graduate in Mathematics
Expertise in specific functional areas	He retired as Managing Director of Bennett Coleman & Co. Ltd., (The Times of Indian Publications) in 1991 and continues as a member of their board. He was Director of Graduate Department of Business Administration, Duquesne University, Pittsburgh, USA. Dr.Tarneja has considerable amount of pioneering work to his credit on subjects like professional management and corporate governance.	He was IPS (Retd.) and topped Andhra University in Post Graduate degree in Mathematics and was recipient of gold medal. He taught in the university for two years before joining the IPS. He retired as the Director General of Andhra Pradesh Police, after holding all the top posts in the department. He was awarded the prestigious President of India Medal for distinguished services. He was also the recipient of Unity award for maintaining Communal Harmony and effectively maintaining Law & Order in the twin cities as Commissioner of Police and also the outstanding Civil Servant Award while serving as the DGP of Andhra Pradesh.
Date of Appointment on the Board of the Company	25.04.1995	12.09.1995
Details of Shares held in the Company as on 30.06.2011	30,500	59,563
List of Companies in which outside Directorships held as on 30.06.2011 (excluding Private, Section 25 Companies & Foreign Company)	NESCO Ltd., Mumbai, Otis Elevator Company (I) Ltd., Mumbai, Jolly Board Ltd., Mumbai, Bharat Gears Ltd., Mumbai, Phillips Carbon Black Ltd., Calcutta, Housing Development Finance Corporation Ltd. Mumbai, Transcorp International Ltd., Secunderabad, Phoenix Township Ltd., Goa, SOWIL Ltd., Mumbai, Givo Ltd., Gurgaon, Haryana.	RedSun Supply Chain Solutions Ltd
Chairman / Member of the Committees of other Companies on which he is a Director as on 30.06.2011	He is the Chairman of Audit Committee in Bharat Gears Ltd. Chairman of Investors Grievance Committee in Housing Development Finance Corporation Ltd. He is a member of Audit Committee in Jolly Board Ltd., NESCO Ltd., Otis Elevators India Co.Ltd., & Transcorp International Ltd.	NIL
Category	Independent Director	Independent Director
Relationship with other Directors	Not related to any other Director	Not related to any other Director

Name of Director	MR.MAHENDRA AGARWAL	MR.APVN SARMA
Qualification	B.E. (Mechanical), MBA (USA)	Indian Administrative Service
Expertise in specific functional areas	<p>Mr. Mahendra Agarwal is the Founder & CEO of Gati Ltd. - India's leader in Express Distribution and Supply Chain Solutions. He pioneered the concept of organised logistics in India by establishing Gati in 1989. Mr. Agarwal is the driving force behind Gati's journey to leadership position. His foresight has been instrumental in the company's exponential growth - by venturing into global markets and diversifying into varied domains. He combines his entrepreneurial skills with business acumen to enable a sustainable business model.</p> <p>Mr. Agarwal is an avid speaker and has been invited to many symposia and forums like the Global Logistics Summit 2006 held at the Indian School of Business, Hyderabad and the Logistics 2005 conference. He was also invited to IIM (Ahmedabad) to interact with the students.</p>	<p>He joined the Indian Administrative Service (IAS) in 1974. Held a series of posts in districts and departments in AP. He was Collector and District Magistrate in Nalgonda, Guntur and Warangal districts. He headed the Enforcement divisions in the State Commercial Tax and State Excise departments. He was member Secretary of APSEB during 1989-1992. He was Secretary to Govt. of AP in General Administrative department (1992-95) and later in Medical, Health and Family Welfare Departments. Served as Joint Secretary (Coal) in the Department of Coal, GOI. Served for 2 years as the Chief Executive of TTD. Worked as Secretary, Ministry of Shipping in GOI.</p>
	<p>Apart from being on the Board of several Indian companies Mr. Agarwal is also a Co-Chairman of CII Andhra Pradesh CEO Forum, Managing Committee Member of Express Industry Council of India, member of CII-AP State Council & CII AP Logistics Panel, IMA's CEO Forum, CEO Clubs (India Chapter) and FICCI's Civil Aviation Committee. In Singapore, he is a Board member of Singapore Indian Chamber of Commerce & Industry (SICCI) and Charter Member of The Indus Entrepreneurs (TiE). Mr. Agarwal continues to guide Gati towards the future with characteristic passion and a commitment to excel in everything he does.</p>	
Date of Appointment on the Board of the Company	25.04.1995	01.02.2011
Details of Shares held in the Company as on 30.06.2011	29,21,690	NIL
List of Companies in which outside Directorships held as on 30.06.2011 (excluding Private, Section 25 Companies & Foreign Company)	TCI Finance Ltd., TCI Industries Ltd., Kausar India Ltd., Amrit Jal Ventures Ltd.	Rashtriya Ispat Nigam Ltd., Neyveli Lignite Corporation, A P Gas Power Corporation Ltd., SEW Vizag Port Terminal Ltd., & Seaway Shipping & Logistics Ltd.
Chairman / Member of the Committees of other Companies on which he is a Director as on 30.06.2011	He is the Chairman of Compensation Committee in Amrit Jal Venture Ltd. and member of Compensation Committee in TCI Finance Ltd.	He is the Chairman of Audit Committee in Rashtriya Ispat Nigam Ltd. and Chairman of Remuneration Committee in Neyveli Lignite Corporation Ltd
Category	Promoter Director	Independent Director
Relationship with other Directors	Not related to any other Director	Not related to any other Director

Item No.6:

Mr.APVN Sarma was appointed as an Additional Director of the Company with effect from February 1, 2011 pursuant to section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company. Mr.Sarma holds office of Director upto the date of the Annual General Meeting. The Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.Sarma for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors of the Company other than Mr.Sarma is interested or concerned in the resolution.

The Board recommends the resolution set forth in item no.6 for the approval of the members.

Item No.7:

The present terms of office of Mr. Mahendra Agarwal as Managing Director has expired on 31.07.2011. Subject to shareholders' approval, the Board of Directors, at its meeting held on 10.08.2011 re-appointed him for a further period of 5 years from 01.08.2011 on the following terms and remuneration recommended by the Compensation Committee of the Directors.

A. Basic Salary

₹ 10,00,000/- per month in the pay scale of ₹ 10,00,000 - 15,00,000 with authority to the Board to sanction increment within the scale.

B. Perquisites and Allowances

1. Furnished accommodation or House Rent Allowance in lieu thereof at the rate of 50% of his salary, reimbursement of expenses incurred on utilities such as gas, electricity, water, furnishings, repairs, etc.
2. Reimbursement of actual medical expenses incurred for self and family.
3. Leave Travel Concession / Allowance for self and family, in accordance with the rules of the Company.
4. Fees of Clubs.
5. Personal Accident Insurance Premium as per the rules of the Company.
6. Chauffeur driven Company Car and Telephone at residence and use of mobile cell phone. Long distance personal calls will be reimbursed to the Company by the Managing Director.
7. Company's Contribution to Provident Fund and Superannuation Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.
8. Leave with full pay and allowances and right to accumulate and encashment as per the rules of the Company.

For the purpose of calculating the above ceiling perquisites and allowances shall be evaluated as per the Income Tax Rules wherever applicable.

Commission

In addition to salary, allowances and perquisites, he will be entitled to a commission the amount whereof to be decided by the Compensation & HR Committee each year, subject to the provisions of the Companies Act, 1956 and/or any other regulations.

General

- i) He shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
- ii) Subject to the superintendence, control and direction of the Board, he shall exercise substantial managerial powers in general and specific powers as may from time to time be lawfully entrusted to and conferred upon him by the Board.
- iii) Basic Salary or part thereof shall be paid to him, after all statutory deductions, in India or abroad as required to meet his personal maintenance expenses. This will be done as per due approval under Foreign Exchange Management Act, 1999 and its regulations, notifications etc.
- iv) The appointment is terminable by either party giving the other six months notice in writing without assigning any reason and without liability to pay any compensation.

Mr. Mahendra Agarwal, is deemed to be interested in the resolution.

This may be treated as abstract of the terms of Sec. 302 of Companies Act, 1956.

No other Director of the Company is, in any way, concerned or interested in the resolution.

The Board of Directors of your company recommends this resolution for your approval.

Item No.8

The present Authorised Share Capital of the Company consists of 10,00,00,000 (Ten crores) Equity Shares of ₹ 2/- each and 10,00,000 (Ten lakhs) Preference Shares of ₹ 100/- each aggregating to ₹ 30,00,00,000/- (Rupees Thirty Crores Only) be and is hereby reclassified in to 12,50,00,000 (Twelve Crores Fifty lakhs Only) Equity Shares of ₹ 2/- each (Rupees Two only) and 5,00,000 (Five lakhs Only) Preference Shares of ₹ 100/- each (Rupees One Hundred Only) aggregating to ₹ 30,00,00,000/- (Rupees Thirty Crores Only). The current authorised share capital vis-a-vis, the equity share capital may be inadequate to meet future requirements if any, for further issue of equity shares of the Company. Hence, it was proposed to increase the authorised share capital vis-a-vis the equity share capital.

Your Board of Directors are of the view, that instead of increasing the Authorised Share Capital of the Company, it is prudent to reclassify part of the existing Preference Shares into Equity Shares of the Company.

Consequent to the changes in the Authorised Share Capital, the Memorandum and Articles of Association of the Company requires alteration.

Directors recommend the above resolutions for your approval.

None of the Directors is interested or concerned in the proposed resolution except to the extent of their shareholding held in the Company.

Item No.9

The Shareholders' Agreement dated 23rd February, 2006 was entered between The Infrastructure Fund of India, Mr. Mahendra Agarwal and Gati Limited, (the "Agreement"). Pursuant to the shareholders approval at the annual general meeting held on 11.10.2006, the Articles of Association of the Company were amended to incorporate some of the provisions of the aforesaid Shareholders Agreement.

In view of the fact that five years have elapsed from the date (23.02.2006) of the Agreement, the Agreement stands terminated with effect from 23.02.2011 and all the provisions of the Agreement cease to have effect save and except certain clauses. As such the clauses that were incorporated earlier in Articles of Associations also cease to have effect and hence approval of the members is sought to delete / replace the same by amending the Articles of Association.

Board of Directors recommends the above resolution for your approval. None of the directors is interested in the resolution.

Registered Office :

I-7-293, M G Road,

Secunderabad - 500 003

August 10, 2011

By order of the Board

For GATI LIMITED

VSN Raju

Company Secretary

Directors' Report

Your Directors take pleasure in presenting their Report for the year ended 30th June, 2011.

Financial Results

PARTICULARS	(₹ in Crores)	
	2010-11	2009-10
Income	905.74	751.41
Profit before interest, depreciation and taxation	93.01	86.11
Interest	48.44	43.09
Depreciation	21.61	23.87
Profit Before Tax	22.95	19.15
Provision for Tax	8.65	4.04
Profit After Tax	14.30	15.11
Balance brought forward from previous year	2.14	(-) 7.49
Balance available for appropriation	16.44	7.62
Appropriations		
Proposed dividend	4.30	3.41
Tax on dividend	0.70	0.57
General reserve	1.43	1.51
Balance Profit carried forward	10.01	2.14
	16.44	7.62

Dividend

Your Directors are pleased to recommend a dividend of 25% on the share capital of ₹ 17.20 crores for the year ended June 30, 2011 (previous year 20%). This would absorb a sum of ₹ 5 crores including dividend tax of ₹ 0.70 crores. An amount equivalent to ₹ 1.43 crores has been transferred to general reserve.

Review of Operations

During the year under review, your company achieved a turnover of ₹ 900.12 crores, as against ₹ 744.72 crores in the previous year, showing a growth of 21% and an EBIDTA of ₹ 93.01 crores as against ₹ 86.11 crores in the previous year. Your company has recorded a profit before tax of ₹ 22.95 crores and profit after tax of ₹ 14.30 crores as against of ₹ 19.15 crores and ₹ 15.11 crores respectively in the previous year.

At consolidated level, your company recorded a turnover of ₹ 1203 crores as against ₹ 926 crores in the previous year. Further, consolidated Profit Before Tax was ₹ 23.73 crores (₹ 16.02 crores in 2009-10) and consolidated profit after tax for the year was ₹ 14.10 crores (₹ 9.50 crores in 2009-10)

Express Distribution and Supply Chain (EDSC)

The year 2010-11 was an exciting year for your Company. Through a keenly focused growth strategy, your company has been able to achieve an impressive growth of 24% in Revenue that is higher than the industry growth in many of the verticals that it operates. During the year under review, the Company's EDSC division achieved a revenue of ₹ 814 crores as against ₹ 658 crores in the previous year and EBIDTA of ₹ 81.01 crores as against ₹ 71.22 crores in the previous year showing an improvement of 13.7%.

Your company surpassed its previous record of handling 43 million packages to 55 million packages with an increase in total weight carried from 2,100 tonnes per day, in the previous year, to 2,900 tonnes per day, in the year 2010-11.

During the year, your company extended its reach by opening 4 new depots, operating through a total number of 436 depots, reaching 20,000 locations across the country. Your company extended its infrastructure at strategic locations to cater to its growth.

Your company has continued to provide an extensive road, air and rail network to its clients. Railway utilisation has been increased by 39% over the previous year through increasing the number of leased Parcel trains. In the year 2010-11 the rail movement share was increased from 13% to 19%.

Along with 224 company owned vehicles your company engaged 1157 vendor vehicles to operate its road network, a total of 1381 vehicles on road.

Your company increased the value added services it offers to its clients especially in the area of ecommerce and teleshopping which is a fast growing sector catering to home delivery. Your company continues to remain the market leader and provides express distribution and supply chain solutions to its clients in the automotive, telecommunications, white goods, FMCG verticals. For the first time, your company embarked on providing 3PL solutions to the retail sector for a multi-brand retail company.

Your company looked at various strategic alternatives and embarked on a 3 year growth plan for its various verticals. The courier division catering to the document markets was closed down. The core express distribution business has embarked on product and service differentiation products that are time or price sensitive to cater to the varying needs of the many industries it operates in.

Your company like many others had to cope with increased input costs. The company has diligently worked to keep the operational costs low and supported the growth of its business in the 4PL and International business.

Coast-to-Coast

The condition of Shipping industry continued to be weak as the freight rates have not improved. Further adding to the woe the fuel costs increased by almost 30% adversely impacting the bottomline of the division. During the year under review, the Company's shipping division achieved a revenue of ₹ 92 crores as against ₹ 94 crores in the previous year recording a marginal degrowth. The Profit Before Tax & Interest has decreased to ₹ 0.08 crores from ₹ 2.08 crores in the previous year. The company's Shipping division continued to battle on various operational issues which together with the economic condition impacted and, led to disappointing results for this year as well.

Gati International and Subsidiaries

Your company expanded its Asia pacific presence by opening their office in Malaysia and in Ghoungzhou in China, this is in line with the overall strategy of your company to continue strengthen it's presence in the high growth Asia pacific Region. Your Company recorded revenues of ₹ 70 crores with an operating margins of ₹ 7 crores as against ₹ 47 crores revenue and ₹ 4.6 crores operating margins in the previous year. In Asia Pacific region your company recorded a revenue of ₹ 67 crores as against ₹ 57 crores in the previous year with an operating margin of ₹ 9 crores as against ₹ 5.13 crores during the previous year.

Your company also entered into a contract with the global network operator "Log net" which would enable your company to get access to many more agents world wide which would help to offer services to our customers on a global basis.

During the year under review, Gati Cargo Malaysia SDN BHD, Gati Ship Pvt. Ltd., Gati Logistics Pvt. Ltd. and Gati Projects Pvt. Ltd. were incorporated as subsidiaries of the Company.

Accounts of Subsidiaries

The Ministry of Corporate Affairs, New Delhi vide its notification no. 2/2011 dated February 8, 2011 granted subject to fulfilment 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 Company's website at www.gati.com and also on request. The annual accounts of the subsidiary companies will be 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 2010-11.

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 year ended 30th June 2011 are being circulated while detailed accounts will be made available on request and also at the venue of the Annual General Meeting.

AI-Gati Arbitration

Your Company has initiated Arbitration Proceeding with the Air India (Erstwhile National Aviation Company of India Limited ("NACIL") in respect of certain disputes that had arisen between your Company and Air India arising out of the Wet Lease Agreement that your Company had entered into with Air India in the year 2007 wherein Air India had invoked the Bank guarantee of ₹ 30 crores. Your Company had objected to the wrongful invocation of the Bank guarantee and raised claims on Air India in respect of the continuous breaches committed by it during the tenure of the Wet Lease Agreement. Air India has in turn raised certain counter claims on the Company in the proceedings. The disputes are pending before the Arbitral Tribunal. No orders have been passed against the Company nor have any claims been adjudicated in the matter as on date. In the opinion of the Company's Attorneys, no provision is considered necessary at this stage. The Auditors in their report have stated their inability to express an opinion in the matter.

Future Prospects

The future for logistics and supply chain looks good. Your company is poised to take advantage of this growth in the economy and sector to continue to deliver best in class services to its customers. Your company strives to be an agile living company which can continue to provide services that are value for money. Your company will invest more in marketing initiatives with an aim to grow the non-credit based segment of the core business. The transport solutions, International and 4PL divisions will continue to grow at 100% Your company will work with strategic partnerships or alliances in the various divisions to create more value for the shareholders.

Accounting Policy

Your company has exercised the option under Companies (Accounting Standard) Amendment Rules 2009 relating to AS 11 and accordingly, appropriate adjustments have been made in the value of fixed assets and also the treatment of exchange gain / loss. The net impact of such changes have been disclosed in the financial statements.

Equity Share Capital

Your Company has allotted 8,50,000 Equity Shares of ₹ 2/- each pursuant to exercise of option for converting the warrants granted to one of the promoters i.e. Mr. Mahendra Agarwal, at ₹ 58 per share at a cash premium of ₹ 56 per share. Consequently as on 30th June 2011, the Company's share capital stood at ₹ 17.20 crores comprising of 86,004,900 equity shares of ₹ 2/- each fully paid up as compared to ₹ 17.03 crores comprising of 85,154,900 equity shares of ₹ 2/- each, in the previous year.

Fixed Deposits

As on June 30, 2011, fixed deposits from the public and shareholders stood at ₹ 21.22 crores; out of which ₹ 0.42 crores remained unclaimed. There are no overdue deposits.

