


# Press Coverages of the Press Conference held on November 15, 2011

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**Integral PR**  
(Information Resource Centre)

## కుంగడీస్తున్న షిప్పింగ్ ప్రత్యేక కంపెనీగా ఏర్పాటు

**• షాన్ డిపూల్ కారణం**  
**• గత డిమాండ్ అంతే సహాయం అవచ్చు**

హైదరాబాద్ (టెలిజీ ట్యూన్) : షిప్పింగ్ డిస్ట్రిబ్యూషన్ కంపెనీ డిపూల్ కారణం వల్ల గత డిమాండ్ గురించి అన్ని షిప్పింగ్ కంపెనీలు పునరుద్ధరణను కోరుతున్నాయి. డిపూల్ కారణం వల్ల గత డిమాండ్ గురించి అన్ని షిప్పింగ్ కంపెనీలు పునరుద్ధరణను కోరుతున్నాయి. డిపూల్ కారణం వల్ల గత డిమాండ్ గురించి అన్ని షిప్పింగ్ కంపెనీలు పునరుద్ధరణను కోరుతున్నాయి.



రోజుల్లో షాన్ డిపూల్ కారణం వల్ల గత డిమాండ్ గురించి అన్ని షిప్పింగ్ కంపెనీలు పునరుద్ధరణను కోరుతున్నాయి.

**ప్రధానమంత్రి షాన్ డిపూల్ కారణం వల్ల గత డిమాండ్ గురించి అన్ని షిప్పింగ్ కంపెనీలు పునరుద్ధరణను కోరుతున్నాయి.**

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## Gati plans fresh FCCB issue to redeem old ones

**Staff Reporter**

**HYDERABAD:** Gati, a distribution and supply chain solutions provider, on Tuesday announced plans to issue fresh foreign currency convertible bonds (FCCBs) to avoid default on the conversion of existing FCCBs, which were due for redemption on December 6.

The company has taken up restructuring programme including selling-off a majority stake in its loss-making shipping division and roping in an overseas partner to take up global supply chain contracts.

"We hope to finalise the two deals by June 2012", Managing Director and CEO of the company Mahendra Agarwal told mediapersons here.

Triggered by concerns among investors on whether the company would default on its existing FCCBs the Gati stocks took a battering on the bourses for the last two days. The new FCCBs would be issued for \$22 million, which would be adequate to redeem the old FCCBs worth \$15 million and an interest of \$7 million.

Mr. Agarwal sounded confident that there would be no default on their FCCBs' commitment as they had been restructured with Goldman Sachs.

The new FCCBs involved an interest of about 5.5 per cent.

Hit by the global economic meltdown the shipping division of the company incurred a loss of Rs.9 crore in the quarter ended September 30, 2011.

However, the profit before tax in the distribution business has risen by 73 per cent to Rs.16.3 crore with total income going up by 15.3 per cent to Rs.296.40 crore.



**Mahendra Agarwal (right), Managing Director and CEO, Gati, addressing a press conference in Hyderabad on Tuesday. K. L. Chugh, Chairman, looks on. - PHOTO: P. V. SIVAKUMAR**

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(Information Resource Centre)

# Gati to go for fresh FCCB issue to pay back old bonds

**Our Bureau**  
Hyderabad, Nov 15  
Supply chain solutions provider Gati on Tuesday announced plans to issue a fresh foreign currency convertible bond (FCCB) to retire its old FCCB and avoid a default on its redemption.

**RESTRUCTURING**  
Simultaneously, the company has flagged off a restructuring programme that involves selling off a majority stake in its loss-making shipping division and roping in an overseas partner to take up global supply chain contracts.

"We hope to finalise the two deals by June 2012," Mr Mahendra Agarwal, Managing Director and Chief Executive Officer of the company,

told media persons here. Stocks of Gati took a battering on the bourses for two consecutive days, triggered by concerns amongst investors on whether it would default on its existing FCCB.

It closed at Rs 29.10 on BSE today, down 8.06 per cent from the previous close.

The new FCCB will be for \$22 million, which would be adequate to replace the old FCCB of \$15 million and an interest of \$7 million.

"The FCCB redemption is due on December 6. We are confident that there will be no default on our FCCB commitment," Mr Agarwal said.

The new FCCB will involve an interest of Libor plus 500 basis points, which works to about 5.5 per cent - lower than that of the old

FCCB. On the restructuring front, the company has entered a MoU with an overseas company to sell majority stake in its shipping division, which will be hived off into a subsidiary before the deal.

"We expect to close the deal by June 2012. Once this is done, we expect to see a cash generation of Rs 20 crore per quarter," he said.

