

For Immediate Release

Gati's Express Distribution Business Reports a 73% increase in PBT at Rs. 163 mn

Total Income up by 15.3%, EBITA grew by 64%

Hyderabad, Andhra Pradesh, November 15, 2011: Gati Ltd, India's pioneer and leader in Express Distribution and Supply Chain Solutions provider today announced the financial results for the first quarter ended September 30th, 2011. The company posted a total income of Rs 2,364 million and a profit before tax of Rs. 69 million as compared to a total income of Rs 2,267 million and a profit before tax of Rs 62 million for 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% to Rs 2,280 million from the corresponding quarter in the previous year with PBT at Rs 163 million.

The Shipping business of the company has a negative growth of 71% during the quarter impacting the performance of the core business adversely by Rs 93.8 million. Were it not for the loss of Gati Ships the company PBT would have been much higher at Rs 256.8 million.

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.

With the above, Cash generation would be Rs 200 million per quarter.

In respect of FCCB payments due shortly, the company wishes to clarify that the FCCB has been restructured with Goldman Sachs.

As a strategy of positioning the company on a path of rapid growth, the company is in dialogue with a strategic partner.

Business Highlights

1. The core business of the company Express Distribution and Supply Chain 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. Today we are geared up to cater to an additional 20% growth in the current capacity and

infrastructure. Our Outlook for Q2 is positive and we expect a consistent growth above 15% corresponding quarter of the previous year.

2. Today we have the largest network in India, our reach in the rural market is the widest. 19% of our total volume comes from our Rural delivery network (up 2% from the last year) we continue to tap and expand as the markets grow in these areas. We see our network's next phase of growth towards the rural markets as the market expands and as we move on towards 2015 and beyond. On the Rail side, we plan to link our existing Rail Express to the future Dedicated Rail Corridor, thus taking us to an unbeatable Market leadership on the Network side. We are building up our Cold Chain Network by means of expanding our current fleet of refrigerated transport and building Temperature controlled warehouses across the major locations.
3. Operating costs have been improved through route optimization thereby reducing the cost of the network operations which is dependent on fossil fuels. Technological in house innovation has led to productivity improvements which has slashed the manpower requirements by 4%.
4. Gati celebrated its 22nd foundation day on this November 14, 2011. On this day Gati hosted a brand new website - www.gati.com. The new website comes with the latest mouse over technology for a quick snapshot of the business , track and trace facility , Live chat option, warehousing network etc
5. We have strengthened our presence and services in the APAC markets by adding two more offices in Malaysia and Guangzhou. The division is also exploring opportunities of strategic alliances in Vietnam and Indonesia. By strategically partnering with a strong International player, we plan to leap frog on this front.
6. Gati's Supply Chain Management business under RedSun has continued to deliver expected growth in the targeted verticals of Retail and E-Commerce. Q1 has seen us engage with companies to redefine national inventory management practices, plan a retail business and the required pan-India distribution network and support the local customization of new consumer electronics products introduced to India, as well as developing additional business using our industry leading E-commerce services and India's widest distribution network. Our outlook for Q2 is positive as we build on existing revenue from the provision of value-adding supply chain management services and look to deliver additional services to support the maturing needs of E-Commerce and Retail companies.

Commenting on the first quarter results, Mr. Mahendra Agarwal, Managing Director & CEO, Gati Limited said, **“In the first quarter, the core Express Distribution and Supply Chain business has outperformed industry growth and we continue to see it growing consistently. In an inflationary market when there is acute pressure through increasing costs, the business has shown a commendable result. We will focus on developing industry specific solutions where we see higher growth in Retail, luxury and B2C distribution requirements”.**

Gati Quick Facts

- 462 operating Units
- 135954 Delivery locations
- We deliver to 20,466 pin codes across India - 622 districts
- 1400 routes
- Over 4500 vehicles
- 65000 Tonnes handled per month
- 0.5 million shipments per month
- 4.2million packages handled per month

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 an annual turnover of Rs 12094 mn covering 622 out of 626 districts in India. Gati has over 4500 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, Beijing, Shanghai, Qingdao, Hong Kong, Bangkok, Kuala Lumpur and Dubai apart from SAARC countries that concentrate on India-centric distribution solutions.