Directors

Dr. Ram. S. Tarneja and Mr.T. S. Rao, independent directors retire by rotation at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment.

Mr. APVN Sarma was co-opted as an additional director with effect from February 1, 2011 and his appointment will be placed in the ensuing Annual General Meeting for your approval.

Mr. Lagad Himmat Singh Daulat Rao, Whole Time Director resigned from his services and your Board approved the same effective August 15, 2011. Brief particulars of the above directors are furnished in the notice for the Annual General Meeting.

Consequent to the lapse of the period of 5 years, the shareholders agreement dt. 23.02.2006 with The Infrastructure Fund of India (TIFOI) stood terminated with effect from 23.02.2011. Accordingly, the office of the nominee director of TIFOI i.e. Mr. Anoop Kishore Seth also came to an end forthwith.

*Your Board placed on record deep appreciation for the contribution made by Mr. Anoop Kishore Seth and Mr. Lagad to the company during their tenure as Directors of the Company

Directors' Responsibility Statement

Pursuant to the requirement under 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 Financial Year ended 30th June, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
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 and loss 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 Directors have prepared the accounts for the financial year ended 30th June, 2011 on a 'going concern' basis.

Auditors

M/s. R. S. Agarwala & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment. The Auditors in their report have observed that they are unable to express an opinion in regard to the Management's view that no provision is presently required pending resolution of the Air India Arbitration. The reason therefore has been given in the financial notes to the accounts and is also covered in their report.

Personnel

Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956 are part of the report and are available to any member on request.

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 the Annexure - I.

Employee Stock Option Schemes

During the year under review, 579000 stock options were granted and accepted under Employee Stock Option Schemes of the Company. The disclosure as required pursuant to SEBI ESOS Guidelines is enclosed as Annexure - II.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is enclosed as Annexure - III.

Acknowledgement

We thank our customers, vendors, investors, bankers, Government authorities and shareholders for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

For and on behalf of the Board

Secunderabad,
August 10, 2011

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 39% in the year and we are further increasing north south and west south rail connectivity as planned. 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 will continue in this area by offering multimodal connectivity.

In Express Distribution and Supply Chain Division, the following measures are continued.

1. Vehicles were purchased carefully in compliance with all latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. EIII and above.
2. The periodical maintenance of Company's vehicles was done as per manufacturer's prescribed norms to ensure optimum fuel consumption.
3. Drivers' training programs are being organised and conducted periodically to improve their driving skills, safe driving and better fuel efficiency of vehicle.
4. Initiated 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.
5. Introduction of " ADDITIVITIES " in Diesel to stop black carbon (smoke) which reduces air pollution and increases efficiency of the vehicles, is made mandatory.
6. A driving school has been opened up in Hyderabad where new and existing drivers are trained on conservation driving and safe driving to prevent accidents.

B) 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. 19 in Notes on Accounts (Schedule No. 21).

Annexure — II

Details of Stock Options Pursuant to SEBI Guidelines on Stock Options: GATI Employee Stock Option Schemes

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
a.	No. of shares available under GATI ESOS as on 1st July, 2010	32,17,500	17,82,500	17,55,720
b.	Options granted and accepted during the year (Net of Lapses)	Nil	Nil	5,79,000
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 the FY 2010-11	Nil	Nil	Nil
e.	Options Exercised during the FY 2010-11	Nil	Nil	Nil
f.	Total No. of shares arising as a result of Exercise of Options during the financial year 2010-11	Nil	Nil	Nil
g.	Options lapsed during FY 2010-11	2,55,000	10,000	50,000
h.	Variation of terms of options	Nil	The vesting Period for the pending exercised options has been extended by the committee	Nil
i.	Money realised by exercise of options (₹ in Crores)	Nil	Nil	Nil
j.	Total No. of options in force as on 30th June 2011	8,19,480	17,23,500	5,29,000

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
k	Grant details to			
	(i) Members of Senior Managerial personnel	Nil	Nil	Nil
	(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		1.67	
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 recognised if it had used the fair value of the options	₹ 39,77,206		
	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortised Amount)	Profit (Loss) after Tax ₹ 14,30,08,093 Less: Additional Employee compensation cost of Fair Value over Intrinsic Value ₹ 12,22,136 Adjusted PAT (loss) ₹ 14,17,85,957 Adjusted EPS 1.66		
n.	Weighted average exercise price and fair value of Stock Options granted:			
	Stock Options granted & accepted on	Weighted average exercise price (₹)	Weighted average Fair value (₹)	Closing market price at BSE on the date of grant (₹)
	21.08.2010	44.54	66.70	61.60
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.		
	The main assumptions used in the Black Scholes option-pricing model during the year were as follows:			
	(i) Risk free interest rate	7.00%		
	(ii) Expected Life of Options	3 years		
	(iii) Expected volatility	1.68%		
	(iv) Dividend yield	0.47%		

Report on Corporate Governance

COMPANY'S PHILOSOPHY

Gati's Philosophy on Corporate Governance focuses on the attainment of the high 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.

BOARD OF DIRECTORS

The Board of Directors comprises of 8 directors as per the details given.

Name	Category and Designation	Attendance particulars		No. of other Directorships and Committee Membership / Chairmanship		
		Board meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. K L Chugh	Independent Director- Chairman	6	Yes	5	--	--
Mr. Mahendra Agarwal	Promoter, Managing Director & CEO	6	Yes	4	--	--
Mr. Himmat Lagad *	Executive Director	6	Yes	2	--	--
Dr. Ram S. Tarneja	Independent Director	5	Yes	11	5	2
Mr. N. Srinivasan	Independent Director	6	Yes	13	5	4
Dr. P.S. Reddy	Independent Director	2	Yes	1	--	--
Mr. T.S. Rao	Independent Director	5	Yes	1	--	--
Mr. Sunil Kumar Alagh	Independent Director	4	No	3	1	1
Mr. Anoop Kishore Seth**	Nominated by The Infrastructure Fund of India LLC as Non Executive Director	3	No	--	--	--
Mr. APVN Sarma ***	Independent Director	2	NA	5	--	1

* Resigned w.e.f. 15.08.2011

** Resigned w.e.f. 23.02.2011

*** Appointed w.e.f. 01.02.2011

Excluding Private Limited Companies and Companies registered under Section 25 of the Companies Act, 1956.

Committees considered are Audit Committee and Investors' Grievances Committee.

Number of Board Meetings held and the dates on which they were held

During the financial year 2010-11, the Board of Directors met six times on August 18, 2010, October 9, 2010, October 27, 2010, February 1, 2011, April 30, 2011 and June 30, 2011. The maximum time gap between the meetings was not more than four calendar months.

Code of Conduct

The Board of Directors of the Company has laid down 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. 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 enclosed at the end of this report.

AUDIT COMMITTEE

The Board of Directors has constituted the Audit Committee to assist the Board in discharging its responsibilities effectively. 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 terms of reference of the Committee covers accounting matters, financial reporting, internal controls and the matters as contained in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The Composition of the Committee and the details of meetings attended by its members are given below :-

S.No	Name	No. of meetings during the year 2010-11	
		Held	Attended
1	Mr.N. Srinivasan, Chairman	4	4
2	Mr.T.S.Rao, Member	4	3
3	Dr.Ram S.Tarneja, Member	4	2
4	Mr.Anoop Seth	4	2

Note: Mr.Anoop Seth ceased to be member effective 23.02.2011.

Mr.N.Srinivasan Chairman of the Audit Committee has attended the previous Annual General Meeting held on 27.10.2010

The Company Secretary acts as the secretary to the Committee.

COMPENSATION & HR COMMITTEE:

Composition and terms of reference

The Board has constituted Compensation & HR Committee consisting of 4 Independent Directors namely, Mr. K.L. Chugh (Chairman), Dr. Ram S. Tarneja, Dr. P.S.Reddy and Mr. Sunil Kumar Alagh, as members.

The terms of reference of the Committee cover evaluation of compensation and benefits for Executive director(s), framing of policies and systems of the Employee Stock Option Scheme and looking after the issues relating to major HR policies.

Attendance during the year

During the year the Committee met only one time and except Dr.P.S.Reddy all other members were present for the meeting.

Details of remuneration to Directors for the year ended 30th June, 2011

Executive Directors: -

(₹ in Lakhs)

Particulars	Mr. Mahendra Agarwal, Managing Director & CEO	Mr. Himmat Singh Lagad, *Executive Director
Salary	120.90	108.81
PF contribution / Superannuation funds	21.06	4.10
Rent - Free Accomodation / Perks	1.56	0.00
Commission **	20.00	0.00
TOTAL	163.52	112.91

Note: (1) 1,51,120 stock options were granted to Mr.Himmat Lagad.

(2) * Resigned w.e.f. 15.08.2011.

(3) ** Commission will be paid after necessary approvals.

Non-Executive Directors: -

The details of remunerations for the Financial Year 2010-11 as follows:

Name	Sitting Fee ₹	Commission ₹	Stock Options** No.
Mr. K L Chugh	1,30,000/-	3,20,000/-	75,000
Dr. Ram S Tarneja	1,50,000/-	1,90,000/-	45,000
Mr. N.Srinivasan	2,10,000/-	2,30,000/-	60,000
Mr. T.S. Rao	2,10,000/-	1,90,000/	45,000
Dr. P.S. Reddy	80,000/-	1,90,000/	45,000
Mr. Sunil Kumar Alagh	90,000/-	1,90,000/	55,000
Mr. APVN Sarma	40,000/-	95,000/-	----
TOTAL	9,10,000/-	14,05,000/-	3,25,000

** Stock options granted accepted and outstanding as on 30.06.2011.

Commissions for the financial year 2010-11 will be paid to the Directors after approval of accounts by the shareholders at the ensuing Annual General Meeting.

INVESTORS' GRIEVANCE COMMITTEE:

Composition and terms of reference

The Committee comprises two Independent directors namely Mr.T.S. Rao (Chairman) and Dr. P.S. Reddy, and one Executive director namely Mr. Mahendra Agarwal.

Compliance Officer

Mr.VSN. Raju, Company Secretary
Gati Limited,
I-7-293, M.G.Road, Secunderabad - 500 003.

The Committee was constituted to look into the Investors' complaints and to redress the same expeditiously.

Attendance and meetings during the year

S.No	Name	No. of meetings during the year 2010-11	
		Held	Attended
1	Mr.T.S.Rao, Chairman	4	4
2	Dr.P.S.Reddy, Member	4	4
3	Mr.Mahendra Agarwal, Member	4	3

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.

Details of complaints for the year 2010-11

S.No.	Nature of Complaint	Received	Disposed	Pending
1	Non receipt of dividend warrants	21	21	NIL
2	Non receipt of Annual Report	3	3	NIL

Two requests for transfers were pending for approval as on 30th June 2011 which were dealt by July 10th, 2011.

One request for dematerialisation was pending for approval as on 30th June 2011 which was dealt by July 10th, 2011.

ANNUAL GENERAL MEETINGS

Location and time for the Annual General Meetings held in the last three financial years:

Date of AGM	Time	Venue	No of Special resolutions passed
October 22, 2008	11.00 A.M	Hotel Taj Krishna, Road No.1, Banjara hills, Hyderabad - 500 034	0
October 21, 2009	10.30 A.M.	ITC Kakatiya, Begumpet, Hyderabad	5
October 27, 2010	11.00 A M	Hotel Taj Deccan, Road No.1, Banjara hills, Hyderabad - 500 034	3

Details of any Postal ballot conducted during the year:

The Board of Directors approved the alteration of object clause of the Memorandum of Association of the Company by way of addition of a new clause by means of postal ballot.

DISCLOSURES

- 1) Disclosures on materially significant related party transactions, that may have potential conflict with the interest of the Company at large:
Disclosures regarding related party transactions form part of the Notes to Accounts published elsewhere in this Annual Report.
- 2) Details of non-compliance by the Company, penalties, 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:
None.
- 3) The Company affirms that no personnel has been denied access to the audit committee during the financial year ended June 30, 2011.
- 4) The Company has complied with all mandatory requirements of Clause 49 of the listing agreement.

MEANS OF COMMUNICATION

Results

The quarterly & half-yearly un-audited financial results and annual audited results 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 the Stock Exchanges.

Green Initiative:

Ministry of Corporate Affairs ("MCA") has recently taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies. Towards this, MCA has issued Circulars dated 21 April 2011 & 29 April 2011 stating that the service of notice / document by a company to its shareholders can now be made through electronic mode, subject to a few conditions.

Our company appreciates the initiative taken by MCA, as it believes strongly in a Greener Environment. This initiative also helps in prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

In view of the above, we have opted to send the documents, such as the Notice of the Annual General Meeting, Annual Report, Half-yearly communications etc. to shareholders in Electronic Form at the e-mail address registered in our records.

We wish to inform you that in addition to getting the documents through your registered e-mail, you can also have access to the documents through our company website, www.gati.com<<http://www.gati.com>>. The documents will also be available to you for inspection at the Registered Office of the company during office hours.

We are sure you would appreciate the "Green Initiative" taken by MCA, just as it is being welcomed by companies like us. Needless to say, you will be, as a member of the company, entitled to be furnished with a copy of the above mentioned documents as required under the provisions of the Companies Act, 1956, free of cost, upon receipt of a requisition from you any time during the year.

Management Discussion and Analysis

Management Discussion and Analysis forms part of this Annual Report.

GENERAL INFORMATION FOR SHAREHOLDERS

Date, time and venue of : November 16, 2011 at 10.00 .A M

Annual General Meeting : Hotel Taj Deccan, Road No 1, Banjara Hills, Hyderabad-500 034.

Financial calendar for 2011-2012

Results for the quarter ended September 30, 2011 : November, 2011

Results for the quarter ended December 31, 2011 : February, 2012

Results for the quarter ended March 31, 2012 : May, 2012

Results for the year ended June 30, 2012 : August, 2012

Book closure dates

From 14th November 2011 to 16th November 2011 (both days inclusive) for the purpose of the Annual General Meeting.

Dividend payment date : Within 30 days from the date of approval in the AGM

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 Ltd (SGX-ST).

The listing fee for the year 2011-12 has been paid to all the above stock exchanges.

Stock Code

a) Trading scrip code for Bombay Stock Exchange : 532345
Trading scrip code for National Stock Exchange : GATI

b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares : INE 152B01027

Monthly high / low stock quotations at BSE & NSE

(In ₹)

Month	NSE		BSE	
	High	Low	High	Low
July 2010	92.00	64.70	90.65	64.55
August 2010	87.35	69.15	87.20	69.20
September 2010	80.90	70.25	80.75	70.45
October 2010	78.50	70.60	78.50	70.05
November 2010	79.25	57.55	79.20	57.65
December 2010	68.80	58.00	69.00	58.50
January 2011	69.80	58.80	68.70	58.15
February 2011	63.00	49.80	63.50	49.55
March 2011	66.20	51.60	66.35	52.50
April 2011	74.90	56.35	74.90	56.25
May 2011	67.50	58.40	67.30	58.70
June 2011	66.80	55.00	66.85	54.80

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, 2010	66.75	5251.40	66.95	17509.33
As on June 30, 2011	61.65	5647.40	61.70	18845.87
% Change	-8.27%	7.01%	-8.51%	7.09%

♦ Total equity as on June 30, 2011 was 8,60,04,900 (previous year 8,51,54,900) of ₹ 2/- each

Registrars and Share transfer agents

M/s Karvy Computershare Private Limited
(Unit Gati Limited)
Plot no.17 - 24, Vittal Rao Nagar,
Near Image Hospitals,
Madhapur, Hyderabad 500 081.
E-mail : mohsin@karvy.com

Share transfer system

The Company has a Registrar and Share transfer agent. 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. Request for dematerialisation of shares are processed and confirmation given to the respective depositories i.e, National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within seven days.

Distribution schedule as on June 30, 2011

No. of Shares	No. of Shareholders	% of total Shareholders	No. of Shares	% to Total Capital
Upto 5,000	37,439	97.99	74,55,620	8.67
5,001 10,000	366	0.96	13,62,386	1.58
10,001 20,000	193	0.51	14,78,229	1.72
20,001 30,000	52	0.14	6,67,468	0.78
30,001 40,000	32	0.08	5,84,886	0.68
40,001 50,000	25	0.07	5,68,443	0.66
50,001 1,00,000	45	0.12	16,66,479	1.94
1,00,001 And above	55	0.14	7,22,21,389	83.97
TOTAL	38,207	100.00	8,60,04,900	100.00

Distribution of Shareholding as on June 30, 2011

Category	No. of shares held	% shareholding
Company Promoter / Promoter group	4,26,08,918	49.54
HUF	3,93,951	0.46
Clearing members	73,089	0.08
Financial Institutions / Banks	70,650	0.08
Foreign Institutional Investors	25,20,570	2.93
Non-Resident Indians	4,44,388	0.52
Overseas Corporate Bodies	1,02,72,227	11.94
Bodies Corporate	65,78,962	7.65
General public	2,30,42,145	26.79
TOTAL	8,60,04,900	100.00

Dematerialisation of shares

Over 97.05% of the total shares have been dematerialised upto June 30, 2011. Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. August 28, 2000, as per notification issued by the Securities and Exchange Board of India (SEBI).

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity

The Company allotted FCCBs amounting to USD 20 Million FCCBs on December 5, 2006. Out of these, FCCBs amounting to USD 5 Million has been opted for conversion into equity shares on January 21, 2008. FCCBs amounting to USD 15 Million are outstanding as on the date of this report.

Distribution Centres : 17 Express Distribution Centres all over India.