Gati had bought three ships for over \$40 million in 2008, when asset prices were ruling high.

Subsequently, the industry was hit by the global economic meltdown,

**Q1 PERFORMANCE**  
In the quarter ended September 30, the division spawned a loss of Rs 9 crore,



**Avoiding default:** Mr Mahendra Agarwal, Managing Director and CEO, Gati Ltd, announcing the financial results for the first quarter ending September 30, in Hyderabad on Tuesday. At left is Mr K.L. Chugh, Chairman. — P.V. Sivakumar

driven by high dry-docking costs during the period. Another cause of worry for the company is that about 90 per cent of the promoters' hold-

ings are pledged and in the wake of the slide in its stocks, there could be pressure on some selling of the pledged shares.

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## Gati will divest up to 49% to strategic partner

**AN ASSOCIATE**  
Hyderabad, 15 November

**STEPPING** on a major business overhaul, Hyderabad-based logistics company Gati Ltd has decided to rope in a global strategic partner with close to 50 per cent equity, apart from buying off its loss-making shipping business by selling a majority stake to another company.

The company hopes to complete the process, both divestment and demerger of shipping operations, by next June. Gati attributed these sweeping changes to the "rejuvenation" of its ambition to grow, following a global slump in shipments of the current business, in addition to leverage the company.

Gati, which took a heavy beating on the stock exchange following the sale of foreign currency convertible bonds (FCCB) details, also announced the intention of restructuring of FCCBs with the present bondholder Lakshmi. The new bonds will be for \$22 million, which would be adequate to replace the old FCCB of \$15 million with equal amount of debt at a lower interest rate.

The company at its board meeting yesterday had approved these decisions.

Disclosing these today, company founder CEO Mahendra Agarwal and chairman K.L. Chugh said once the proposed joint venture through buying off the shipping business gets over, Gati's performance would be much better with expected cash flow generation of "20 crore a quarter".

The company is restructuring the current FCCBs, which carry an interest of 7.50 per cent with a redemption date of December 6, with the FCCBs carrying 5.5 per cent interest with the 15-bonded Gati bondholders. It also clarified it had a debt of Rs 9 crore on its books and net \$600 as was reported in some sections of the media.

"The one thing ahead of us is to restructure the company. Hyderabad will be home to India's largest logistics company and our endeavour is to make it even profitable at all," Chugh said while brushing aside the speculations about financial health of the company in the wake of its shipping losses.

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## Gati May Divest 49% Stake to Global Strategic Partner

### OUR BUREAU

HYDERABAD

Promoters of the express distribution and supply chain solutions firm Gati assured the markets, investors and lenders on the company's financial health and its ability to meet all the financial obligations including serving the foreign currency convertible bonds of \$22 million. Addressing the media in Hyderabad on Tuesday, managing director and chief executive officer Mahendra Agarwal disclosed the board's decision to rope in global strategic partner by of-

fering it up to 49% holding in the company. The assurance on the financial health comes in the backdrop of the stock suffering a free fall of nearly 30% each on Friday and Monday to close at Rs31.48 on Monday from Wednesday's closure of Rs 49.90. On Tuesday, the stock lost nearly 8% to close at Rs28.15, near to the year's lowest price of Rs28.05.

The promoters have lost significantly as they hold 48.54% stake in the company and have pledged nearly 96% of their holding with lenders to raise funds for various purposes including investments in power

projects in their personal capacity. On whether there was pressure from the lenders for fresh margin amounts following the steep fall in stock price, Agarwal said: "When the price has crashed so much, there will be pressure for margin amount and there will be some selling of the shares pledged. They are seeking fresh margin money and we are taking care of the fresh margins. We have not got any details yet (on lenders selling the stock pledged) but I am sure there would have done it. According to the agreement, they can do (sell) whenever the stock falls".

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## Gati plans to sell shipping vertical

### Business Update

Hyderabad

EXPRESS distribution and supply chain solutions provider Gati is looking at restructuring its business mainly by hiring-off its shipping business.

The company is also looking at partnering with strategic investors who could help the company achieve its growth plans.

"By the end of June 2012 we hope that the company will find its strategic partner and also hire-off the shipping business. We would then focus on our core strength of express distribution and on other areas like e-commerce, supply chain solutions and cold storage chain. The idea is to concentrate to de-leverage and focus on areas that aren't capital intensive," said Mahendra Agarwal, managing director and chief executive officer of the company.

