LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This document ('Letter of Offer' or LoO') is being sent to you as an existing shareholder (s) of **Kausar India Limited** ("KIL" or the "Target Company"). If you require any clarifications about the action to be taken, you should consult your stock broker or Investment Consultant, or the Merchant Banker/Registrar to the Offer. In case you have recently sold your shares in KIL, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deeds to the Member of the Stock Exchange (as defined) through whom the sale was affected.

CASH OFFER

by

The Acquirer GATI LIMITED

hereinafter referred to as "GATI"

Registered Office: 1-7-293, Mahatma Gandhi, Secunderabad-500 003

Tel. No.: 040- 27844284; **Fax No:** 040- 27894284; **Email:** com_sec_dept_ho@gati.com

for the acquisition of upto 8,15,496 equity shares of face value of Rs 10/- each at a cash price of Rs. 72.84/- representing 22% of the equity capital from existing shareholders

OF

KAUSAR INDIA LIMITED (the Target Company)

Registered Office: 97, Anand Lok, New Delhi- 110049; **Tel No.:** 011-41740200; **Fax No.:** 011-41740201

Email : kausarindia@yahoo.co.in

The Offer is being made pursuant to the provisions of Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

The Offer is not conditional offer.

As on date, to the best of knowledge of the Acquirer, there are no specific approvals, statutory or otherwise, required to acquire the shares tendered pursuant to this Offer.

Regulation 26 of SEBI (SAST) Regulations, 1997 provides for an upward revision of the Offer Price / Offer Size at anytime, up to seven working days prior to the date of the closure of the Offer i.e 26th November 2007. In case of a revision in the Offer Price / Offer size, the Public Announcement for revision will be made in the same newspaper in which the original Public Announcement had appeared. In case of a revision in Offer Price, the same price shall be paid by Acquirer for all the shares tendered anytime during the period the Offer is open and accepted under the Offer.

Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of offer, can withdraw the same up to three working days prior to the date of the closure of the offer i.e.30th November 2007.

This is not a competitive bid. There has been no competitive bid as on the date of this Letter of Offer.

If there is a competitive bid:

The public offers under all the subsisting bids will close on the same date. As the offer price cannot be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

The Registration of all the intermediaries associated with the Offer, viz. Religare Securities Limited., Manager to the Offer and Karvy Computershare Private Limited., Registrar to the Offer are valid and no action has been initiated by SEBI or any other Government body against them.

THE PROCEDURE FOR ACCEPTANCE IS SET OUT IN PARAGRAPH 11. A FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL AND TRANSFER DEED(S) ARE ENCLOSED WITH THIS LETTER OF OFFER. A COPY OF PUBLIC ANNOUNCEMENT AND THIS LETTER OF OFFER (INCLUDING FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL) WILL ALSO BE AVAILABLE ON SEBI'S WEB SITE www.sebi.gov.in

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
RELIGARE Values that bind **Religare Securities Limited** **SEBI Registration No:** INM000011062 14, Mittal Chambers, 1st Floor,Nariman Point, Mumbai - 400 021, India. **Tel:** 0 22- 4007 4800; **Fax:** 0 22- 4007 4869 **Website:** www.religare.in **E-mail:**neetu.ranka@religare.in/ navdeep.kaur@religare.in **Contact Person:** Ms. Neetu Ranka/Ms. Navdeep Kaur	KARVY Karvy Computershare Private Limited **Karvy Computersshare Private Limited** **SEBI Registration No:** INR000000221 Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad- 500 081 **Tel:** 040- 2342 0815; **Fax:** 040- 2343 1551 **Website:**www.karvy.com; **Email:**murali@karvy.com **Contact Person:** Mr. Murali Krishna
OFFER OPENS: FRIDAY, 16th NOVEMBER 2007	**OFFER CLOSES: WEDNESDAY, 5th DECEMBER 2007**