NCR	PLOT NO.268, PHASE - IV, UDYOG VIHAR, GURGAON.
JAIPUR	E-60, DRONPURI, KILADEVII FARM HOUSE, NEAR INDANE GAS,OPP.CHITRAKUT WATER TANK,200 FOOT AJMER BYE PASS-JAIPUR.
GHAZIABAD	CENTRAL WAREHOUSING CORPORATION, CI - C5, BULLANDSHAR ROAD INDUSTRIAL AREA, NEAR SILVERLINE SCHOOL.
LUCKNOW	C-7 TRANSPORT NAGAR, NR. RTO, KANPUR ROAD, LUCKNOW.
AMBALA	KHASRA NO -505 & 518, VILLAGE -MOHRI,TEHSIL- SHAHBAD,DIST- KURUKSHETRA, AMBALA.
BANGALORE	PLOT NO 5C, PEENYA 1ST PHASE, PEENYA INDUSTRIAL AREA, BANGALORE.
HYDERABAD	PLOT NO.17, ROAD NO.32, PHASE III, JEEDIMETLA, HYDERABAD.
CHENNAI	98/A, MEENAMBEDU ROAD, SIDCO INDUSTRIAL ESTATE, AMBATTUR ESTATE, CHENNAI.
COIMBATORE	16,SOWRIPALAYAM MAIN ROAD, OPP TO PSG HOSPITAL WEST GATE ,PEELAMEDUPUDUR,COIMBATORE.
NAGPUR	NO .27/A , SURABURDI, HIGHLAND PARK ROAD, WARDHAMANA, NAGPUR.
KOLKATA	GATI LTD, 234/4,A.P.C ROAD, KOLKATA.
JAMSHEDPUR	GATI LTD, NAGINA COMPOUND,M.G.M.ROAD, OPP. PUSHPANJALI COMPLEX, NEAR DIMNA CHAWK, JAMSHEDPUR,JHARKHAND.
GUWAHATI	GATI LTD, C/O.ABC COMPOUND,NH 37 BEHARBARI - BALTOLA, GUWAHATI.
AHMEDABAD	GATI LTD, PLOT NO I, ASHWAMEGH INDLESTATE, NH 8 A, CHANGODHAR, AHMEDABAD.
MUMBAI	GATI LTD, PARAS COMPLEX, PALASPA PHATA, NEAR MUMBAI-GOIA HIGHWAY, PANVEL, MUMBAI.
PUNE	GATI LTD, PLOT NO P-30, G - BLOCK, BEHIND FORCE MOTORS , AJANTHA NAGAR, CHINCHWAD, PUNE
INDORE	GATI LTD, BEHIND GATI PETROL PUMP , LASUDYA MORI, DEWAS NAKA, INDORE.

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: 040 – 4465 5000- 152

E-mail : mohsin@karvy.com

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

Gati Limited

Secretarial Department

I-7-293, M G Road, Secunderabad - 500 003

Tel Nos.: +91 40 - 2784 4284 / 2784 3788

Email: investor.services@gati.com

Certificate On Corporate Governance

To the Members of Gati Limited.

We have examined the compliance of the conditions of Corporate Governance by Gati Limited for the year ended June 30, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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 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.

Place: Secunderabad
Date: August 10, 2011

For **D.C Agarwal & Co.**
Practising Company Secretaries

D.C Agarwal
Proprietor
Certificate of Practice No.- 3345

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 June 30, 2011.

For **GATI LIMITED**

Place: Secunderabad
Date : August 10, 2011

Mahendra Agarwal
Managing Director & CEO

Industry Structure & Development

Transport and Logistics market is undoubtedly a key sector for propelling the growth of Indian economy. With increasing focus on this sector, on one end Government expenditure is rising and on other end public & private entities are forging relationships to make things happen. The private sector is likely to play an increasingly important role in India's transportation and logistics industry in the future.

Gradual reforms in policy should encourage a cautious increase in foreign direct investments in transport services. Multinational logistics companies have started keeping an eye on the market and are already starting to enter it.

India's GDP is growing by around 7-9% annually, while its manufacturing sector is seeing strong double-digit growth rates. Planned infrastructure investments of over US\$300 bn should also provide a solid foundation for outstanding growth rates in the transport & logistic industry. Indeed, this industry in India grew at compounded annual growth rates of more than 16% from 2007 to 2010, resulting in an overall market size greater than US\$100 bn.

Government of India released its much awaited Economic Outlook for 2011-12 that pegs the India's GDP growth rate for 2011-12 at 8.2% as compared to 8.5% registered last year. Given the current adverse global circumstances and high Inflation to boot, the expected growth rate of 8.2%.

The IIP has declined to 5.7 per cent during April-May 2010-11 as compared to 10.8 per cent during the corresponding period of 2009-10. The growth in Manufacturing has also dipped considerably to 6.0 per cent during April-May 2010-11 along with the growth in mining which also declined to 1.3 per cent as compared to 8.5 per cent during 2009-10 in the same period. Electricity increased slightly to 8.4 per cent in April-May 2010-11. IIP growth is expected to be better as we enter the final year of the Eleventh Five year Plan.

In the manufacturing sector, output growth in the last quarter of 2010-11 was 8.7 percent, which cannot be considered to be particularly low. However, several components of the manufacturing sector, particularly electrical machinery, cement, and apparel and petroleum refinery products show weak output growth.

Opportunities

India is witnessing an increasing demand for the 3PL (third party logistics) business, with companies now concentrating on managing their supply chain mechanisms in a better way as well as to deepen their market penetration. Continuous improvement in logistic infrastructure and increasing awareness about efficient logistic practices have led 3PL services to be perceived as a far better way of controlling both internal and external logistic processes.

Unfortunately, Indian 3PL services market is nowhere in comparison to the developed markets of the US and Japan, where use of 3PL services account for over 50% of the total logistic cost. Despite this, Indian market is full of opportunities compared to these developed markets, because of the infrastructural development such as ports, highways, bridges as well as increasing connectivity and rising significance of logistic services in the country.

India's third-party logistics (3PL) market is an attractive business opportunity for logistics service companies and should provide further impetus for growth. The 3PL market makes up more than 50% of the total logistics market in developed countries, but is still at a nascent stage in India. Today, Indian 3PL service companies often do not possess sufficient capabilities to provide any services beyond conventional transportation contracts. Many are not able to respond to the increasing demand for value added services such as customs clearance, cross-docking, reverse logistics, labeling or packaging.

The improving infrastructure and rising focus on core business operations will lead the future growth of the Indian 3PL market. The market is projected to witness a CAGR of around 26% during our forecast period (2011-2013), harvesting total revenue of nearly US\$ 4.6 Billion by 2013.

The strong growth in manufacturing industries is likely to intensify competition and many Indian companies will need to optimise their supply chain mechanisms. Manufacturing companies may place greater focus on their production activities, with the result that many may begin outsourcing logistics processes to 3PLs. As a consequence, strong outsourcing-activities will be observable in the Indian market over the next two decades.

The Indian logistics industry is likely to continue its growth momentum in 2011-12 as in the previous year and the sector is forecast to witness a consolidation wave in the coming months in view of the reviving fortunes of the sector with booming end-user industries.

India spends approximately 11%-12% of its GDP as logistics cost against the international average of 7%. While this can be seen as a hurdle in industrial growth, it also represents a massive opportunity that needs to be tapped at the earliest.

It is estimated that the Indian logistics market is likely to witness consistent annual growth of around 8-9% during the next decade and reach the revenue level of about \$200 billion by 2020. This growth, fuelled by the central government's renewed thrust on infrastructure development, which is proven by the phenomenal budget increase from about \$10 billion in 2003 to \$30 billion in 2010, is poised to attract significant investment in the logistics sector.

The growth trend will continue in 2011 also as in 2010 and the total revenue is expected to reach 90 billion. For the period 2010-2020, the Indian logistics market is likely to witness consistent annual growth of around 8-9 per cent and reach to the revenue level of about \$190-200 billion by 2020. This will be fuelled by the consistent growth of the economy and key industries such as automotive, engineering, pharmaceuticals, and food processing, among others.

A transition into a third-party model translates into access to the large and growing logistic market estimated to be USD 90-95bn in size in 2011-12 and is growing at 10-12 percent CAGR.

Constraints and Challenges

- Bottlenecks in infrastructure, particularly power, as also roads and the port sector, are emerging as a major constraint in the movement of goods
- In funding of infrastructure projects, commercial banks are reaching sectoral exposure caps and the limits of asset-liability mismatch. A corporate debt market for financing infrastructure has become vitally important.
- A shortage of labor, especially skilled labor, is increasingly impacting negatively on the manufacturing sector and further impacting on logistic sector.

Govt Policy & Regulations.

- Initiatives to improve the regulatory and governance framework and expediting the implementation of GST.
- Ensuring greater continuity and predictability of both policy and regulatory regimes.
- Speeding up of clearances for projects such as ports and corridors.

Not surprisingly, multinational logistics companies are carefully observing the dynamics of the Indian transportation & logistics market and seeking opportunities to participate in the growth story of the country. Attractive business opportunities will arise not only due to the increasing demand for logistics services, but also from the market's high inefficiency and fragmentation. The cost of logistics as a fraction of India's GDP is extremely high. While logistics costs of Western Europe and North America make up 8-10% of their GDP, India currently spends more than 13% of its GDP on logistics. Those logistics service providers which are able to help companies increase efficiency in their logistics processes may realise significant profits.

Increasingly, investor friendly frameworks and outstanding growth opportunities in the Indian logistics industry are attracting the attention of multinational logistics companies. Many of them have already entered the market successfully and the number and pace of further entries will increase. The enormous market size and low competition for reasonably priced, quality service provision will act as a magnet for foreign logistics providers. Value-added logistics services also look set to increase in importance. The recent acquisition of AFL by Fedex in 2010 is an indicator for intensified arrival of foreign companies into Indian logistics market.

Indian domestic logistics companies should aim to improve service and efficiency levels to become equal competitors of multinational logistics companies.

Financial Review

Share Capital

Share capital as at June 30, 2011 was ₹ 1,720.10 lakhs comprising of 86,004,900 Equity shares of ₹ 2/- each fully paid up. The Equity share capital has increased during the year from ₹ 1,703.10 lakhs to ₹ 1,720.10 lakhs on account of allotment of 850,000 Equity Shares of ₹ 2/- each upon conversion of warrants.

Reserves and Surplus

Reserves and surplus as at June 30, 2011 was ₹ 27,645.19 lakhs as against ₹ 26,697.85 lakhs in the previous year a net increase of ₹ 947.34 lakhs. Retained Earnings accounted 3.62% of the Reserves and surplus.

Debt

Secured debt as at June 30, 2011 was ₹ 34,202.02 lakhs as against ₹ 29,685.96 lakhs in the previous year an increase of ₹ 4,516.06 lakhs. While Unsecured debt decreased by ₹ 4,155.81 lakhs from ₹ 15,686.27 lakhs in the previous year to ₹ 11,530.46 as at June 30, 2011.

Fixed Assets and Capital work in progress

The net block of fixed assets and capital work in progress was ₹ 43,039.62 lakhs as against ₹ 44,273.77 lakhs in the previous year. The decrease in block of assets is on account of additions / retirements and depreciation of ₹ 2,161.44 lakhs during the year.

Investments

Increase in investments as at June 30, 2011 was ₹ 674.26 lakhs of which ₹ 446.26 lakhs in the overseas subsidiary, ₹ 228.00 lakhs in domestic subsidiary companies.

Inventories

Inventories as at June 30, 2011 was ₹ 1,007.52 lakhs as against ₹ 1,024.22 lakhs in the previous year. The decrease in inventory has been on account of lower growth in shipping business.

Debtors

Debtors as at June 30, 2011 was ₹ 16,194.64 lakhs as against ₹ 13,302.25 lakhs, increase in debtors is due to overall growth in the Revenues.

Cash and Bank balances

Cash and bank balances as at June 30, 2011 is ₹ 2,147.97 lakhs as against ₹ 1,275.61 lakhs.

Loans and Advances

The loans and advances increased to ₹ 23,286.34 lakhs from ₹ 17,716.96 lakhs in the previous year.

Current liabilities and Provisions

The Current liabilities and Provisions increased to ₹ 15,750.79 lakhs from ₹ 8,336.51 lakhs in the previous year, primarily on account of increase in business volumes and increased provision for taxation.

Operating Expenses

The increase in operating cost from ₹ 48,612.50 lakhs to ₹ 61,127.50 lakhs is primarily on account of increase in business volumes and certain input costs like lorry hire, fuel etc.

Overheads

Overheads comprise personnel cost, administrative expenses, repairs & maintenance expenses, interest and financial charges. The overheads for the year are ₹ 24,990.26 lakhs compared to ₹ 22,226.96 lakhs for the previous year.

Depreciation

The Company provides depreciation on straight-line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The depreciation charge is almost the same during the year compared to the previous year.

Tax Charge

The total tax charge (including deferred tax and MAT credit) is ₹ 865.15 lakhs for the current year compared to ₹ 403.58 lakhs during the previous year. Due to carry forward losses available during the previous year the tax was lower.

EBITDA increased from Rs 86 crores in the previous year to ₹ 93 crores during the year thereby recording an increase of 8.01%.

The company registered a profit after tax of ₹ 14.30 crores as compared to a profit of ₹ 15.11 crores for the previous year.

Way forward and Future Strategies

With the roll out of Go To Market (GTM) we again re-defined the market with the introductions of differentiated services and products, which will provide us with an edge in the market. We planned to expand our Cold Chain business and the E-commerce segment, as the market and customer are driving these new areas. We will continuously strive to maintain the market leadership position by focusing on the five pillar strategy that was set.

Gati Vision:

- Be the globally preferred SCM solutions provider along with being a leader in Asia Pacific region.
- Delight customers with quality service by setting new trends through innovation & technology.
- Be the best employer in the logistics industry with latest HR practices and also be the most preferred organization for its stakeholders.
- Be a responsible corporate citizen with unwavering commitment to environmental protection & conservation and focus on being "Green Gati".

Gati Pledge:

"Caring for customers' precious objects with domino discipline, we promise to stay ahead in reach in service quality, wide network, technology, automation and in being high caliber Gati'ites and responsible business partners"

Internal Management Control Systems & their Adequacy

The Internal Audit, is handled by the Corporate Risk Management Group, which conduct audits of various functions / locations based on an annual risk-based Internal audit plan covering key areas of operations.

The Risk Management team, a well established multi-disciplinary team, reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and statutory requirements, recommending improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information.

The company has always had a system-based approach to risk management and a well-defined framework of checks and balances, to ensure that an effective internal control is in place. It has in place adequate systems of internal control, commensurate with its size and the nature of operations. The Company also has a well defined organisational structure, documented policy guidelines, predefined delegation of power with authority levels for approving revenue as well as capital expenditure.

In line with international practice, the planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. Safeguarding of assets and their protection against unauthorised use are also a part of this exercise. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well

Risk Assessment and Mitigation

The Company takes a holistic view of various business risks. The risks and mitigation measures are weaved into the Strategic Business Plans and forms part of reviews made periodically. The Company has put in place a Risk assessment and Mitigation process across all its business operations, which is periodically reviewed by the Management and the Audit Committee.

The company has a Corporate Risk Management Team which handles the Internal Audit function, consisting of professionals and functional specialists who are empowered to examine / audit the adequacy, relevance, efficiency and effectiveness of the control systems, compliance with policies, 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 Audit Committee approves the Risk Management Plan at the beginning of the year and is reviewed at regular interval for necessary changes. The Vigilance team, which has a presence in the field, supports the Risk Management Team. The team members of the Risk Management Group are regularly trained on various areas.

The Company has continued its efforts to align its processes and controls with best practices and has put in place ERP access control system to ensure adequate IT security. The Company's ERP software provides a real time check on various transactions emanating from various business processes of the company. The Company's business Intelligence software is also used to generate exception reporting for review of controls. To harness skill sets in the areas of indirect taxation, XBRL and relevant areas, the Company also utilises the services of consultants on a case to case basis.

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 Group also covers the major subsidiaries of the company and the Internal Audit of a few subsidiaries is done by Chartered Accountant firms.

The audits are undertaken on a continuous basis covering various areas and the team, reviews and reports to management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks. The Audit Committee also reviews the reports of the Risk Management Team and suggestions for improvement are discussed and implemented appropriately. The Committee also meets the Company's statutory auditors to ascertain among other things, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

The significant risk factors and suggestions along with the "Action Taken Reports" are reported to the Operating Board every month, the Express Distribution Centre / Zones, functional heads for management review periodically and the Audit Committee every quarter. The Audit Committee monitors and reviews the significant risk factors, internal audit observations, compliance with accounting standards, risk management and control systems regularly.

A firm of Chartered Accountants carries out the Internal Audit of the Shipping division and the scope of the coverage is monitored with inputs from the Corporate Risk Management Group.

Human Resources

The Company strongly believe our employees, fondly called Gati'ites, are our key strength and we owe a major part of our success to them. Our Pledge states "Ahead in Reach" and symbolizes creating high caliber Gati'ites. Human Resources support and active participation is vital for the effective performance of Business Chain Group and overall Organization. Total manpower of the organisation, as on 30th June 11 is 2844 regular employees and 70 trainees i.e., 2914 across all levels.

Corporate Social Responsibility

a) Natural Disasters - Floods washed of the handloom sheds in Andhra Pradesh

Rajouli village in Mahabubnagar district, Andhra Pradesh, known for famous Gadwal saris, was one among the worst flood affected village that hit Andhra Pradesh in the month of October 2009. The floods shattered the lives of the weavers who lost their looms as well as their houses. With looms destroyed and nowhere to stay the weavers were just hoping for some assistance to help them in keeping their tradition of weaving alive. It's here that Gati stepped in. While the Govt provided assistance in building houses for them, Gati acquired land in the village just opposite to the area where the houses were being constructed to build prefabricated work sheds for the weavers. The first work shed was inaugurated in September, 2010. Work on the second shed is now in process and the plan is to have approximate 38 looms to this second batch of weavers. Apart from the construction of the shed, Gati has also planted trees, provided for water harvesting and installation of RO for clean drinking in the vicinity.

b) Education - Gati Government School

As a contribution to the Andhra Pradesh Government's Janmabhoomi program, Gati built a Government school building at Banjara Hills, Hyderabad. The school has 27 classrooms with all the necessary facilities like furniture, a huge playground, proper sanitation facilities, staff rooms etc. 1000 students currently study at the school. The School is declared as a Model Government School.

The housekeeping, security and maintenance of the school are under Gati's purview. Apart from that, Gati also organizes and sponsors yearly events like Republic Day, Independence Day, Teachers' Day and Childrens' day.

c) Training and Development - State of the art 'Transport Training & Development Institute' in Hyderabad

Improper driving is the cause of nearly 80% of the road accidents in India, due to less emphasis on safe driving, which is the need of the hour. Towards this Gati joined hands with Hyderabad Goods Transport Association in setting up "Transport Training & Development Institute(TTDI)", a state-of-the-art truck drivers and transport employees training school cum grooming center at Autonagar in Hyderabad. The TTDI is the first of its kind initiative dedicated to train the personnel of transport sector which includes truck drivers, cleaners, hamalis (transport labours), staff of transporters, etc.