Gati, which is under the huge debt of around Rs 450 crore, has seen a huge drop in its share prices of up to 20 per cent in the past couple days. The company also plans to issue a new FCCB

### New strategy

■ Firm is looking to partner with strategic investors, to help achieve its growth plans

■ Gati aims to focus on core strength of express distribution and on other areas like e-commerce

■ It also plans to issue a new FCCB of \$22m to pay back its old FCCB and the default

(foreign currency convertible bonds) of around \$22 million to pay back its old FCCB and the default. Its earlier FCCB was for \$15 million and had an interest of \$7 million.

Meanwhile, the company reported a total income of Rs 236.4 crore for the second quarter of this financial year against Rs 225 crore for the corresponding period last year. The net profit for Q2FY11 stood at Rs 3.83 crore when compared with Rs 3.75 crore last financial year. Gati had incurred losses around Rs 9 crore in Gati Ships this quarter.

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## Gati scouts for strategic ally to ease debt pressure

### BUSINESS BUREAU

Hyderabad: Rattled by mounting debt, city-based Gati Limited, a leading logistics company, is on the lookout for a strategic partner which can not only complement its operations, but also invest in the company. Besides, the logistics major has entered into an agreement with an overseas company to live off its loss-making shipping division.

"Gati will induct a strategic partner into its profit-making express distribution business by divesting a minority stake, while the loss-making shipping division will be demerged and handed over to an overseas company. These restructuring activities will be over by the end of our current financial year which closes on June 30, 2012," Mahendra Agarwal, the company's founder and CEO, told media persons after announcing the first quarter results here on Tuesday.

However, he declined to

give more details except saying that Gati would have minority stake in the demerged shipping business. "The company has signed an MoU with an overseas company which is in an advanced stage of finalisation," he said.

Alloying fears that the company would default on the payments of \$22-million foreign currency convertible bonds (FCCBs) which would be due on December 6, Mr Agarwal made it clear that the FCCBs had been restructured with Goldman Sachs at lower interest rates. "We have called for annual general meeting (AGM) on November 29 for enabling us to increase the debt limits to Rs 600 crore, but the debt burden, which stands at around Rs 450 crore, will not go up on the account of FCCB restructuring," he maintained.

Gati would focus on cold chain and supply chain management for its future growth. "Cold chain segment holds huge potential for us," Mr Agarwal said.

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## గతి త్రైమాసిక లాభం 16 కోట్లు

హైదరాబాద్ (వివి) : గతి సమయం ముగిసి, నరసరావుపేటలోని గతి లాజిస్టిక్స్ కంపెనీ 78 లాజిస్టిక్స్ సెంటర్లను తెరిచింది. తెలంగాణలో 30కే తగ్గిన మొదటి మూడేండ్ల ప్రదర్శనలో ఈ 16 కోట్ల 30 లక్షల లాజిస్టిక్స్ సెంటర్లను ప్రారంభించింది. కంపెనీ అధికారులు ముగించిన అగ్రార్, నెలకూ పైకి కోటి విదేశీ మూలధనం తెలిపారు. సంవత్సరంవారం 1,36,954 మంది కేంద్రానుసారము, కేవలం 622 లక్షలలో తమ అధికారులు సంవత్సరం నిర్వహించారు. సంవత్సరంవారం 4500 లక్షలను సేవించారు, సేవకు 65,000 లక్షలను సేవించారు. సంవత్సరంవారం, అటు చేస్తున్న కేంద్రానుసారం లాజిస్టిక్స్ కంపెనీ తెలిపారు.

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### గాటి నికర లాభంలో 73% వృద్ధి

**అంధ్రభూమి బ్యారో**  
**ప్రచురణానికి** వేలంపల్లి 16 ప్రముఖ ఎన్టీఆర్ కిట్టిబిల్లులపై, సెప్టెంబర్ 29న గోదావరి జిల్లా కడప జిల్లా రెవెన్యూ డివిజన్ పరిశోధనా ప్లన్ తయారీని ప్రారంభించింది. వేలం లాభం 73 శాతం పెరిగి రూ.258 కోట్లకు చేరుకుంటున్నట్లు తెలుస్తోంది. మొత్తం ఆదాయం రూ. 2,994 కోట్లకు చేరుకుంటుంది. ఆ కంటే వైద్యకే కేంద్రం ద్వారా ఎంపీ మహేంద్ర ఆగర్వాల, డిప్యూటీ సర్కిల్ అధికారి సుజాత కుమార్ల వంటకల వేలం కూడా జరిగినట్లు తెలుస్తోంది.