TIME TABLE

Activity	Original Schedule as per PA		Revised Schedule	
	Date	Day	Date	Day
Date of Public Announcement	30th August 2007	Thursday	30th August 2007	Thursday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)*	31st August 2007	Friday	31st August 2007	Friday
Last date for announcement of competitive bid, if any	20th September 2007	Thursday	20th September 2007	Thursday
Date of dispatch of letter of offer	9th October 2007	Tuesday	7th November 2007	Wednesday
Date of opening of the Offer	19th October 2007	Friday	16th November 2007	Friday
Last date for Revising the Offer Price / Number of Shares	29th October 2007	Monday	26th November 2007	Monday
Last date for withdrawing acceptances tendered by shareholders	2nd November 2007	Friday	30th November 2007	Friday
Date of closing of the Offer	7th November 2007	Wednesday	5th December 2007	Wednesday
Date of communicating acceptance/ rejection and payment of consideration for accepted shares / dispatch of the share certificate in case of rejection.	22nd November 2007	Thursday	20th December 2007	Thursday

Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of KIL (except the current promoters & promoter group of the Target Company) are eligible to participate in the Offer anytime before the closure of the Offer.

Note: *Duly Signed Application and Transfer Deed(s) together with share certificate(s) should be dispatched by Registered Post / Courier or hand delivered to the Registrar to the Offer at above address to reach not later than 5.00 p.m. on 5th December 2007.*

RISK FACTORS

1. The Offer involves an offer to acquire up to 22% of fully paid up equity share capital of KIL from the Eligible Persons for the Offer. In the case of oversubscription in the Offer, as per the Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the shareholders in the Offer will be accepted.
2. In the event that either (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a stay of the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of the KIL whose shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the wilful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e. 30th November 2007. The shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
3. The Share Purchase Agreement (SPA) contains a clause that it is subject to the provisions of the Regulations and in case of non-compliance with any of the provisions of the Regulations, the Agreement(s) for such sale shall not be acted upon by the Sellers or the Acquirer.
4. The Acquirer makes no assurance with respect to the market price of the shares during/ after the Offer. Further, the tendered shares will lie to the credit of a designated escrow account and the shares tendered in physical will lie with the Registrar of the Offer until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of KIL.
5. In case the shares tendered in the Offer by the shareholders, are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

6. The transaction is subject to completion risks as would be applicable to similar transactions.

Risks involved in associating with the Acquirer

7. The Acquirer proposes to acquire ownership and control of KIL by the direct acquisition of 52.96% of fully paid up equity share capital of KIL from the Promoter Group of KIL pursuant to the Share Purchase Agreement. The Acquirer makes no assurance with respect to the financial performance of the Target Company.

8. The Acquirer is involved in legal proceedings that have been initiated against them. For more details, see para 4(o) "Status of Corporate Governance and pending Litigation matters". The pending litigations will not have any impact on the current open offer.

The Acquirer and the Manager to the Offer, accept no responsibility for statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of KIL or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of KIL are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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Attached: Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed(s) (for shareholders holding shares in physical form).

DEFINITIONS

The following definitions apply through this document, unless the context requires otherwise:

Term	Definition
"Acquirer" or "GATI"	Gati Limited
Act	The Companies Act, 1956
Business Hours	Monday to Saturday- 10.00 am to 5.00 pm (Closed on Sundays and public holidays)
CDSL	Central Depository Services Limited
DP	Depository Participant
DSE	Delhi Stock Exchange Association Limited
EPS	Earnings Per Share
Eligible person for the Offer	All owners of shares registered or unregistered of KIL (who own shares at any time prior to the Closure of the Offer) except Parties to the Agreement
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
LSE	Ludhiana Stock Exchange Limited
LOO or Letter of offer	Offer Document dated 1st November 2007
Manager or Manager to the Offer	Religare Securities Limited
MOA	Memorandum of Association
Negotiated Price	Rs. 72.84
NRIs	Non- Resident Indians
NSDL	National Securities Depository Limited
Offer/Public Offer/Open Offer	Offer for acquisition of up to 8 15,496 fully paid-up equity shares of face value of Rs 10 each of KIL representing 22% of the equity share capital at a price of Rs 72.84 per share, payable in cash
Offer Document	This Letter of Offer
Offer Price	Rs. 72.84/- (Rupees Seventy Two and Eighty Four paise Only) per fully paid up equity share of KIL.
Public Announcement or PA	Announcement of the Offer made on 30th August 2007
RBI	The Reserve Bank of India
Registrar/Registrar to the Offer/Karvy	Karvy Computershare Private Limited
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto up to the date of Public Announcement
SEBI	Securities & Exchange Board of India
SPA	Share Purchase Agreement
Specified Date	Date for the purpose of determining the names of Shareholders, as appearing in the Register of Members of KIL, to whom the Letter of Offer should be sent, in this case being 31st August 2007
Stock Exchanges	DSE and LSE.
"Target Company" or "KIL" or "Company"	Kausar India Limited