"The objective of this Transport Training & Development Institute (TTDI) is to empower commercial vehicle drivers with all the essential safety practices so that they face the roads with a much greater responsibility". Better driving practices and improving fuel efficiency is paramount importance. Fleet drivers will be trained in improved driving skills, basic mechanics, fuel saving techniques and safe practices. While skills such as safe driving, fuel conservation, repairs and maintenance are taught, other aspects of life on the road are also highlighted - trouble shooting, fire-fighting, and first aid. The importance of good health is stressed, with special emphasis on prevention of HIV - the most prevalent disease among truckers.

The institute which is a 9000sft two storied facility with modern and updated mechanical and electrical labs, including a computer lab will groom truck drivers and transport workers not just in matters of automobiles but also soft skills, English, computers, online operations, Google map reading etc.

d) Go Green Initiative - Green Belt Plantation

Gati strongly believes in its responsibility towards the environment. Once such initiative undertaken by Gati is the plantation and maintenance of plantation of Green Belt under the Metro Track in Gurgaon, Delhi to offset carbon.

As part of this initiative, Gati has planted about 150 tall trees and 300 shorter trees over a stretch of one and a half kms to offset carbon dioxide emission. The trees planted include Ficus panda (perennial green tree), Bottle Brush (flowering tree) and Badelia (ground cover to prevent evaporation and top soil loss and soil cover for less dust). This will translate to an approximately 1500 to 2500 tonnes of CO2 in the tree's lifetime.

e) Blood Donation Camp - An internal employee drive

As an organization Gati has always advocated a work culture that practices Corporate Social Responsibility at an individual employee level. On the anniversary of the founder Mr. P.D. Agarwal, team Gati every year on September 17 organizes a blood donation camp across the country. A good participation is seen every year from all employees.

Auditors' Report

To The Board of Directors of Gati Limited

We have audited the attached Balance Sheet of Gati Ltd as at 30th June, 2011, the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on the date, in which are incorporated the audited accounts of the branch in Nepal as audited by other auditors.

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards, generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure, referred to in paragraph 3 above, we report that:
 - i) 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.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Report have been forwarded to us and appropriately dealt with.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns from the branches.
 - iv) In our opinion, the Profit and Loss Account, the Balance Sheet and the Cash Flow statement comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - v) On the basis of written representation received from the directors as on 30th June, 2011 and taken on record by the Board of Directors none of the directors is disqualified as on 30th June, 2011 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
 - vi) Reference is invited to the following notes on Schedule 21 :
 - a) Note 3 regarding pending dispute with National Aviation Company of India Limited (NACIL) and claims & counter claims made in this behalf. Further ₹ 2659 lacs due from NACIL are included in loans and advances pending realisation. According to the legal opinion received by the company no liability is contemplated to arise and no provision is necessary in these accounts in this behalf. We are unable to express an opinion in the matter.
 - b) Note 7 regarding excess remuneration paid to the Managing Director aggregating to ₹ 46.65 lacs which is subject to the approval of the Central Government and the share holders.

Subject to para (vi)

- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and accounting policies thereon give the information required by the Companies Act, 1956 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 Balance Sheet of the state of affairs of the Company as at 30th June, 2011.
 - b) In the case of Profit and Loss Account, of the profits of the Company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

R. S. Agarwala
Partner
Membership No.F-5534

Camp: Secunderabad
Date : August 10, 2011

Referred to in paragraph 3 of our reports of even date.

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets like land, building, vehicles, plant and machinery, computers etc. We are informed that a test physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed. The management has informed us that in respect of other fixed assets like furniture and fittings, office equipments, 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.
2. During the year the Company has not disposed off a substantial part of its fixed assets.
3. 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.
4. (a) The Company has during the year granted unsecured loans to two subsidiaries, which are covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to ₹ 1049 lacs and the year end balances to ₹ 1049 lacs. There are no stipulations as to the dates for repayment of principal and interest. However interest is being charged thereon.

(b) In our opinion, the rate of interest and other terms and conditions of above loans are not prima facie prejudicial to the interest of the Company.

(c) As informed the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
5. 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 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.
6. (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.
7. The Company has complied with the provision of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
8. The Company has appointed a firm of Chartered Accountant at Coast- to- Coast Division to do the internal audit regularly. The in-house internal audit department of the company conducts internal audit at other places. The internal audit system is commensurate with the size and nature of Company's business.
9. 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.
10. (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. *However there have been delays in a few cases in depositing the dues during the year.*

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues as at the year end which have not been deposited on account of a dispute.

11. The Company has no accumulated losses as at June 30, 2011 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
12. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chitfund / nidhi/ mutual benefit fund/ societies are not applicable to the company.
15. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The investments in shares, securities, debentures etc are held by the Company in its own name.
16. 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.
17. 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.
18. On the basis of an over all 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.
19. The company has not made any preferential allotment of shares during the year.
20. There are no secured debentures issued during the year.
21. The company has not raised any money by public issue during the year.
22. 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 year, nor we have been informed of such cases by the management.

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

R. S. Agarwala
Partner
Membership No.F-5534

Camp: Secunderabad
Date : August 10, 2011

Balance Sheet as at 30th June 2011

(₹ in Lakhs)

	Schedule	30th June, 2011	30th June, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,720.10	1,703.10
Share Warrants		1,640.59	1,763.84
Reserves and Surplus	2	27,645.19	26,697.85
		31,005.88	30,164.78
Loan Funds			
Secured Loans	3	34,202.02	29,685.96
Unsecured Loans	4	11,530.46	15,686.27
		45,732.48	45,372.22
Deferred Tax Liability	5	923.81	848.45
Total Funds Employed		77,662.17	76,385.46
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	50,726.63	50,223.39
Less: Depreciation		11,643.80	9,502.79
Net Block		39,082.83	40,720.60
Capital Work-in-Progress		3,956.79	3,553.18
		43,039.62	44,273.77
Investments	7	7,736.87	7,062.61
Foreign Currency Monetary Item Translation Difference Account		-	66.56
Current Assets, Loans and Advances			
Inventories	8	1,007.52	1,024.22
Sundry Debtors	9	16,194.64	13,302.25
Cash and Bank Balances	10	2,147.97	1,275.61
Loans and Advances	11	23,286.34	17,716.96
		42,636.47	33,319.03
Less: Current Liabilities and Provisions			
Liabilities	12	10,599.24	4,781.18
Provisions	13	5,151.55	3,555.33
		15,750.79	8,336.51
Net Current Assets		26,885.68	24,982.52
Total Assets (Net)		77,662.17	76,385.46
Notes on accounts	21		

Schedules 1 to 13 and Schedule 21 referred to above form part of the Balance Sheet

In terms of our Report of even date attached

For and on behalf of the Board

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

Sanjeev Jain
Chief Finance Officer

K.L. Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

R. S. Agarwala
Partner
Membership No. : F-5534

VSN Raju
Company Secretary

N.Srinivasan
Director

Camp: Secunderabad
August 10, 2011

Secunderabad
August 10, 2011

Profit and Loss for the year ended 30th June 2011

(₹ in Lakhs)

PARTICULARS	Schedule	30th June, 2011	30th June, 2010
INCOME			
Freight and Warehousing	14	90,011.84	74,472.43
Other Income	15	562.59	668.40
TOTAL		90,574.43	75,140.83
EXPENDITURE			
Operating expenses	16	61,127.50	48,612.50
Personnel expenses	17	10,582.27	8,580.34
Administrative expenses	18	8,534.62	7,928.51
Repairs and Maintenance expenses	19	1,029.20	1,408.93
Interest (Net)	20	4,844.17	4,309.17
Depreciation (Net) (Note 4 on Schedule 21)		2,161.44	2,386.82
TOTAL		88,279.20	73,226.28
Profit Before Tax		2,295.23	1,914.55
Provisions for Tax			
Current Tax		1,000.33	366.91
Deferred Tax		75.36	36.67
MAT credit		(210.54)	-
Profit After Tax		1,430.08	1,510.97
Balance brought forward from previous year		213.62	(749.06)
Balance available for appropriations		1,643.70	761.91
APPROPRIATIONS			
Proposed Dividend		430.02	340.62
Tax on Dividend		69.76	56.57
General Reserve		143.01	151.10
Balance Carried to Balance Sheet		1,000.91	213.62
		1,643.70	761.91
Earning Per Share			
Basic		1.68	1.78
Diluted		1.38	1.62
Notes on accounts	21		

Schedules 14 to 21 referred to above form part of the Profit and Loss Account

In terms of our Report of even date attached

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

R. S. Agarwala
Partner
Membership No. : F-5534

Camp: Secunderabad
August 10, 2011

Sanjeev Jain
Chief Finance Officer

VSN Raju
Company Secretary

K.L. Chugh
Chairman

N.Srinivasan
Director

Secunderabad
August 10, 2011

For and on behalf of the Board

Mahendra Agarwal
Managing Director & CEO

Schedules to the Accounts

(₹ in Lakhs)

PARTICULARS				30th June, 2011	30th June, 2010
(1) SHARE CAPITAL					
Authorised					
100,000,000 Equity Shares of ₹ 2/- each				2,000.00	2,000.00
1,000,000 Redeemable Preference Shares of ₹ 100/- each				1,000.00	1,000.00
				3,000.00	3,000.00
Issued,Subscribed and Paid-up :					
86,004,900 (Previous year 85,154,900) Equity Shares of ₹ 2/- each fully paid up :				1,720.10	1,703.10
Of the above :					
125,09,495 shares were allotted for consideration other than cash as per the Scheme of Arrangement.					
139,27,500 shares were issued as fully paid bonus shares by capitalisation of share premium					
During the year 8,50,000 shares of ₹ 2/- each were issued on conversion of warrants.					
	Balance as on 1st July, 2010	Additions	Deductions	30th June 2011	30th June 2010
(2) RESERVES & SURPLUS					
Capital Reserves :					
Revaluation Reserve	690.72		(a) 1.27	689.45	690.72
Securities Premium	17,454.52	(b) 476.00	(c) 617.31	17,313.21	17,454.52
Employees' Stock Option	71.60	(d) 159.63		231.23	71.60
Others	439.73	-	-	439.73	439.73
	18,656.57	635.63	618.58	18,673.61	18,656.57
Revenue Reserves :					
General Reserve	6,548.59	(e) 143.01	-	6,691.60	6,548.59
Shipping Business Reserve (utilised)	350.00	-	-	350.00	350.00
Tonnage Tax Reserve (utilised)	(f) 929.07	-	-	929.07	929.07
Profit and Loss Account	213.62			1,000.91	213.62
	8,041.28	143.01	-	8,971.58	8,041.28
	26,697.85	778.64	618.58	27,645.19	26,697.85

(a) Transferred to Profit and Loss Account being depreciation provided on revalued amount.

(b) On conversion of 8,50,000 warrants into equity shares.

(c) Provision for pro-rata premium on redemption of Foreign Currency Convertible Bonds.

(d) 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 salaries, wages and bonus includes ₹ 159.63 lakhs (previous year - ₹ 81.09 lakhs) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunded / lapsed.

(e) Transferred from profit and loss account.

(f) Fully utilised in earlier years.

Schedules to the Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010		
(3) SECURED LOANS				
TERM LOANS :				
FROM BANKS				
Against first charge by way of Mortgage/ Hypothecation of specified fixed assets and other assets acquired there against *	17,620.34	11,229.00		
(Repayable within one year - ₹ 5120.33 Lakhs ; previous year - ₹ 4,237 lakhs)				
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against	500.75	253.59		
(Repayable within one year - ₹ 148.05 Lakhs; previous year - ₹ 93.93 lakhs)				
Secured by hypothecation of specified immovable asset	-	81.66		
FROM OTHERS				
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against	351.92	350.09		
(Repayable within one year - ₹ 138.30 Lakhs; previous year - ₹ 118.12 lakhs)				
Secured by subservient charge on all the movable assets including current assets	-	5,000.00		
Finance Lease (Note 12 on Schedule 21)	5,403.80	6,531.45		
(Secured by assets acquired under lease arrangements)				
WORKING CAPITAL LOANS				
From Banks	10,325.21	6,240.16		
Secured against first charge by way of hypothecation of all current assets including book debts, stocks and equitable mortgage of specified immovable assets of the Company and of third parties *				
(* Also guaranteed by the Managing Director (Promoter) of the Company)	34,202.02	29,685.96		
(4) UNSECURED LOANS				
Fixed Deposits (a)	2,122.39	2,196.26		
Foreign Currency Convertible Bonds	6,708.00	6,990.01		
Commercial Paper	-	3,000.00		
(a) Includes ₹ 22 Lakhs from Directors, ₹ 245.14 Lakhs from Subsidiaries and ₹ 4.15 Lakhs from an Associate ; previous year ₹ 407 Lakhs from Directors, ₹ 144.23 Lakhs from Subsidiaries and ₹ 4.15 Lakhs from an Associate.				
Short Term Loans and Advances				
From Banks *	2,700.07	3,500.00		
(* Also guaranteed by the Managing Director (Promoter) of the Company to the extent of ₹ 2200.07 lakhs)	11,530.46	15,686.27		
	At 1st July, 2010	Current year	30th June 2011	30th June 2010
(5) DEFERRED TAX				
Difference between book and tax depreciation	848.45	75.36	923.81	848.45

Schedules to the Accounts

(6) FIXED ASSETS		At Cost or Valuation				Depreciation			Net Block		
		As On 01.07.2010	Additions During the Year	Deductions During the Year	Balance As On 30.06.2011	As On 01.07.2010	For the Year	Adjustment On Deductions	Balance As On 30.06.2011	30th June 2011	30th June 2010
OWNED ASSETS											
Tangible											
Land											
Freehold	7,528.26	2.88	7.89	7,523.25	-	-	-	-	7,523.25	7,528.26	
Leasehold	1,033.77	-	-	1,033.77	-	-	-	-	1,033.77	1,033.77	
Buildings	5,538.08	42.13	30.16	5,550.05	335.28	93.84	0.55	428.57	5,121.48	5,202.79	
Vehicles	2,573.17	700.57	128.77	3,144.96	1,362.25	365.42	78.33	1,649.34	1,495.62	1,210.91	
Plant & Machinery	3,763.27	133.11	22.73	3,873.65	784.88	232.49	1.39	1,015.98	2,857.67	2,978.40	
Computers	3,122.48	169.47	107.47	3,184.48	2,421.78	229.66	96.91	2,554.53	629.95	700.70	
Ships	15,075.95	0.90	17.89	15,058.97	1,741.32	753.18	-	2,494.50	12,564.46	13,334.63	
Furniture & Fittings	1,830.25	152.86	-	1,983.11	776.52	127.46	0.35	903.63	1,079.48	1,053.73	
Office Equipments	1,235.20	135.65	3.02	1,367.83	351.05	79.88	7.43	423.50	944.33	884.14	
Intangible											
Computer Software	1,463.94	27.17	-	1,491.11	1,208.22	113.45	-	1,321.67	169.44	255.72	
LEASED ASSETS											
Ship taken on finance lease	7,059.04	93.56	637.15	6,515.45	521.49	330.59	-	852.08	5,663.38	6,537.55	
Total	50,223.39	1,458.32	955.08	50,726.63	9,502.79	2,325.96	184.95	11,643.80	39,082.83	40,720.60	
Previous Year	51,342.59	1,146.95	2,266.15	50,223.39	8,035.70	2,329.25	862.16	9,502.79	40,720.60		
Capital Work-in-Progress									Total	3,956.79	3,553.18
										43,039.62	44,273.77

Note :

- 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 ₹ 45.96 Lakhs, ₹ 141.31 Lakhs and ₹ 148.35 Lakhs respectively and aggregating to ₹ 335.62 Lakhs was transferred to Revaluation Reserve.
- Depreciation for the year includes ₹ 1.27 lakhs in respect of the above revaluations.
- Deduction to Assets includes ₹ 43.06 lakhs (previous year ₹ 40 lakhs) on account of exchange rate difference on restatement of foreign currency loans.
- The decrease in the rupee liability arising out of the restatement of foreign currency convertible bonds balance as on 30.06.2011, has been adjusted to the carrying cost of respective fixed assets to be depreciated over their remaining depreciable life. The depreciation for the current year includes ₹ 4.21 lakhs (previous year - ₹ 3.78 lakhs) arising on account of this adjustment.
- Capital Work-in-Progress includes Capital Advances of ₹ 2700.84 lakhs ; previous year - ₹ 2594.53 lakhs.