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### గతి లిమిటెడ్ క్యూ1 లాభం రూ.16 కోట్లు

**షెప్పింగ్ విభాగంలో నష్టాలు - గతి ఎంపీ మహేంద్ర ఆగర్వాల**

**ప్రచురణానికి** అంధ్రభూమి బ్యారో ప్రచురణానికి వేలంపల్లి 16 ప్రముఖ ఎన్టీఆర్ కిట్టిబిల్లులపై, సెప్టెంబర్ 29న గోదావరి జిల్లా కడప జిల్లా రెవెన్యూ డివిజన్ పరిశోధనా ప్లన్ తయారీని ప్రారంభించింది. వేలం లాభం 73 శాతం పెరిగి రూ.258 కోట్లకు చేరుకుంటున్నట్లు తెలుస్తోంది. మొత్తం ఆదాయం రూ. 2,994 కోట్లకు చేరుకుంటుంది. ఆ కంటే వైద్యకే కేంద్రం ద్వారా ఎంపీ మహేంద్ర ఆగర్వాల, డిప్యూటీ సర్కిల్ అధికారి సుజాత కుమార్ల వంటకల వేలం కూడా జరిగినట్లు తెలుస్తోంది.

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# రూ.100కోట్లకు విదేశీ కరెన్సీ బాండ్లు

**జాతి చేయనున్న గతి లిమిటెడ్**

పట్టణ విద్యార్థులకు, పట్టణ కేంద్రం పరిధి ప్రాంతాల వచ్చిన విదేశీ బండ్లను పట్టణ కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది.

**ప్రారంభం - ముగియడం**

పట్టణ విదేశీ బండ్లను కేంద్రం గత కొంతకాలం పాటు కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది. పట్టణ కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది. పట్టణ కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది.



**గత కొంతకాలం పాటు కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది.**

రూ.100 కోట్ల విదేశీ బండ్లను కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది. పట్టణ కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది.

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## తగ్గిన గాటి ఎక్స్‌ప్రెస్ వ్యాపారం



ప్రారంభం, మేనేజర్లు, కేంద్రం వ్యాపారం గాటి ఎక్స్‌ప్రెస్ వ్యాపారం 75 అడుగులకు. పట్టణ కేంద్రం ద్వారా ప్రవేశపెట్టడం ప్రాధాన్యతగా ముందు ఉన్నట్లు జాతి చేయనున్నట్లు తెలిపింది.

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**Gati to hive off shipping unit**

**TIMES NEWS NETWORK**

Hyderabad: As part of a major restructuring exercise, Hyderabad-based logistics player Gati Limited has decided to demerge its shipping division and spin it off into a wholly-owned subsidiary called Gatlife, while at the same time engaging its express distribution and supply chain business with an eye on emerging as a full 3500 crore turnover player by 2014.

The company is also making plans to induct either a strategic partner or investor into its shipping business post-demerge to turnaround its not-so-lucrative fortunes.

It has decided to demerge the shipping business to focus all its core business segments of express distribution and supply chain with a special focus on cost-cutting. To revive our shipping business, three-four months down the line we may induct a strategic partner or investor into the subsidiary to steer the business to profitability, Gati-NEC & CEO Mahendra Agarwal said on Wednesday.

Expanding the logic behind the de-merger, Agarwal pointed out that the shipping business was dragging down the performance of the company despite its core business segments being profitable.

Though Gati's EBITDA division posted a profit after tax of Rs 22 crore in revenues of Rs 560 crore in shipping division made losses of Rs 11 crore in FY 10 as compared to a profit of Rs 5 crore in FY 09 in revenues of Rs 50 crore, Agarwal explained.

Discussing the company's to-be market strategy, Agarwal said the company was now focused on growing its low-key verticals ... express delivery under the Gati Express Distribution brand for surface and air transport and its supply chain solutions under the Gati



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### Gati in choppy waters as pledge, biz backfire

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**Share**  
**After the share sale and mergers, the promoters should have had a part of**  
**the holding to ensure the return to the investor regarding interest share**  
**to all the promoters, led by Mahendra Agarwal, held about 40.5% shares in**  
**Gati, which has a equity base of Rs 20 crore.**

**The pledge has nothing to do with Gati, the promoters have clarified. But the**  
**share pledged for stock from Gati, is Rs 20 crore on Tuesday. Shareholder**  
**Gati is eager looking for a strategic partner for its core logistics business and is**  
**likely to float about 10% shares.**

**The Gati, will have cash flow and may open the door to wider global**  
**expansion.**

**The partners are looking to go to a global player. We want someone who can**  
**take care of the process in India," said Mahendra Agarwal. Gati is looking for**  
**CEO.**

**The company has already decided to sell off its shipping business and bring its**  
**major portion by offering up to 10% stake.**  
**It will purchase the parcel of shipping business from the shipping arm and**  
**the core business by June 2012, added Agarwal.**

