

For Immediate Release

Gati Ltd 9 months' Net Profit up by 63% at Rs 171 Mn (July'11 – March'12)

Hyderabad, Andhra Pradesh, May 9, 2012: Gati Ltd, pioneer and leader in Express Distribution and Supply Chain Solutions, announced its financial performance for Q3 & 9-mths ended 31st March 2012. The Company reported a 63% jump in its net profit at Rs. 171 Mn as against Rs. 105 Mn for the nine month period. The total Income stood at Rs.6,905 Mn as against Rs.6,803 Mn in the corresponding period last year.

For the nine month period, EBITDA margin stood at 11.5 % as compared to 10.3% for the corresponding period last year. EPS (including exceptional items) was at Rs 1.99 as against Rs 1.22.

Commenting on the third quarter results, Mr. Mahendra Agarwal, Founder and CEO, Gati Limited said, “The slowdown in the economy has become a major challenge. While our revenues show a modest growth , we believe that the Express Distribution business will grow significantly above the industry growth and the KWE partnership will enable us to provide an unmatched express distribution service to customers”.

During the quarter ended 31st March 2012, Net Profit stood at Rs 81 Mn as against Rs. 36 Mn a surge of 124%. The total income stood at Rs 2,180 Mn as against Rs 2,288 Mn for the same period last year.

Divisional Performance:

For nine months ended 31st March, 2012, the Express Distribution and Supply Chain division posted net sales income of Rs 6,609 Mn as against Rs. 5,973 Mn in the same period of last year.

For the same period, EBITA stood at of Rs. 1020 Mn as compared to Rs. 705 Mn for the corresponding period of the previous year.

During the quarter ended 31st March 2012, the Express Distribution and Supply Chain division has registered a growth of 4.8% year on year at Rs. 2,101 Mn as compared to Rs. 2,006 mn in the corresponding quarter of the previous year. The EBITDA margin stood at 13.1% as against 10.6% in the corresponding quarter of the previous year.

Notwithstanding the sluggish economic environment, Express Distribution and Supply Chain division of the company posted impressive performance compared with the same quarter in the previous year. However, the shipping division continued to incur losses thereby depressing the overall financials of the company. The shipping division has registered a de-growth and the losses excluding the exceptional item stood at Rs. 270 mn year on year for the nine months ended 31st March, 2012 as against Rs. 105 mn loss for the same period in the previous year .

The Company has re-structured its businesses as under:

Express Distribution and Supply Chain :

In order to strengthen its leadership position in India and establish global footprint, the Board of Gati Ltd. had approved the proposal to form joint venture (JV) with Japanese global logistics service major Kintetsu World Express, and consequently , Company transferred substantial part of its Express Distribution and Supply Chain business (EDSC) to Gati-Kintetsu Express Pvt. Ltd., a wholly owned subsidiary on a going concern basis on 31.03.2012 to form the joint venture with Kintetsu World Express (KWE). The Joint Venture partner will eventually acquire 30% stake in the subsidiary Company, on receipt of necessary regulatory approvals. As a part of this arrangement, KWE agreed to invest Rs. 2,677 Mn. These funds will be primarily utilized to substantially reduce the debt burden, strengthen infrastructure, greater automation and better material handling facilities.

Shipping:

Further, the Company transferred its Shipping business (Coast to Coast) to Gati Ship Pvt. Ltd., a wholly owned subsidiary with effect from 31.03.2012.

Gati - KWE Partnership

The partnership will help Gati KWE substantiate its position in the logistics industry on account of:

- Access to a large base of potential KWE customers who have operations in India, thereby focusing on additional primary distribution business in India
- Develop the current Infrastructure capabilities to global standards
- Adoption of global best practices and technology
- Supporting the business expansion plan of KWE's global client in the Indian market
- Benefit from KWE's operational expertise in 3PL and warehousing services

Further Gati plans to capture the growing logistic demand by:

- Strengthening the Road Network by way of greater automation and better material handling facilities
- Introducing to the market multimodal plus products that have better transit times - Premium plus which is next day (before noon)service between air and road using rail connectivity
- Independently focus on the growing market demand for Cold Chain Solutions, eCommerce and International Freight forwarding.

About Gati Limited:

Gati Limited was the pioneer and is now the leader in Express Distribution and Supply Chain Solutions in India. Having started as a cargo management company in 1989, Gati has grown into an organization with more than 3500 employees and a consolidated annual turnover of Rs 12094 mn covering 622 out of 626 districts in India. Gati has over 4000 vehicles on the road not including their fleet of refrigerated vehicles, container shipping vessels and world class warehousing facilities across India. Furthermore Gati has a strong market presence in the Asia Pacific region and SAARC countries. Today, Gati has offices in Singapore, China, Thailand , Hong Kong and Nepal that concentrate on India- centric distribution solutions.