Schedules to the Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(7) INVESTMENTS (At Cost)		
Long term - Non-trade Fully Paid-up Equity Shares		
Quoted		
1,600,300 of TCI Finance Ltd. of ₹ 10/- each. (Market Value - ₹ 868.96 Lakhs ; previous year - ₹ 342.46 Lakhs)	143.89	143.89
	143.89	143.89
Unquoted		
18,750,000 of Amrit Jal Ventures Ltd. of ₹ 10/- each. (Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Ltd.) (During the year, 18,750,000 shares of face value ₹ 10/- each held by the Company in Gati Infrastructure Limited were swapped for an equal number of shares of ₹ 10/- each in Amrit Jal Ventures Ltd.)	1,875.00	1,875.00
18,000 shares of ITAG Infrastructure Ltd. of ₹ 10/- each	1.80	1.80
	1,876.80	1,876.80
Subsidiaries		
5,940,898 Shares of Gati Holdings Ltd.of \$1 (USD) each (9,81,000 shares allotted during the year)	2,719.24	2,272.98
860,000 Shares of Trymbak Commercial & Trading Pvt. Ltd. of ₹ 10/- each	86.00	86.00
365,000 Shares of Ocimum Commercial & Trading Pvt. Ltd. of ₹ 10/- each	36.50	36.50
1,075,000 Shares of Sumeru Commercial & Trading Pvt. Ltd. of ₹ 10/- each	107.50	107.50
155,000 Shares of Newatia Commercial & Trading Pvt. Ltd. of ₹ 10/- each	15.50	15.50
3,697,800 Shares of Kausar India Ltd. of ₹ 10/- each	2,478.22	2,478.22
23,00,000 Shares of Gati Import Export Trading Ltd. of ₹ 10/- each (22,50,000 shares allotted during the year)	230.00	5.00
352,163 Shares of Zen Cargo Movers Pvt. Ltd. of ₹ 10/- each	35.22	35.22
50,000 Shares of REDSUN Supply Chain Solutions Ltd. of ₹ 10/- each	5.00	5.00
10,000 Shares of Gati Ship Private Ltd. of ₹ 10/- each (Allotted during the year)	1.00	-
10,000 Shares of Gati Logistics Parks Private Ltd. of ₹ 10/- each (Allotted during the year)	1.00	-
10,000 Shares of Gati Projects Private Ltd. of ₹ 10/- each (Allotted during the year)	1.00	-
	5,716.18	5,041.92
	7,736.87	7,062.61
(8) INVENTORIES		
(As taken, valued and certified by the Management)		
Stores and Spare Parts (At lower of cost and net realisable value)	1,007.52	1,024.22
	1,007.52	1,024.22

Schedules to the Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(9) SUNDRY DEBTORS (Unsecured)		
Outstanding for more than six months		
Considered Good	858.15	298.56
Considered Doubtful	-	164.47
Others - Considered Good	15,336.49	13,003.68
	16,194.64	13,466.71
Less : Provision for doubtful debts	-	(a) 164.47
	16,194.64	13,302.25
 (a) Adjusted during the year		
 (Includes ₹ 669.15 lakhs due from Subsidiaries / Step down subsidiaries and ₹ 81.55 lakhs due from Associates; previous year ₹ 307.27 lakhs due from Subsidiaries / Step down subsidiaries and ₹ 30.18 lakhs due from Associates)		
(10) CASH AND BANK BALANCES		
Cash in Hand	76.35	317.94
Cheques in Hand	-	67.81
Remittances in Transit	457.12	171.58
With Scheduled Banks		
In Current Accounts	1,077.79	272.45
In Deposit Accounts (a)	461.29	351.92
In Unpaid Dividends Accounts	71.69	65.76
With Non-Scheduled Banks	3.73	28.16
Bhutan National Bank - ₹ 3.04 Lakhs; Previous year - ₹ 1.96 Lakhs (maximum balance ₹ 10.23 Lakhs; Previous year - ₹ 3.29 Lakhs)		
Everest Bank Ltd - ₹ 0.53 Lakhs; Previous year - ₹ 25.48 Lakhs (maximum balance ₹ 26.15 Lakhs; Previous year - ₹ 53.32 Lakhs)		
United Overseas Bank - ₹ 0.16 Lakhs; Previous year - ₹ 0.71 Lakhs (maximum balance ₹ 13 Lakhs; Previous year - ₹ 15 Lakhs)		
a) Fixed Deposit Receipts amounting to ₹ 348.05 Lakhs previous year ₹ 249.64 Lakhs are deposited with bank against guarantees issued and other authorities / institution.		
	2,147.97	1,275.61
(11) LOANS AND ADVANCES (Unsecured - Considered Good)		
Loans (a)	2,049.01	1,915.17
Advances Recoverable in Cash or in Kind or for Value to be Received (b)	13,081.19	8,034.20
Balance of consideration for assignment of right to a ship	202.97	442.09
Advances and Deposits	3,979.31	4,320.45
Tax Deducted at Source	3,973.86	3,005.05
	23,286.34	17,716.96
(a) Includes ₹ 1,049.01 Lakhs due from Subsidiary Companies; previous year ₹ 915.17 lakhs.		
(b) Includes ₹ 255.17 Lakhs due from Subsidiary Companies; previous year ₹ 125.58 lakhs.		

Schedules to the Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(12) LIABILITIES		
Sundry creditors	4,465.75	2,495.26
Subsidiary companies	391.00	192.08
Other liabilities	4,721.32	1,521.06
Interest accrued on loans	199.07	58.43
Overdrawn Bank Balances	-	6.93
Security deposits (Includes ₹ 158 Lakhs from a Subsidiary Company)	750.41	441.66
Unpaid/Unclaimed dividends (There are no amounts pending to be transferred to Investor Education and Protection Fund)	71.69	65.76
	10,599.24	4,781.18
(13) PROVISIONS		
Taxation (Net of Payments)	1,630.37	759.72
Gratuity and Leave Encashment	140.78	135.12
Premium on redemption of Foreign Currency Convertible Bonds	2,880.62	2,263.30
Proposed Dividend	430.02	340.62
Tax on Dividend	69.76	56.57
	5,151.55	3,555.33
(14) FREIGHT & WAREHOUSING		
Freight, Miscellaneous charges etc (a) (Tax deducted – ₹ 878.98 Lakhs ; Previous year - ₹ 803.78 lakhs)	78,832.40	63,741.16
Warehousing Charges (Tax deducted – ₹ 62.82 Lakhs; Previous year - ₹ 99.16 lakhs)	1,982.11	1,408.36
Shipping Freight, Charter Hire, Miscellaneous charges (Tax deducted - ₹ 20.29 Lakhs; Previous year ₹ 24 lakhs)	9,197.33	9,322.91
(a) Includes Demurrage of ₹ 271.30 Lakhs; Previous year - ₹ 220.83 lakhs		
	90,011.84	74,472.43
(15) OTHER INCOME		
Rent (Tax deducted – ₹ 1.28 Lakhs; Previous year - ₹ 2.83 lakhs)	17.64	18.75
Miscellaneous Income	465.03	649.65
Profit on sale of fixed asset (Net)	63.03	-
Difference in Exchange (Net) (a)	16.88	-
	562.59	668.40
(a) Net of loss of ₹ 28.07 Lakhs on restatement of foreign currency monetary items, - previous year loss of ₹ 17.22 lakhs		
(16) OPERATING EXPENSES		
Freight	49,017.13	39,153.73
Vehicles' trip expenses	2,061.42	1,728.19
Tyres and Tubes	54.95	88.07
Warehouse rent	651.06	467.59
Other Operating Expenses	3,726.62	2,541.45
Claims for Loss & Damages (Net)	247.69	167.42
Commission	302.24	143.47
Vehicles' taxes	55.95	62.18
Vehicles' and ships Insurance	197.86	218.83
Power, Fuel and Water Expenses	2,192.74	1,967.32
Stores and Spare Parts Consumed	54.69	87.53
Port and Survey Expenses	2,565.15	1,986.71
	61,127.50	48,612.50

Schedules to the Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(17) PERSONNEL EXPENSES		
Salaries, Wages and Bonus	9,539.54	7,821.23
Gratuity	69.53	40.31
Contribution to Provident and Other Funds	376.67	334.27
Contribution to Employees' State Insurance	70.19	39.24
Other Personnel Expenses	526.34	345.28
	10,582.27	8,580.34
(18) ADMINISTRATIVE EXPENSES		
Rent	1,989.58	1,533.37
Rates and Taxes	21.25	24.86
Insurance (includes ₹ 20 Lakhs towards Keyman Insurance Policy; previous year ₹ 20 lakhs)	104.90	113.71
Telephone expenses	255.81	239.03
Printing and Stationery	275.18	233.41
Travelling expenses	698.80	624.89
Legal expenses	145.33	103.25
Advertisement Expenses	290.67	269.76
Office Maintenance and Repairs	1,124.97	950.24
Miscellaneous expenses	3,193.25	3,050.45
Remuneration to Directors:		
Salaries and Allowances (a)	217.37	183.07
Commission	34.05	15.00
Fees	9.10	13.80
Remuneration to Auditors:		
For Audit	13.90	13.70
For Tax Audit	6.30	6.00
Bad Debts and irrecoverable balances written off (Net) (b)	107.87	400.23
Charity and Donations	46.28	46.96
Difference in Exchange (Net)	-	79.16
Loss on Sale of Fixed Assets (Net)	-	27.61
	8,534.62	7,928.51
(a) Net of ₹ 12.34 lakhs recovered being excess remuneration paid in the previous year		
(b) Net of provision of ₹ 164.47 lakhs adjusted		
(19) REPAIRS & MAINTENANCE EXPENSES		
Motor Trucks	242.93	218.39
Other Vehicles	120.20	82.33
Plant and Machinery	52.07	53.62
Buildings	9.70	15.62
Computers	256.95	259.41
Ships	347.35	301.09
Dry docking expenses	-	478.49
	1,029.20	1,408.93
(20) INTEREST		
Fixed Loans	2,571.44	2,776.47
Finance Lease Charges	760.82	867.55
Fixed Deposits	310.09	121.85
Others	1,484.55	945.42
	5,126.91	4,711.29
Less: Interest Capitalized	48.07	-
Interest Received (a)	234.67	402.12
(a) Tax Deducted - ₹ 22.22 lakhs; previous year - ₹ 34.34 lakhs		
	4,844.17	4,309.17

Schedules to the Accounts

(₹ in Lakhs)

		30th June, 2011	30th June, 2010
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	360.00	498.49
2	Contingent Liability not provided for in respect of		
	Bank Guarantees	1,908.57	1,806.74
	Guarantees and Counter Guarantees outstanding	4,713.45	1,590.24
3	During an earlier year the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL), (the erstwhile Indian Airlines Ltd.,) due to continuous failure and defaults by NACIL. The matter now stands referred to the arbitration of the Arbitral Tribunal appointed by the parties. Pending decision of the Arbitral Tribunal a sum of ₹ 2659 lakhs is included in loans and advances being the difference between the amount of Bank Guarantee invoked by NACIL and claims acknowledged by the Company. In the Company's view there are fair chances of recovery of ₹ 2659 lakhs. The Company has filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. As per the legal advice received by the company no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf .		
4	The net depreciation charged for the year is arrived at as follows :	30th June 2011	30th June 2010
	Depreciation for the year	2,327.23	2329.25
	Add / (Deduct) : Amortization of foreign currency monetary item translation difference account	(164.52)	58.84
	Deduct : Transfer from Revaluation Reserve being depreciation provided on revalued amount	1.27	1.27
	Net Depreciation charged in Profit and Loss Account	2,161.44	2386.82
5	The Company exercised the option in terms of amendments notified on 31st March 2009 to the Accounting Standard 11 (AS 11) "The effects of changes in Foreign Exchange rates" and the exchange gain / loss on restatement of foreign currency borrowings relating to acquisition of depreciable assets was adjusted to the respective assets account. The balance gain / loss on restatement was carried to the "Foreign Currency Monetary Item Translation Difference Account" to be amortized not beyond 31st March 2011. Accordingly the amount remaining to be amortized as at 31st March 2011 has been fully adjusted and the balance at the year end is nil.		
6	Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2011. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2011. (Assessment Year 2011-12).		
7	Due to inadequacy of profit, the remuneration paid to Managing Director for the year is in excess of the limit prescribed under the Companies Act, 1956 by ₹ 46.65 lakhs which is subject to the approval of the shareholders and the Central Government.		
8	Income tax demand of ₹ 573 lakhs, fully adjusted against refunds due, has been received during the year by the company against which an appeal has been filed and the same is pending. In the management's opinion no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf.		
9	During the previous year, 48,72,000 convertible warrants of ₹ 2/- each at ₹ 81/- per warrant and 53,60,400 convertible warrants of ₹ 2/- each at ₹ 58/- per warrant were allotted to Mr. Mahendra Agarwal, one of the promoters of the Company on preferential basis to be converted into equity shares within eighteen months from the date of allotment and 25% of the consideration was received as per the terms. During the year 8,50,000 shares of ₹ 2/- each at a premium of ₹ 56/- per share, were allotted on conversion of warrants.		
10	The company has granted options under the Companies Employees Stock Options Scheme and 30,71,980 Options are outstanding (Previous year 28,07,980) as at 30th June, 2011. Of this 9,21,594 options will vest in 2011-12, 12,28,792 options in 2012-13, and 9,21,594 options in 2013-14.		
11	During the year 2006-07 the Company issued Foreign Currency Convertible Bonds (FCCB) of a face value of US \$ 1000 each aggregating to US \$ 20 million. As per the terms of the issue, the holders have an option to convert the FCCB into Ordinary Shares at an conversion rate of ₹ 125 per Ordinary Share at a fixed exchange rate conversion of ₹ 44.67 = US \$ 1, from 20th December, 2006 to 5th November, 2011. The conversion price will be reset periodically to the average closing price of the shares on the reset date, and it has been presently reset at ₹ 90 per share. FCCB of US \$ 5 million was converted into shares in the year 2007-08. Unless previously converted, the Company will redeem these bond at 147.88 per cent of the principal amount on 6th December, 2011.		

Schedules to the Accounts

12 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 30th June, 2011

(₹ in Lakhs)

Lease Payments	2010 - 11		2009 - 10	
	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year	1,180	1,040	1,225	1,099
1 year to 5 years	7,608	4,364	6,123	4,024
More than 5 years	-	-	2,994	1,408
TOTAL	8,788	5,404	10,342	6,531

(₹ in Lakhs)

	30th June 2011	30th June 2010
13 REMUNERATION TO DIRECTORS		
Managing Director		
Salaries & Allowances	120.90	119.60
Money value of Perquisites	1.56	0.96
Contribution to Provident / Superannuation Funds	21.06	21.06
Commission	20.00	-
Whole-Time Director		
Salaries & Allowances	108.81	63.47
Contribution to Provident Fund	4.10	2.39
Other Directors		
Commission	14.05	15.00
Fees	9.10	13.80
	299.59	236.28
	30th June 2011	30th June 2010
Computation of Net profit in accordance with Section 309 (5) of the Companies Act, 1956		
Profit Before Tax	2,295.23	1,914.55
Add:		
Remuneration paid to Directors	299.59	236.28
Provision for doubtful debts	-	164.47
Loss on sale of fixed assets (Net)	-	27.61
	2,594.82	2,342.91
Less:		
Capital profit on sale of fixed assets	92.95	-
Provision for doubtful debts adjusted	164.47	-
Brought forward losses	-	749.06
Net profit in accordance with Section 309(5)	2,337.40	1,593.85
Maximum remuneration payable to Managing Director - 5%	116.87	79.69
Remuneration paid	163.52	141.62
Excess Remuneration paid	(46.65)	(61.93)
Maximum remuneration payable to Whole-Time Director - 5%	116.87	79.69
Remuneration paid	112.92	65.86
Maximum Commission payable to Non Whole-Time Directors - 1%	23.37	15.94
Restricted to	14.05	15.00

14 In respect of Micro, Small and Medium Enterprises, the company has sent letters to all suppliers for the status of each supplier, but no confirmation has been received from any supplier, hence the disclosure regarding the unpaid amount and interest if any payable could not be given.

15 In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

Schedules to the Accounts

(₹ in Lakhs)

	30th June, 2011	30th June, 2010
(16) Earning Per Share		
(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS (₹)	1,430.08	1,510.97
(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	85,369,147	85,020,441
Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	18,122,633	8,450,927
Weighted average no. of ordinary shares for Diluted EPS (Nos.)	103,491,780	93,471,367
(iii) Nominal value of Ordinary Shares (₹)	2.00	2.00
(iv) Basic Earning per Ordinary Share (₹)	1.68	1.78
(v) Diluted Earning per Ordinary Share (₹)	1.38	1.62

17 Related Party Disclosures

Related parties with whom transactions have taken place during the year

i Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Lagad Himmat Singh Daulat Rao (Whole-Time Director)

ii Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother 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 Ltd.

iv Subsidiaries / Step Down Subsidiaries

1. Gati Holdings Ltd.
2. Gati Asia Pacific Pte Ltd.
3. Gati Hong Kong Ltd.
4. Gati China Holdings Ltd.
5. Gati Middle East FZE Ltd.
6. Gati Cargo Express(Shanghai) Co.Ltd.
7. Gati Japan Ltd.
8. Gati Cargo Malaysia SDN BHD.
9. Newatia Commercial & Trading Pvt. Ltd.
10. Trymbak Commercial & Trading Pvt. Ltd.
11. Ocimum Commercial & Trading Pvt. Ltd.
12. Sumeru Commercial & Trading Pvt. Ltd.
13. Kausar India Ltd.
14. Gati Import Export Trading Ltd.
15. Zen Cargo Movers Pvt. Ltd.
16. REDSUN Supply Chain Solutions Ltd.
17. Gati Ship Private Ltd. (Incorporated on 4th October 2010)
18. Gati Logistics Parks Private Ltd.(Incorporated on 18th January 2011)
19. Gati Projects Private Ltd. (Incorporated on 27th January 2011)

(₹ in Lakhs)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	Subsidiaries	30th June 2011	30th June 2010
A	Expenditure					
	Rent		135.22		135.22	127.29
	Freight and Other Charges		1,671.06	1,695.01	3,366.07	2,181.14
	Port Expenses		98.59		98.59	135.77
	Interest			20.47	20.47	5.57
	Key Management Personnel					
	Remuneration	256.44			256.44	207.48
B	Receipts					
	Freight and Other Charges		330.90	518.93	849.83	232.93
	Interest			78.36	78.36	60.18
	Rent			3.67	3.67	3.00
C	Finance and Investment					
	Investments			674.26	674.26	500.47
	Loans - Given			152.00	152.00	529.21
	Loans - Repaid			18.30	18.30	163.99
	Deposits and Advances - Given		160.00	262.29	422.29	82.54
	Deposits and Advances - Repaid	77.00	160.00	396.11	633.11	79.56
	Unsecured Loans - Fixed Deposits			245.14	245.14	144.23

Schedules to the Accounts

(₹ in Lakhs)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	Subsidiaries	30th June 2011	30th June 2010
D	Balance at the year end					
	Investments		2,020.69	5,716.18	7,736.87	7,062.61
	Sundry Debtors		81.55	669.15	750.71	337.45
	Loans			1,048.87	1,048.87	915.17
	Advances		-	255.17	255.17	79.60
	Sundry Creditors		83.85	299.00	382.85	315.23
	Deposits and Advances			250.00	250.00	-
	Advances towards Fixed Assets	57.00			57.00	134.00
	Unsecured Loans-Fixed Deposits			245.14	245.14	144.23
	Corporate Guarantees			4,713.45	4,713.45	1,623.67

18 Segment Information

(₹ in Lakhs)

	30th June 2011	30th June 2010
Primary Business Segment		
Express Distribution & Supply Chain :Covers integrated cargo services – Road, Rail and Air Transportation.		
Coast-to-Coast (Shipping) : Covers Sea Transportation		
1. Segment Revenue (net sale/income)		
a) Express Distribution & Supply Chain	80,882.94	65,203.25
b) Coast-to-Coast (Shipping)	9,197.33	9,322.91
Total	90,080.27	74,526.16
Less: Inter-Segment Revenue	68.43	53.74
Net sales/income from operations	90,011.84	74,472.43
2. Segment Results		
Profit before tax and interest from each Segment		
a) Express Distribution & Supply Chain	9,615.85	7,903.61
b) Coast-to-Coast (Shipping)	7.66	208.49
Total	9,623.51	8,112.10
Less : Interest (Net of Income)	4,844.17	4,309.17
Other un-allocable expenditure net of un-allocable income	2,484.11	1,888.38
Total Profit / (Loss) Before Tax	2,295.23	1,914.55
3. Other Information		
Segment Assets		
a) Express Distribution & Supply Chain	48,353.61	43,117.14
b) Coast-to-Coast (Shipping)	35,273.47	32,560.49
Unallocated Corporate Assets	9,785.88	9,044.34
Total Assets	93,412.96	84,721.97
Segment Liabilities		
a) Express Distribution & Supply Chain	45,676.77	37,299.60
b) Coast-to-Coast (Shipping)	13,547.29	15,672.04
Total Liabilities	59,224.06	52,971.65
Capital employed	34,188.90	31,750.32
Depreciation		
a) Express Distribution & Supply Chain	969.75	1045.55
b) Coast-to-Coast (Shipping)	1,191.69	1283.70
Total Depreciation	2,161.44	2,329.25
The company operates mainly in India and the overseas earnings is less than threshold limits. Hence, there are no separate geographical segments.		