**Gati will also be looking for an integration of FCCB issued to favor of**  
**Gati India.**

**The original size of \$15 million and the interest component was \$10 million.**  
**When the bank requires the FCCB to be about \$20 million, the new**  
**money requirement to redeem the liability by Gati is about \$10 million by**  
**December 3, 2011, he said.**

**The company is in the middle of an FCCB issued with Gati India as a**  
**lower cost of \$15 million. The face amount of \$20 million will be for \$20 million**  
**of 10% non-cumulative, which will carry about 5.5%. The issuing**  
**of this liability is a part of about 10%," said Agarwal.**

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**Gati Ltd.**

52C	53C
<b>27.90 ▼</b>	<b>27.50 ▼</b>
-4.47% N -1.38	-8.88% N -1.13
107 881 Shares Traded	Vol: 23833 shares traded

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**Funds starved S&P Microfinance fundings 13%,**  
**Gati hits 20.**

### GATI plans to replace old FCCB debt; Stock plunges 20%

**STOCKS/ETNS/ETNOW** By N. Prasad  
**Texas | Call Cent. | FCCB | Investment**  
**NEW DELHI:** Shares of GATI Ltd plunged 20% on Monday after the company announced plans to have off its shipping arm into a separate subsidiary and to replace its old FCCB issue with a new one.

The company plans to sell 50 per cent stake in the shipping arm and get strategic investors post demerger.

The stock was traded at 20 per cent lower level at Rs 27.50 second day in a row on the Bombay stock exchange (BSE).

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"The management has said that the company is not facing any cash flow constraints due to debt burden. It is in talks with new investors for the FCCB issue to issue \$22 million and plans to replace the old FCCB debt with fresh funds," said Mahendra Agarwal, MD, GATI, in an interview with ET Now.

The management is confident of closing the deal within this month.

**Analyst Call: Deepak Mishra, Director, [trivedishah@india.com](mailto:trivedishah@india.com)**

Shares of GATI Ltd are traded up in a lower level for a second day in a row and down 10% if it manages to recover half of its loss in financial's trade, but it is going to be at a seven-year low. This shows it is clearly a big decline down from the market.

It is managed to climb to Rs 180 in 2010, when it had gone over Rs 200 last year back. On it looks like the stock is in a pretty bad situation.

For investors, therefore, it is best to stay away from the stock.

Ask by Google

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(Information Resource Centre)

Gati plans to sell shipping vertical | mydigitalfc.com

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The screenshot shows a news article on the website mydigitalfc.com. The article is titled "Gati plans to sell shipping vertical" and is dated 16.11.2011. The article text is partially visible, mentioning that Gati is looking at restructuring its business heavily by focusing on its shipping business. It also notes that the company is looking at partnering with strategic investors who could help the company achieve its growth plans. The article mentions that by the end of June 2012, the company will focus on its shipping business and shut down all other divisions. It also states that the company has a large order book of Rs 200 crore and is planning to raise a new FCCB (Foreign Currency Convertible Bond) of Rs 200 crore to pay back its FCCB and the debt. The article further mentions that the company reported a total income of Rs 236.40 crore for the second quarter of the financial year against Rs 228 crore for the corresponding period last year. The net profit for Q2 FY12 was Rs 6.90 crore when compared with Rs 3.75 crore last financial year. Gati had incurred losses around Rs 9 crore in Gati Signs this quarter.

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# GATI to rope in global investor, dilute stake

Postnoon News

**HYDERABAD:** Gati Ltd, an express distribution and supply chain solutions provider, is planning to rope in a strategic global investor by offering up to 49 per cent stake in the company.

Talking to presspersons at a press conference here on Tuesday, M K Agarwal, CMD, said that the strategic investor would bring in more value and also expand the company's operations. The promoters' stake in Gati was over 45 per cent and 90 per cent of it was under pledge with financial institutions.

The company posted a total income of Rs 236.40 crore and a profit before tax of Rs. 6.90



crore, compared to a turnover of Rs 226.70 crore and a PBT of Rs 6.20 crore in the corresponding quarter in the previous year.

The core business of the company - express distribution and supply chain division where the company is a market leader,

posted a growth of 15.3 per cent, with an income of Rs 228 crore.

The shipping business of the company had a negative growth of 7.1 per cent during the quarter impacting the performance of the core business adversely by Rs 9.38 crore. The shipping business of the company has not been performing well and the business is being demerged. The company has signed an MoU with an overseas company which is in an advanced stage of finalisation. This could result in a cash generation of Rs. 20 crore a quarter.

In respect of FCCB payments due shortly, the company said that the FCCB had been restructured with Goldman Sachs.