Schedules to the Accounts

(₹ in Lakhs)

	30th June, 2011	30th June, 2010
19 Additional Information pursuant to the Provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956		
I. Value of Imported and Indigeneous Stores & Spare Parts		
Consumed during the year	% Value	% Value
Imported	30 71.28	53 144.10
Indigeneous	70 169.12	47 127.24
	100 240.40	100 271.34
II. Expenditure in Foreign Currency		
Travelling Expenses	84.02	146.69
Insurance	61.66	73.00
Port Expenses	1,358.63	194.48
Charter Hire	593.85	271.37
Dry docking expenses and Repairs	25.44	520.70
Professional Fee	232.95	322.55
Miscellaneous	153.02	718.41
III. Value of Imports on C.I.F. Basis		
Spare Parts	71.28	144.10
IV. Earnings in Foreign Currency		
Freight	5,421.56	6,206.13

20 Previous year figures have been regrouped/rearranged wherever necessary.

21 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.
- b) In Express Distribution & Supply Chain Division, Freight Income is accounted when goods are delivered by the Company to customers. In Coast-to-Coast Division, Freight Income is accounted when ships sail.
- 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

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) Dry docking and other expenses at the time of acquisition of ships are capitalised.
- c) 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 Profit and Loss Account.

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.

Investments

Investments are stated at cost.

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 2011.
- c) Any income or expense on account of exchange difference either on settlement or translation is recognized in the profit & loss account.
- 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. In respect of shipping division, tonnage tax is provided based on the capacity of the ships. 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 Schedules "1" to "21"

In terms of our Report of even date attached

For R. S. Agarwala & Co.

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

R. S. Agarwala

Partner
Membership No. : F-5534

Camp: Secunderabad

August 10, 2011

Sanjeev Jain

Chief Finance Officer

VSN Raju

Company Secretary

For and on behalf of the Board

K.L. Chugh

Chairman

N.Srinivasan

Director

Mahendra Agarwal

Managing Director & CEO

Secunderabad

August 10, 2011

Cash Flow Statement for the Year Ended

PARTICULARS	(₹ in Lakhs)	
	30th June, 2011	30th June, 2010
(I) Cash flows from Operating Activities		
Net Profit After Tax	1,430.08	1,510.97
Add :		
Provision for tax	865.15	403.58
Net profit before taxation and exceptional items	2,295.23	1,914.55
Adjustment for Non-Cash and Non-Operating Items		
Depreciation	2,161.44	2,386.82
Other Personnel expenses - ESOS	159.63	81.09
Interest on borrowings (Net)	4,844.17	4,309.17
Bad debts written off (Net)	107.87	400.23
(Profit) / Loss on sale of fixed assets (Net)	(63.03)	27.61
Rental income received	(17.64)	(18.75)
Operating profits before working capital changes	9,487.68	9,100.73
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(3,000.26)	(2,939.33)
(Increase) / Decrease in Inventories	16.70	(569.96)
(Increase) / Decrease in Loans & Advances	(4,600.57)	(1,833.21)
Increase / (Decrease) in Liabilities	5,671.49	1,145.57
Increase / (Decrease) in Provisions	5.66	(25.78)
Cash generated from operations	7,580.69	4,878.02
Income tax paid (Net tax refund received)	(974.32)	(817.61)
Net Cash from Operating Activities	6,606.37	4,060.40
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital Advances (Net)	(403.62)	44.66
Proceeds from sale of investments	-	15.74
Interest / Dividend received	234.67	402.12
Rent income	17.64	18.75
Purchase of Fixed Assets	(1,364.76)	(1,186.95)
Sale of Fixed Assets	152.95	1,376.38
Investments made	(674.26)	(500.47)
Net Cash from Investing Activities	(2,037.38)	170.21
(III) Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	369.75	87.00
Receipt of Secured Loans	10,725.37	2,205.70
Receipt of Unsecured Loans	-	9,935.23
Repayment of Secured Loans	(5,416.67)	(5,687.71)
Repayment of Unsecured Loans	(3,873.80)	(6,137.24)
Dividend Paid (including dividend tax)	(391.26)	-
Interest on loans paid	(5,126.91)	(4,691.84)
Net Cash from Financing Activities	(3,713.51)	(4,288.86)
Foreign Currency translation difference	16.88	-
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	872.36	(58.24)
Cash and Cash equivalents in the beginning of the year	1,275.61	1,333.85
Cash and Cash equivalents in the end of the year	2,147.97	1,275.61
Cash flow from Activities during the year	872.36	(58.24)

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. Cash and bank balance included Unclaimed dividend to the extent of ₹ 71.69 Lakhs.
3. Previous year figures have been regrouped / reclassified, where ever necessary.

In terms of our Report of even date attached

For R. S. Agarwala & Co.

Chartered Accountants

Firm's Regn. No. : 304045E

Sanjeev Jain

Chief Finance Officer

R. S. Agarwala

Partner

Membership No. : F-5534

VSN Raju

Company Secretary

Camp: Secunderabad

August 10, 2011

For and on behalf of the Board

K.L. Chugh

Chairman

N.Srinivasan

Director

Mahendra Agarwal

Managing Director & CEO

Secunderabad

August 10, 2011

Balance Sheet Abstract And Company's General Business Profile

As per Part IV, Schedule VI of the Companies Act, 1956

I. Registration Details

Registration No.

State Code

Balance Sheet Date

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue

Bonus Issue

Rights Issue

Private placement

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid up Capital

Share Warrants

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds

Fixed Assets

Investments

Foreign Currency Monetary Item Translation Difference

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

IV. Performance of Company (Amount in ₹ Thousands)

Turnover

Total Expenditure

Profit Before Tax

Profit After Tax

Earnings per share in ₹

Dividend %

V. Generic names of three Principal Products of Company

Item Code No.(ITC Codes)

Product Description

In terms of our Report of even date attached

For R. S. Agarwala & Co.

Chartered Accountants

Firm's Regn. No. : 304045E

Sanjeev Jain

Chief Finance Officer

For and on behalf of the Board

K.L. Chugh

Chairman

Mahendra Agarwal

Managing Director & CEO

R. S. Agarwala
Partner

Membership No. : F-5534

VSN Raju

Company Secretary

N.Srinivasan

Director

Camp: Secunderabad

August 10, 2011

Secunderabad

August 10, 2011

Statement Pursuant to Section 212 (e) of the Companies Act, 1956 Relating to Subsidiary Companies

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
					For the financial year ended on 30th June, 2011	
1	Gati Holdings Ltd.	30th June, 2011	5,940,898 shares of USD 1 each	100% held by Gati Ltd.	Nil	Loss of ₹ 1.71 Mn.
2	Gati Asia Pacific Pte. Ltd.	30th June, 2011	1,589,479 shares of SGD 1 each	100% held by Gati Holdings Ltd.	Nil	Loss of ₹ 24.83 Mn.
3	Gati Hong Kong Ltd.	30th June, 2011	3,444,337 shares of HKD 1 each	100% held by Gati Holdings Ltd.	Nil	Profit of ₹ 2.11 Mn
4	Gati China Holdings Ltd.	30th June, 2011	2,036,602 shares of USD 1 each	100% held by Gati Holdings Ltd.	Nil	Loss of ₹ 0.17 Mn
5	Gati Cargo Express (Shanghai) Co. Ltd.	30th June, 2011	1,200,000 shares of USD 1 each	100% held by Gati China Holdings Ltd.	Nil	Loss of ₹ 11.15 Mn
6	Gati Cargo Malaysia SDN BHD	30th June, 2011	1,00,000 shares of RM 1 each	100% held by Gati Holdings Ltd.	Nil	Loss of ₹ 2.79 Mn
7	Gati Japan Ltd.	30th June, 2011	49063 shares of USD 1 each	100% held by Gati Holdings Ltd.	Nil	
8	Gati Middle East Fze. Ltd.	30th June, 2011	1,000,000 shares of AED 1 each	100% held by Gati Holdings Ltd.	Nil	Loss of ₹ 2.57 Mn
9	Newatia Commercial & Trading Pvt. Ltd.	30th June, 2011	155,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Profit of ₹ 0.74 Mn.
10	Trymbak Commercial & Trading Pvt. Ltd.	30th June, 2011	860,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Profit of ₹ 4.10 Mn.
11	Ocimum Commercial & Trading Pvt. Ltd.	30th June, 2011	365,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Profit of ₹ 0.56 Mn.
12	Sumeru Commercial & Trading Pvt. Ltd.	30th June, 2011	1,075,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Profit of ₹ 6.41 Mn.
13	Kausar India Ltd.	30th June, 2011	3,697,800 shares of ₹ 10 each	99.76% held by Gati Ltd.	Nil	Loss of ₹ 0.83 Mn.
14	Gati Import Export Trading Ltd.	30th June, 2011	23,00,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Profit of ₹ 9.20 Mn.
15	Zen Cargo Movers Pvt. Ltd.	30th June, 2011	352,163 shares of ₹ 10 each	97.24% held by Gati Ltd.	Nil	Loss of ₹ 1.66 Mn.
16	RedSun Supply Chain Solutions Ltd.	30th June, 2011	50,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Loss of ₹ 0.01 Mn.
17	Gati Ship Private Ltd.	30th June, 2011	10,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Loss of ₹ 0.02 Mn.
18	Gati Logistics Parks Private Ltd.	30th June, 2011	10,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Loss of ₹ 0.06 Mn.
19	Gati Projects Private Ltd.	30th June, 2011	10,000 shares of ₹ 10 each	100% held by Gati Ltd.	Nil	Loss of ₹ 0.01 Mn.

Statement Relating to Subsidiary Companies as on 30th June, 2011

(₹ in Lakhs)											
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	Proposed Dividend
1	Gati Holdings Ltd.	2,656.77	(61.84)	2,600.20	5.27	-	-	(17.05)	-	(17.05)	-
2	Gati Asia Pacific Pte. Ltd.	579.03	(1,049.88)	208.52	672.26	-	1,121.87	(248.30)	-	(248.30)	-
3	Gati Hong Kong Ltd.	197.93	(172.46)	236.54	211.06	-	964.59	21.12	-	21.12	-
4	Gati China Holdings Ltd.	910.77	(3.07)	917.29	9.59	-	-	(1.74)	-	(1.74)	-
5	Gati Cargo Express (Shanghai) Co. Ltd.	647.52	(446.40)	1,243.99	1,042.87	-	4,241.24	(46.62)	-	(46.62)	-
6	Gati Japan Ltd.	0.01	-	30.27	30.26	-	-	-	-	-	-
7	Gati Middle East Fze. Ltd.	121.77	(142.08)	60.62	80.93	-	277.03	(25.72)	-	(25.72)	-
8	Gati Cargo Malaysia SDN BHD	0.00	(27.94)	27.80	55.73	-	93.00	(27.86)	-	(27.86)	-
9	Newatia Commercial & Trading Pvt. Ltd.	15.50	31.96	70.88	23.42	-	1,294.51	10.70	3.34	7.36	-
10	Trymbak Commercial & Trading Pvt. Ltd.	86.00	144.67	255.82	25.15	-	3,626.41	58.24	17.21	41.03	-
11	Ocimum Commercial & Trading Pvt. Ltd.	36.50	20.95	83.30	25.84	-	1,059.85	8.68	3.05	5.63	-
12	Sumeru Commercial & Trading Pvt. Ltd.	107.50	286.83	486.91	92.58	-	7,108.96	95.41	31.29	64.12	-
13	Kausar India Ltd.	370.68	(339.41)	2,700.58	2,689.28	0.10	3,031.07	(1.04)	6.78	(7.81)	-
14	Zen Cargo Movers Pvt. Ltd.	36.22	60.93	76.94	101.74	-	74.25	(15.41)	-	(15.41)	-
15	Gati Import Export Trading Ltd.	230.00	123.75	3,622.29	3,269.26	-	9,403.68	128.36	36.33	92.03	-
16	RedSun Supply Chain Solutions Ltd.	5.00	(0.40)	4.66	0.05	-	-	(0.11)	-	(0.11)	-
17	Gati Ship Private Limited	1.00	(0.10)	0.51	0.54	-	-	(0.10)	-	(0.10)	-
18	Gati Projects Private Limited	1.00	(0.09)	0.91	-	-	-	(0.09)	-	(0.09)	-
19	Gati Logistics Parks Private Limited	1.00	0.57	539.69	539.25	-	-	(0.57)	-	(0.57)	-

Converted into Indian Rupees at the exchange rate |USD = 44.72

Converted into Indian Rupees at the exchange rate |SGD = 35.40

Converted into Indian Rupees at the exchange rate |HKD = 5.84

Converted into Indian Rupees at the exchange rate |RMB = 6.87

Converted into Indian Rupees at the exchange rate |AED = 12.38

To The Board of Directors of Gati Limited

We have audited the attached Consolidated Balance Sheet of Gati Limited (the Parent Company) and its subsidiary companies collectively called the 'Gati Group' as at 30th June, 2011, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. The financial statements of the Branches, Subsidiary and Associate Companies have been audited by others auditors whose reports have been furnished to us and our opinion is based solely on the reports so furnished.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS-21), Consolidated Financial Statements, issued by the institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, read together with paragraph 2 above, give a true and fair view in conformity with the accounting principle generally accepted in India

- a) In the case of Consolidated Balance Sheet of the state of affairs of the Gati Group as at 30th June 2011.
- b) In the case of Consolidated Profit and Loss Account, of the profit of the Gati Group for the year ended on that date and
- c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Gati Group for the year ended on that date.

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

R. S. Agarwala
Partner
Membership No.F-5534

Camp: Secunderabad
Date : August 10, 2011

Consolidated Balance Sheet as at 30th June 2011

(₹ in Lakhs)

	Schedule	30th June, 2011	30th June, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,720.10	1,703.10
Share Warrants		1,640.59	1,763.84
Reserves and Surplus	2	26,202.32	25,493.52
		29,563.01	28,960.45
Loan Funds			
Secured Loans	3	35,541.65	29,859.62
Unsecured Loans	4	11,292.44	15,553.88
		46,834.09	45,413.50
Minority Interest		0.03	0.05
Deferred Tax Liability	5	1,036.20	959.66
Total Funds Employed		77,433.33	75,333.66
APPLICATION OF FUNDS			
Goodwill on consolidation		2,169.01	2,068.21
Fixed Assets			
Gross Block	6	54,286.24	52,682.73
Less: Depreciation		13,283.96	10,904.29
Net Block		41,002.28	41,778.44
Capital Work-in-Progress		4,183.74	3,553.18
		45,186.02	45,331.61
Investments	7	2,020.79	2,020.79
Foreign Currency Monetary Item Translation Difference Account		-	66.56
Current Assets, Loans and Advances			
Inventories	8	1,211.02	1,269.30
Sundry Debtors	9	19,029.76	14,972.56
Cash and Bank Balances	10	3,187.65	1,917.98
Loans and Advances	11	24,532.00	17,088.37
		47,960.43	35,248.22
Less: Current Liabilities and Provisions			
Liabilities	12	14,631.39	5,871.48
Provisions	13	5,299.40	3,560.57
		19,930.79	9,432.04
Net Current Assets		28,029.64	25,816.18
Preliminary Expenses		27.87	30.31
Total Assets (Net)		77,433.33	75,333.66
Notes on accounts	22		

Schedules 1 to 13 and Schedule 22 referred to above form part of the Consolidated Balance Sheet

In terms of our Report of even date attached

For and on behalf of the Board

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

Sanjeev Jain
Chief Finance Officer

K.L. Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

R. S. Agarwala
Partner
Membership No. : F-5534

VSN Raju
Company Secretary

N.Srinivasan
Director

Camp: Secunderabad
August 10, 2011

Secunderabad
August 10, 2011

Consolidated Profit and Loss for the year ended 30th June 2011

(₹ in Lakhs)

PARTICULARS	Schedule	30th June, 2011	30th June, 2010
INCOME			
Freight and Warehousing	14	98,094.97	80,043.80
Sales		22,203.28	12,567.30
Other Income	15	645.60	733.77
TOTAL		120,943.85	93,344.87
EXPENDITURE			
Cost of sales	16	21,599.34	12,160.93
Operating expenses	17	68,074.08	53,520.93
Personnel expenses	18	11,297.15	9,147.41
Administrative expenses	19	9,051.59	8,342.01
Repairs and Maintenance expenses	20	1,029.82	1,428.21
Interest (Net)	21	4,975.93	4,425.24
Depreciation (Net) (Note 4 on Schedule 21)		2,542.60	2,717.81
TOTAL		118,570.51	91,742.54
Profit Before Tax		2,373.34	1,602.33
Provisions for Tax			
Current Tax		1,098.61	430.64
Deferred Tax		76.54	221.93
Earlier Years Tax Adjustments		(1.47)	-
MAT credit		(210.54)	-
Profit After Tax		1,410.20	949.77
Balance brought forward from previous year		(1,391.16)	(1,792.64)
			-
Balance available for appropriations		19.04	(842.87)
APPROPRIATIONS			
Proposed Dividend		430.03	340.62
Tax on Dividend		69.76	56.57
General Reserve		143.01	151.10
Balance Carried to Balance Sheet		(623.76)	(1,391.16)
		19.04	(842.87)
Earning Per Share			
Basic		1.65	1.12
Diluted		1.21	1.02
Notes on accounts	22		

Schedules 1 to 13 and Schedule 22 referred to above form part of the Consolidated Balance Sheet

In terms of our Report of even date attached

For and on behalf of the Board

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

Sanjeev Jain
Chief Finance Officer

K.L. Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

R. S. Agarwala
Partner
Membership No. : F-5534

VSN Raju
Company Secretary

N.Srinivasan
Director

Camp: Secunderabad
August 10, 2011

Secunderabad
August 10, 2011

Schedules to the Consolidated Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010			
(1) SHARE CAPITAL					
Authorised	2,000.00	2,000.00			
100,000,000 Equity Shares of ₹ 2/- each	1,000.00	1,000.00			
1,000,000 Redeemable Preference Shares of ₹ 100/- each	3,000.00	3,000.00			
Issued,Subscribed and Paid-up :					
86,004,900 (Previous period 85,154,900) Equity Shares of ₹ 2/- each fully paid up :	1,720.10	1,703.10			
Of the above :					
125,09,495 shares were allotted for consideration other than cash as per the Scheme of Arrangement.					
139,27,500 shares were issued as fully paid bonus shares by capitalisation of share premium					
During the year 8,50,000 shares of ₹ 2/- each were issued on conversion of warrants.					
	Balance as on 1st July, 2010	Additions	Deductions	30th June, 2011	30th June, 2010
(2) RESERVES & SURPLUS					
Capital Reserves :					
Revaluation Reserve	690.72		(a) 1.27	689.45	690.72
Securities Premium	17,454.52	(b) 476.00	(c) 617.31	17,313.21	17,454.52
Employees' Stock Option	71.60	(d) 159.63		231.23	71.60
Translation Reserve	400.45		(e) 218.65	181.81	400.45
Others	439.73	-	-	439.73	439.73
	19,057.02	635.63	837.23	18,855.42	19,057.02
Revenue Reserves :					
General Reserve	6,548.59	(f) 143.01	-	6,691.60	6,548.59
Shipping Business Reserve (utilised)	350.00	-	-	350.00	350.00
Tonnage Tax Reserve (utilised)	929.07	-	-	929.07	929.07
Profit and Loss Account	(1,391.16)			(623.76)	(1,391.16)
	6,436.50	143.01	-	7,346.90	6,436.50
	25,493.52	778.64	837.23	26,202.32	25,493.52
(a)	Transferred to Profit and Loss Account being depreciation provided on revalued amount.				
(b)	Transferred to Securities Premium on account of conversion of 8,50,000 warrants into equity share at ₹ 56/- share premium per warrant.				
(c)	Provision for pro-rata premium on redemption of Foreign Currency Convertible Bonds.				
(d)	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 salaries, wages and bonus includes ₹ 159.63 lakhs (previous period - ₹ 81.09 lakhs) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunded / lapsed.				
(e)	In respect of translation of Foreign Currency into Indian Rupees.				
(f)	Transferred from Profit and Loss Account.				

Schedules to the Consolidated Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010		
(3) SECURED LOANS				
TERM LOANS :				
FROM BANKS				
Against first charge by way of Mortgage/ Hypothecation of specified fixed assets and other assets acquired there against *	17,924.54	11,554.37		
(Repayable within one year - ₹ 5120.33 Lakhs ; previous year - ₹ 4,237 lakhs)				
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against	1,830.84	451.98		
(Repayable within one year - ₹ 148.05 Lakhs; previous year - ₹ 93.93 lakhs)				
Secured by hypothecation of specified immovable asset	-	81.66		
FROM OTHERS				
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against	-	5,000.00		
(Repayable within one year - ₹ 138.30 Lakhs; previous year - ₹ 118.12 lakhs)				
Finance Lease (Note 11 on Schedule 21)	5,403.81	6,531.45		
(Secured by assets acquired under lease arrangements)				
WORKING CAPITAL LOANS				
From Banks				
Secured against first charge by way of hypothecation of all current assets including book debts, stocks and equitable mortgage of specified immovable assets of the Company and of third parties *	10,382.46	6,240.16		
(* Also guaranteed by the Managing Director (Promoter) of the Company)				
	35,541.65	29,859.62		
(4) UNSECURED LOANS				
Fixed Deposits (a)	1,877.25	2,052.03		
Foreign Currency Convertible Bonds	6,708.00	6,990.01		
Commercial Paper	-	3,000.00		
Finance Lease	7.12	11.85		
(a) Includes ₹ 22 Lakhs from Directors and ₹ 4.15 Lakhs from a Associate Previous year includes ₹ 407 Lakhs from Directors and ₹ 4.15 Lakhs from a Associate.				
Short Term Loans and Advances				
From Banks *	2,700.07	3,500.00		
From Others	-	-		
(*Also guaranteed by the Managing Director (Promoter) of the Company to the extent of ₹ 2200.07 lakhs)				
	11,292.44	15,553.88		
	At 1st July, 2010	Current year	30th June, 2011	30th June, 2010
(5) DEFERRED TAX				
Difference between book and tax depreciation	959.66	76.54	1,036.20	959.66

Schedules to the Consolidate Accounts

(6) FIXED ASSETS (Consolidated)

Description	At Cost or Valuation			Depreciation			Net Block			
	As On 01.07.2010	Additions During the Year	Deductions During the Year	Balance As On 30.06.2011	As On 01.07.2010	For the Year	Adjustment On Deductions	Balance As On 30.06.2011	30th June 2011	30th June 2010
Tangible										
Land										
Freehold	7,528.26	2.88	7.89	7,523.25	-	-	-	-	7,523.25	7,528.26
Leasehold	1,033.77	-	-	1,033.77	-	-	-	-	1,033.77	1,033.77
Buildings	5,538.08	42.13	30.16	5,550.05	335.28	93.84	0.55	428.57	5,121.48	5,202.79
Vehicles	2,665.94	701.41	235.45	3,131.90	1,411.13	380.15	170.74	1,620.53	1,511.37	1,254.81
Plant & Machinery	6,023.55	1,378.95	66.24	7,336.26	2,086.00	591.86	44.07	2,633.79	4,702.47	3,937.55
Computers	3,159.85	176.10	118.29	3,217.66	2,447.25	234.02	108.21	2,573.06	644.60	712.60
Ships	15,075.95	0.90	17.89	15,058.97	1,741.32	753.18	-	2,494.50	12,564.47	13,334.63
Furniture & Fittings	1,843.82	153.92	(0.47)	1,998.21	785.72	129.52	(0.12)	915.35	1,082.85	1,058.10
Office Equipments	1,261.54	141.00	2.33	1,400.21	367.80	81.65	5.27	444.19	956.02	893.74
Intangible										
Computer Software	1,492.95	27.56	-	1,520.51	1,208.30	113.58	-	1,321.88	198.63	284.64
LEASED ASSETS										
Ship taken on finance lease	7,059.04	93.56	637.15	6,515.45	521.49	330.59	-	852.08	5,663.38	6,537.55
Total	52,682.73	2,718.42	1,114.91	54,286.24	10,904.29	2,708.39	328.71	13,283.96	41,002.28	41,778.44
Previous Year	53,720.90	1,287.03	2,328.08	52,682.73	9,158.59	2,660.23	914.54	10,904.29	41,778.44	
Capital Work-in-Progress										
								Total	4,183.74	3,553.18
									45,186.02	45,331.63

Note :

- 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 ₹ 45.96 Lakhs, ₹ 141.31 Lakhs and ₹ 148.35 Lakhs respectively and aggregating to ₹ 335.62 Lakhs was transferred to Revaluation Reserve.
- Depreciation for the year includes ₹ 1.27 lakhs in respect of the above revaluations.
- Depreciation to Assets includes ₹ 43.06 lakhs (previous year ₹ 40 lakhs) on account of exchange rate difference on restatement of foreign currency loans.
- The decrease in the rupee liability arising out of the restatement of foreign currency convertible bonds balance as on 30.06.2011, has been adjusted to the carrying cost of respective fixed assets to be depreciated over their remaining depreciable life. The depreciation for the current year includes ₹ 4.21 lakhs (previous year - ₹ 3.78 lakhs) arising on account of this adjustment.
- Capital Work-in-Progress includes Capital Advances of ₹ 2700.84 lakhs ; previous year- ₹ 2594.53 lakhs.

Schedules to the Consolidated Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(7) INVESTMENTS (At Cost)		
Long term - Non-trade		
Fully Paid-up Equity Shares		
Quoted		
1,600,300 of TCI Finance Ltd. of ₹ 10/- each. (Market Value - ₹ 868.96 Lakhs ; previous year - ₹ 342.46 Lakhs)	143.89	143.89
100 Shares of State Bank of India	0.10	0.10
Unquoted		
18,750,000 of Amrit Jal Ventures Ltd. of ₹ 10/- each. (Pledged with Institution for providing Financial Assistance to Amrit Jal Ventures Ltd.) (During the year, 18,750,000 shares of face value ₹ 10/- each held by the Company in Gati Infrastructure Limited were swapped for an equal number of shares of the same value, in Amritjal Ventures Limited.)	1,875.00	1,875.00
18,000 shares of ITAG Infrastructure Ltd. of ₹ 10/- each	1.80	1.80
	2,020.79	2,020.79
(8) INVENTORIES		
(As taken, valued and certified by the Management)		
Diesel, Petrol etc.	50.33	49.82
Stores and Spare Parts	1,070.46	1,049.89
Other Stock	90.23	169.60
(At lower of cost and net realisable value)		
	1,211.02	1,269.30
(9) SUNDRY DEBTORS (Unsecured)		
Outstanding for more than six months		
Considered Good	1,120.26	543.86
Considered Doubtful	-	164.47
Others - Considered Good	17,909.50	14,428.70
	19,029.76	15,137.03
Less : Provisions for bad and doubtful debts	-	164.47
(a) Adjusted during the year	19,029.76	14,972.56
(10) CASH AND BANK BALANCES		
Cash in Hand	121.74	346.83
Cheques in Hand	-	67.81
Remittances in Transit	457.12	171.58
With Scheduled Banks		
In Current Accounts	1,660.97	658.41
In Deposit Accounts (a)	872.40	579.44
In Unpaid Dividends Accounts	71.69	65.76
With Non-Scheduled Banks	3.73	28.16
Bhutan National Bank - ₹ 3.04 Lakhs; Previous year - ₹ 1.96 Lakhs) (maximum balance ₹ 10.23 Lakhs; Previous year - ₹ 3.29 Lakhs)		
Everest Bank Ltd - ₹ 0.53 Lakhs; Previous year - ₹ 25.48 Lakhs (maximum balance ₹ 26.15 Lakhs; Previous year - ₹ 53.32 Lakhs)		
United Overseas Bank (UOB) - ₹ 0.16 Lakhs; Previous year - ₹ 0.71 Lakhs (maximum balance ₹ 13 Lakhs; Previous year - ₹ 15 Lakhs)		
a) Fixed Deposit Receipts amounting to ₹ 348.05 Lakhs previous year ₹ 249.64 Lakhs are deposited with bank against guarantees issued and other authorities / institution.		
	3,187.65	1,917.98

Schedules to the Consolidated Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(11) LOANS AND ADVANCES (Unsecured - Considered Good)		
Loans (a)	1,000.00	1,000.00
Advances Recoverable in Cash or in Kind or for Value to be Received (b)	13,335.19	8,247.81
Balance of consideration for assignment of right to a ship	202.97	442.09
Advances and Deposits	5,866.50	4,325.31
Tax Deducted at Source	4,127.34	3,073.16
	24,532.00	17,088.37
(12) LIABILITIES		
Sundry creditors	7,141.57	3,250.72
Advances from Customers	773.19	-
Other liabilities	5,395.74	1,740.49
Interest accrued on loans	186.95	58.43
Overdrawn Bank Balances	153.84	314.42
Security deposits	908.41	441.66
Unpaid/Unclaimed dividends	71.69	65.76
(There are no amounts pending to be transferred to Investor Education and Protection Fund)		
	14,631.39	5,871.48
(13) PROVISIONS		
Taxation (Net of Payments)	1,776.32	762.20
Gratuity and Leave Encashment	142.68	137.87
Premium on redemption of Foreign Currency Convertible Bonds	2,880.62	2,263.30
Proposed Dividend	430.02	340.62
Tax on Dividend	69.76	56.57
	5,299.40	3,560.57
(14) FREIGHT & WAREHOUSING		
Freight, Miscellaneous charges etc (a)	86,915.55	69,312.53
(Tax deducted - ₹ 885.14 Lakhs ; Previous year - ₹ 803.78 lakhs)		
Warehousing Charges	1,982.11	1,408.36
(Tax deducted - ₹ 62.82 Lakhs; Previous year - ₹ 99.16 lakhs)		
Shipping Freight, Charter Hire, Miscellaneous charges (a)	9,197.33	9,322.91
(Tax deducted - ₹ 20.29 Lakhs; Previous period ₹ 24 lakhs)		
(a) Includes Demurrage of ₹ 271.30 Lakhs; Previous year - ₹ 220.83 lakhs		
	98,094.99	80,043.80
(15) OTHER INCOME		
Rent	13.97	45.69
(Tax deducted - ₹ 1.28 Lakhs; Previous year - ₹ 2.83 lakhs)		
Miscellaneous Income	455.12	688.08
Profit on sale of fixed asset (Net)	74.07	-
Difference in Exchange (Net)	102.44	-
	645.60	733.77
(16) COST OF SALES		
Opening Stock	219.83	236.12
Purchases	21,547.17	12,144.64
	21,767.00	12,380.76
Less: Closing Stock	167.66	219.83
	21,599.34	12,160.93

Schedules to the Consolidated Accounts

(₹ in Lakhs)

PARTICULARS	30th June, 2011	30th June, 2010
(17) OPERATING EXPENSES		
Freight	54,862.41	43,904.97
Vehicles' trip expenses	2,722.54	1,742.21
Tyres and Tubes	198.68	88.71
Warehouse rent	651.06	486.06
Other Operating Expenses	3,798.54	2,664.58
Claims for Loss & Damages (Net)	247.69	167.42
Commission	302.24	143.47
Vehicles' taxes	94.41	62.67
Vehicles' and ships Insurance	216.42	219.28
Power, Fuel and Water Expenses	2,192.75	1,783.51
Stores and Spare Parts Consumed	222.19	271.34
Port and Survey Expenses	2,565.15	1,986.71
	68,074.08	53,520.93
(18) PERSONNEL EXPENSES		
Salaries, Wages and Bonus	10,212.67	8,365.08
Gratuity	69.66	78.32
Contribution to Provident and Other Funds	380.45	296.31
Contribution to Employees' State Insurance	70.73	39.24
Other Personnel Expenses	563.64	368.47
	11,297.15	9,147.41
(19) ADMINISTRATIVE EXPENSES		
Rent	2,099.88	1,647.35
Rates and Taxes	23.71	31.64
Insurance (includes ₹ 20 Lakhs towards Keyman Insurance Policy; previous year ₹ 20 lakhs)	111.25	116.22
Telephone expenses	277.46	260.83
Printing and Stationery	281.99	239.90
Travelling expenses	733.31	662.61
Legal expenses	166.08	104.48
Advertisement Expenses	293.16	272.35
Office Maintenance and Repairs	1,167.88	973.96
Miscellaneous expenses	3,411.15	3,223.27
Remuneration to Directors:		
Salaries and Allowances (a)	217.37	183.07
Commission	34.05	15.00
Fees	9.10	13.80
Remuneration to Auditors:		
For Audit	31.16	20.84
For Tax Audit	7.77	6.94
Bad Debts and irrecoverable balances written off (Net) (b)	132.99	400.23
Charity and Donations	53.28	54.62
Difference in Exchange (Net)	-	79.16
Loss on Sale of Fixed Assets (Net)	-	35.73
	9,051.59	8,342.01
(a) Net of ₹ 12.34 lakhs recovered being excess remuneration paid in the previous year		
(b) Net of provision of ₹ 164.47 lakhs adjusted		
(20) REPAIRS & MAINTENANCE EXPENSES		
Motor Trucks	230.53	218.39
Other Vehicles	125.73	93.81
Plant and Machinery	58.32	60.59
Buildings	9.70	15.62
Computers	258.19	260.23
Ships	347.35	301.09
Dry docking expenses	-	478.49
	1,029.82	1,428.21

Schedules to the Consolidated Accounts

(₹ in Lakhs)		
PARTICULARS	30th June, 2011	30th June, 2010
(21) INTEREST		
Fixed Loans	2,739.56	2,847.24
Finance Lease Charges	760.82	867.55
Fixed Deposits	211.26	56.10
Others	1,500.33	1,004.50
	5,211.97	4,775.39
Less: Interest Capitalised	48.07	-
Less: Interest Received	187.97	350.16
(Tax Deducted - ₹ 23.24 Lakhs; previous year - ₹ 34.34 lakhs)		
	4,975.93	4,425.24

Schedules to the Consolidated Accounts

(22) NOTES ON CONSOLIDATED ACCOUNTS

(₹ in Lakhs)

		30th June, 2011	30th June, 2010
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	360.00	498.49
2	Contingent Liability not provided for in respect of Bank Guarantees Guarantees and Counter Guarantees outstanding	1,908.57 4,713.45	1,806.74 1,590.24
3	<p>During an earlier year the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL), (the erstwhile Indian Airlines Ltd.) due to continuous failure and defaults by NACIL. The matter now stands referred to the arbitration of the Arbitral Tribunal appointed by the parties. Pending decision of the Arbitral Tribunal a sum of ₹ 2659 lakhs is included in loans and advances being the difference between the amount of Bank Guarantee invoked by NACIL and claims acknowledged by the Company. In the Company's view there are fair chances of recovery of ₹ 2659 lakhs. The Company has filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. As per the legal advice received by the company no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf.</p>		
4	The net depreciation charged for the year is arrived at as follows :	(₹ in Lakhs)	
		30th June 2011	30th June 2010
	Depreciation for the year	2,708.39	2,660.24
	Add / (Deduct) : Amortization of foreign currency monetary item translation difference account	(164.52)	58.84
	Deduct : Transfer from Revaluation Reserve being depreciation provided on revalued amount	1.27	1.27
	Net Depreciation charged in Profit and Loss Account	2,542.60	2717.81
5	<p>The Company exercised the option in terms of amendments notified on 31st March 2009 to the Accounting Standard II (AS II) "The effects of changes in Foreign Exchange rates" and the exchange gain / loss on restatement of foreign currency borrowings relating to acquisition of depreciable assets was adjusted to the respective assets account. The balance gain / loss on restatement was carried to the "Foreign Currency Monetary Item Translation Difference Account" to be amortized not beyond 31st March 2011. Accordingly the amount remaining to be amortized as at 31st March 2011 has been fully adjusted and the balance at the year end is nil.</p>		
6	<p>Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2011. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2011. (Assessment Year 2011-12).</p>		
7	<p>Due to inadequacy of profit, the remuneration paid to Managing Director for the year is in excess of the limit prescribed under the Companies Act, 1956 by ₹ 46.65 lakhs which is subject to the approval of the shareholders and the Central Government.</p>		
8	<p>Income tax demand of ₹ 573 lakhs, fully adjusted against refunds due, has been received during the year by the company against which an appeal has been filed and the same is pending. In the management's opinion no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf.</p>		
9	<p>During the previous year, 48,72,000 convertible warrants of ₹ 2/- each at ₹ 81/- per warrant and 53,60,400 convertible warrants of ₹ 2/- each at ₹ 58/- per warrant were allotted to Mr. Mahendra Agarwal, one of the promoters of the Company on preferential basis to be converted into equity shares within eighteen months from the date of allotment and 25% of the consideration was received as per the terms. During the year 8,50,000 shares of ₹ 2/- each at a premium of ₹ 56/- per share, were allotted on conversion of warrants.</p>		
10	<p>The company has granted options under the Companies Employees Stock Options Scheme and 30,71,980 Options are outstanding (Previous year 28,07,980) as at 30th June, 2011. Of this 9,21,594 options will vest in 2011-12, 12,28,792 options in 2012-13, and 9,21,594 options in 2013-14.</p>		
11	<p>During the year 2006-07 the Company issued Foreign Currency Convertible Bonds (FCCB) of a face value of US \$ 1000 each aggregating to US \$ 20 million. As per the terms of the issue, the holders have an option to convert the FCCB into Ordinary Shares at a conversion rate of ₹ 125 per Ordinary Share at a fixed exchange rate conversion of ₹ 44.67 = US \$ 1, from 20th December, 2006 to 5th November, 2011. The conversion price will be reset periodically to the average closing price of the shares on the reset date, and it has been presently reset at ₹ 90 per share. FCCB of US \$ 5 million was converted into shares in the year 2007-08. Unless previously converted, the Company will redeem these bond at 147.88 per cent of the principal amount on 6th December, 2011.</p>		

Schedules to the Consolidated Accounts

- 12 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 30th June, 2011

(₹ in Lakhs)

Lease Payments	2010 - 11		2009 - 10	
	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year	1,180	1,040	1,225	1,099
1 year to 5 years	7,608	4,364	6,123	4,024
More than 5 years	-	-	2,994	1,408
TOTAL	8,788	5,404	10,342	6,531

(₹ in Lakhs)

	30th June 2011	30th June 2010
13 REMUNERATION TO DIRECTORS		
Managing Director		
Salaries & Allowances	120.90	119.60
Money value of Perquisites	1.56	0.96
Contribution to Provident / Superannuation Funds	21.06	21.06
Commission	20.00	-
Whole-Time Director		
Salaries & Allowances	108.81	63.47
Contribution to Provident Fund	4.10	2.39
Other Directors		
Commission	14.05	15.00
Fees	9.10	13.80
	299.59	236.28
Computation of Net profit in accordance with Section 309 (5) of the Companies Act, 1956		
Profit Before Tax	2,295.23	1,914.55
Add:		
Remuneration paid to Directors	299.59	236.28
Provision for doubtful debts	-	164.47
Loss on sale of fixed assets (Net)	-	27.61
	2,594.82	2,342.91
Less:		
Capital profit on sale of fixed assets	92.95	-
Provision for doubtful debts adjusted	164.47	-
Brought forward losses	-	749.06
Net profit in accordance with Section 309(5)	2,337.40	1,593.85

Schedules to the Consolidated Accounts

(₹ in Lakhs)

	30th June, 2011	30th June, 2010
Maximum remuneration payable to Managing Director - 5%	116.87	79.69
Remuneration paid	163.52	141.62
Excess Remuneration paid	(46.65)	(61.93)
Maximum remuneration payable to Whole-Time Director - 5%	116.87	79.69
Remuneration paid	112.92	65.86
Maximum Commission payable to Non Whole-Time Directors - 1%	23.37	15.94
Restricted to	14.05	15.00
The above does not include contribution to gratuity fund and provision for encashable leave, which is actuarially calculated on an overall basis.		

14 In respect of Micro, Small and Medium Enterprises, the company has sent letters to all suppliers for the status of each supplier, but no confirmation has been received from any supplier, hence the disclosure regarding the unpaid amount and interest if any payable could not be given.

15 In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

(₹ in Lakhs)

16 Earning Per Share	30th June 2011	30th June 2010
(i) Net profit after tax available for equity shareholders - for Basic and Diluted EPS (₹)	1,410.20	949.77
(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	85,369,147	85,020,441
Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	18,122,633	8,450,927
Weighted average no. of ordinary shares for Diluted EPS (Nos.)	103,491,780	93,471,367
(iii) Nominal value of Ordinary Shares (₹)	2.00	2.00
(iv) Basic Earning per Ordinary Share (₹)	1.65	1.12
(v) Diluted Earning per Ordinary Share (₹)	1.21	1.02

Schedules to the Consolidated Accounts

17 Related Party Disclosures

Related parties with whom transactions have taken place during the year

(i) Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Lagad Himmat Singh Daulat Rao (Whole-Time Director)

(ii) Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother 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 Ltd.

(₹ in Lakhs)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	30th June 2011	30th June 2010
A	Expenditure				
	Rent		135.22	135.22	127.29
	Freight and Other Charges		1,671.06	1,671.06	1,341.65
	Port Expenses		98.59	98.59	135.77
	Key Management Personnel				
	Remuneration	256.44		256.44	207.48
B	Receipts				
	Freight and Other Charges		330.90	330.90	34.51
C	Finance and Investment				
	Deposits and Advances - Given		160.00	160.00	-
	Deposits and Advances - Repaid	77.00	160.00	237.00	61.00
D	Balance at the year end				
	Investments		2,020.69	2,020.69	2,020.69
	Sundry Debtors		81.55	81.55	30.18
	Sundry Creditors		83.85	83.85	123.15
	Advances towards Fixed Assets	57.00		57.00	134.00

Schedules to the Consolidated Accounts

(₹ in Lakhs)

	30th June, 2011	30th June, 2010
18 Segment Information		
Primary Business Segment		
Express Distribution & Supply Chain : Covers integrated cargo services – Road, Rail and Air Transportation.		
Coast-to-Coast (Shipping) : Covers Sea Transportation		
Fuel Stations : Covers fuel stations dealing in petrol, diesel and lubricants etc.		
1. Segment Revenue (net sale/income)		
a) Express Distribution & Supply Chain	90,455.62	72,038.32
b) Coast-to-Coast (Shipping)	9,197.33	9,322.91
c) Fuel Sales	13,017.36	11,670.88
d) Other Sales	9,289.82	896.41
Total	121,960.12	93,928.53
Less: Inter-Segment Revenue	1,661.87	1,317.43
Net sales/income from operations	120,298.25	92,611.10
2. Segment Results		
Profit Before Tax and interest from each Segment		
a) Express Distribution & Supply Chain	9,575.99	7,517.61
b) Coast-to-Coast (Shipping)	7.66	208.49
c) Fuel Sales	149.69	153.85
d) Other Sales	100.06	36.00
Total	9,833.39	7,915.95
Less : Interest (Net of Income)	(4,975.93)	(4,425.24)
Other un-allocable expenditure net of un-allocable income	(2,484.12)	(1,888.38)
Total Profit / (Loss) Before Tax	2,373.34	1,602.33
3. Other Information		
Segment Assets		
a) Express Distribution & Supply Chain	48,353.61	46,351.37
b) Coast-to-Coast (Shipping)	35,273.47	32,560.49
c) Fuel Sales	896.92	855.61
Unallocated Corporate Assets	9,785.88	3,087.35
Total Assets	94,309.88	82,854.82
Segment Liabilities		
a) Express Distribution & Supply Chain	45,676.77	40,237.08
b) Coast-to-Coast (Shipping)	13,547.29	15,672.04
c) Fuel Sales	167.00	69.15
Total Liabilities	59,391.06	55,978.27
Capital employed	34,918.82	26,876.55
Secondary Business Segment	30th June 2011	30th June 2010
1. Segment Revenue (Net Sales / Income)		
a) India	115,489.81	89,076.51
b) International	6,385.90	4,564.47
Total	121,875.71	93,640.98
Less: Inter-Segment Revenue	931.86	296.11
Net Sales / Income from operations	120,943.85	93,344.87
2. Segment Results		
Profit / (Loss) Before Tax and Interest from each Segment		
a) India	10,020.75	8,244.54
b) International	(187.35)	(328.59)
Total	9,833.39	7,915.95
Less : Interest (Net of Income)	4,975.93	4,425.24
Other un-allocable expenditure net of un-allocable income	2,484.12	1,888.38
Total Profit / (Loss) Before Tax	2,373.34	1,602.34

Schedules to the Consolidated Accounts

Schedules to the Accounts		(₹ in Lakhs)	
		30th June, 2011	30th June, 2010
3. Other Information			
Segment Assets			
a) India		83,179.73	77,864.13
b) International		2,201.63	1,903.34
Unallocated Corporate Assets		9,785.88	3,087.35
Total Assets		95,167.24	82,854.82
Segment Liabilities			
a) India		66,599.71	55,149.80
b) International		1,201.38	828.47
Total Liabilities		67,801.09	55,978.27
Capital employed		27,366.15	26,876.55

		30th June 2011		30th June 2010	
19 Additional Information pursuant to the Provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956					
(₹ in Lakhs)					
I. Value of Imported and Indigeneous Stores & Spare Parts					
Consumed during the year					
	%	Value	%	Value	
Imported	30	71.28	53	144.10	
Indigeneous	70	169.12	47	127.24	
	100	240.40	100	271.34	
II. Expenditure in Foreign Currency					
Travelling Expenses		84.02		146.69	
Insurance		61.66		73.00	
Port Expenses		1,358.63		194.48	
Charter Hire		593.85		271.37	
Dry docking expenses and Repairs		25.44		520.70	
Professional Fee		232.95		322.55	
Miscellaneous		153.02		718.41	
III. Value of Imports on C.I.F. Basis					
Spare Parts		71.28		144.10	
IV. Earnings in Foreign Currency					
Freight		5,421.56		6,206.13	

Schedules to the Consolidated Accounts

20 The Consolidated Financial statements include results of all the subsidiaries of Gati Ltd.

Name of the Company	Country of Origin	% of Share holding	Consolidated as
Gati Holdings Ltd. (GHL)	Mauritius	100% held by Parent	Subsidiary
Gati Asia Pacific Pte Ltd.	Singapore	100% held by GHL	Subsidiary
Gati Hong Kong Ltd.	Hongkong	100% held by GHL	Subsidiary
Gati China Holdings Ltd. (GCHL)	Mauritius	100% held by GHL	Subsidiary
Gati Middle East FZE Ltd.	UAE	100% held by GHL	Subsidiary
Gati Cargo Express(Shanghai) Co. Ltd.	China	100% held by GCHL	Subsidiary
Gati Japan Ltd.	Japan	100% held by GHL	Subsidiary
Gati Cargo Malaysia SDN BHD	Malaysia	100% held by GHL	Subsidiary
Newatia Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Trymbak Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Ocimum Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Sumeru Commercial & Trading Pvt. Ltd.	India	100% held by Parent	Subsidiary
Kausar India Ltd.	India	99.76% held by parent	Subsidiary
Gati Import Export Trading Ltd.	India	100% held by Parent	Subsidiary
Zen Cargo Movers Pvt. Ltd	India	97.24% held by Parent	Subsidiary
REDSUN Supply Chain Solutions Ltd. Gati Skyways Ltd.	India	100% held by Parent	Subsidiary
Gati Ship Private Limited	India	100% held by Parent	Subsidiary
Gati Logistics Parks Private Limited	India	100% held by Parent	Subsidiary
Gati Projects Private Limited	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 a line by line basis by adding together the book values of like items of Assets , Liabilities, Income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on Intragroup transactions as per Accounting Standard 21 “Consolidated Financial Statement”.
 - b) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as “ translation reserve / asset”.
 - c) The excess of cost to the company of its investment in Subsidiary and associate is recognised in the financial statements 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.

21 Previous year figures have been regrouped/rearranged wherever necessary.

22 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.
- b) In Express Distribution & Supply Chain Division, Freight Income is accounted when goods are delivered by the Company to customers In Coast-to-Coast Division, Freight Income is accounted when ships sail.
- 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

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 capitalised to the extent it relates to the construction activity or incidental thereto.
- b) Dry docking and other expenses at the time of acquisition of ships are capitalised.
- c) 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 Profit and Loss Account.

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.

Investments

Investments are stated at cost.

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 2011.
- c) Any income or expense on account of exchange difference either on settlement or translation is recognised in the Profit & Loss Account.
- 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. In respect of shipping division, tonnage tax is provided based on the capacity of the ships. 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.

Schedules to the Consolidated Accounts

Accounting policies of Subsidiaries

Significant accounting policies followed by subsidiaries, to the extent, different and unique from parent.

Gati Holdings Ltd.

a) Depreciation

Depreciation on fixed assets is calculated on a straight-line basis over the estimated useful life of the assets as follows.

Computer	3 Years
Furniture and Fittings	3 - 4 Years
Office equipment	3 - 4 Years
Motor Vehicles	7 years

b) Basis of preparation

The Consolidated financial statements of the overseas subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and interpretations issued by the IAS Board.

Signatures to Schedules "I" to "22"

In terms of our Report of even date attached

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

R. S. Agarwala
Partner
Membership No. : F-5534

Camp: Secunderabad
August 10, 2011

Sanjeev Jain
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

N. Srinivasan
Director

Mahendra Agarwal
Managing Director & CEO

Secunderabad
August 10, 2011

Consolidated Cash Flow Statement for the year ended

(₹ in Lakhs)

Particulars	30th June, 2011	30th June, 2010
(I) Cash flows from Operating Activities		
Net Profit After Tax	1,410.20	949.77
Add :		
Provision for tax	963.14	652.56
Net profit before taxation and exceptional items	2,373.34	1,602.33
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	2,542.60	2,717.81
Interest on borrowings (Net)	4,975.93	4,425.24
Bad debts written off (Net)	132.99	400.23
Other personnel expenses - ESOS	159.63	-
(Profit) / Loss on sale of fixed assets (Net)	(74.07)	35.73
Rental income received	(13.97)	(45.69)
Operating profits before working capital changes	10,096.46	9,135.65
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(4,190.19)	(3,240.54)
(Increase) / Decrease in Inventories	58.28	(567.20)
(Increase) / Decrease in Loans & Advances	(6,389.46)	(2,108.07)
Increase / (Decrease) in Liabilities	8,914.56	1,106.85
Increase / (Decrease) in Provisions	18.00	1,295.05
Cash generated from operations	8,507.65	5,621.74
Income tax paid (Net tax refund received)	(1,003.20)	(430.64)
Net Cash from Operating Activities	7,504.45	5,191.09
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital Advances (Net)	(630.56)	44.66
Proceeds from sale of investments	-	15.74
(Increase)/Decrease in FCMITD	66.56	209.33
Interest / Dividend received	187.97	350.16
Rent income	13.97	45.69
(Purchase) / Sale of Fixed Assets (Net)	(2,444.27)	958.51
Net Cash from Investing Activities	(2,806.33)	1,624.09
(III) Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	369.75	5.58
Receipt of Secured Loans	11,891.34	(3,974.46)
Repayment of Secured Loans	(6,209.31)	
Repayment of Unsecured Loans	(3,979.44)	1,711.27
Dividend Paid (including dividend tax)	(391.26)	-
Interest on loans paid	(5,211.97)	(4,775.39)
Net Cash from Financing Activities	(3,530.89)	(7,033.01)
Effect of exchange difference(Net)	102.44	1.25
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	1,269.67	(216.58)
Cash and Cash equivalents in the beginning of the year	1,917.98	2,134.56
Cash and Cash equivalents in the end of the year	3,187.65	1,917.98
Cash flow from Activities during the year	1,269.67	(216.58)

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. Cash and bank balance included Unclaimed dividend to the extent of ₹ 71.69 Lakhs.

3. Previous year figures have been regrouped / reclassified, where ever necessary.

In terms of our Report of even date attached

For and on behalf of the Board

For R. S. Agarwala & Co.

Chartered Accountants

Firm's Regn. No. : 304045E

Sanjeev Jain

Chief Finance Officer

K.L. Chugh

Chairman

Mahendra Agarwal

Managing Director & CEO

R. S. Agarwala

Partner

Membership No. : F-5534

VSN Raju

Company Secretary

N.Srinivasan

Director

Camp: Secunderabad

August 10, 2011

Secunderabad

August 10, 2011



Head Office and Registered Office

Gati Ltd.

I-7-293, M.G.Road
Secunderabad-500 003
Tel: (040) 27844284, 27843788
Fax: (040) 27894284
E-mail: customerservice@gati.com

Corporate Office

Gati Ltd.

#03-00, 29 Changi South Avenue 2
ABV Industrial Building
Singapore-486 444
Tel: (0065) 65874284
Fax: (0065) 62955817
E-mail: infosin@gati.com

Zonal Offices

East

P-18, Taratala Road
Opp. Eveready Industries
Kolkata-700 088
Tel: (033) 24010342/415, 24017488
Fax: (033) 24017403

West

Unit #501, 5th Floor
Ackruti Star, MIDC Central Road
MIDC, Andheri (East)
Mumbai- 400 093
Tel: (022) 39344900
Fax: (022) 39344901

North

Plot #268
Udyog Vihar, Phase-IV
Gurgaon-122 016
Tel: (0124) 2644284
Fax: (0124) 2644220

South

Peenya Industrial Area, Phase-I
Bangalore-560 058
Tel: (080) 23725100/101/102
Fax: (080) 23710220

For more information about our services and offerings, visit us at www.gati.com
or call us on our Call Free No. 1800-180-4284 or Mobile No. 098603 54284.