ATTENTION:

If, due to non-receipt of requisite statutory approvals, the Acquirer is unable to make the payment to the shareholders who have accepted the Offer within 15 days of the date of closure of the Offer, then SEBI may, if satisfied that the non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or the failure of the

Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time. Further, shareholders should note that after the date of withdrawal i.e. 30th November 2007, the shareholders who have lodged the shares would not be able to withdraw them even if the acceptance of shares under the offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tendered shares and payment of consideration is completed.

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF KAUSAR INDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR OF KAUSAR INDIA LIMITED ("TARGET COMPANY") WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER - RELIGARE SECURITIES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 12th SEPTEMBER 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT (S) THERE OF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES, AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. DETAILS OF THE OFFER

2.1 BACKGROUND OF THE OFFER

a) This offer of 22% of the Equity capital i.e. 8,15,496 shares of KIL is made in terms of Regulation 10 and Regulation 12 of SEBI (SAST) Regulations, 1997 for substantial acquisition of shares of the Target Company and change in control pursuant to it.

b) Gati Limited ("The Acquirer") does not hold any shares in the target company as on the date of Public Announcement. The Acquirer has entered into a Share Purchase Agreement (SPA) on 25th August 2007 with the Promoter & Promoter Group (therein and hereinafter collectively referred to as the "Sellers") of KIL to acquire the shares of Kausar India Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at 97, Anand Lok, New Delhi- 110049, The Acquirer has agreed to acquire 19,63,050 equity shares of Rs. 10 each representing 52.96% of the fully paid up equity voting capital of KIL at a price of Rs. 72.84 (negotiated price) per share aggregating to a consideration of Rs. 14,29,88,562/- payable in cash through their duly constituted attorney and that has resulted in the triggering of SEBI (SAST) Regulation 1997.

c) As per the SPA, the Sellers are selling 19,63,050 Equity Shares as shown below:

Name and Contact details of the Promoter & Promoter Group (Sellers)	Shares agreed to be acquired under the SPA	% of paid up capital
Mr. Sadeev Sandhu **Address:** 97, Anand Lok, New Delhi-110049 **Tel No:** 011-41740200	686700	18.53
Mrs. Gurcharan Kaur **Address:** 97, Anand Lok, New Delhi-110049 **Tel No** 011-41740200	86500	2.33
Sadeev Sandhu & Sons (HUF) **Address:** 97, Anand Lok, New Delhi-110049 **Tel No:** 011-41740200	136000	3.67
Ms. Sipthi Sandhu **Address:** 97, Anand Lok, New Delhi-110049 **Tel No:** 011-41740200	264150	7.13
Mr. H.K. Sandhu **Address:** 97, Anand Lok, New Delhi-110049 **Tel No:** 011-41740200	49600	1.34

Mr.P.J Parmar **Address:** 97, Anand Lok, New Delhi-110049 **Tel No:** 011-41740200	555000	14.97
Kausar Leasing Limited **Address:** 97, Anand Lok, New Delhi-110049 **Tel No:** 011-41740200	185100	4.99
Total	**1963050**	**52.96**

d) The summary of the major terms of the Share Purchase Agreement are:

i. During the period between the signing of this Agreement and the Completion of Transfer, nothing will be done by the Sellers in the affairs in the conduct of the management of the affairs of the Company, which would be likely to prejudice the interests of Acquirer as a prospective purchaser of the substantial shareholding in the Company.

ii. The Acquirer undertakes to take all steps necessary to proceed with open offer in accordance with law including SEBI (Substantial Acquisition of shares and Takeover) Regulations 1997.

iii. In case of non-compliance with any of the provisions of the Takeover Regulations, either Sellers or the Acquirer shall not act upon this agreement for sale of the Sale Shares

iv. The agreement shall be subject to the necessary and requisite statutory, government approvals required if any.

e) The Proposed change in control will take place on completion of the formalities according to Takeover Regulations.

f) The Acquirer has not acquired any shares of the target company after the date of Public Announcement upto the date of letter of offer.

g) The Equity Shares of Kausar India Limited are listed on DSE & LSE.

h) The Acquirer, Sellers or the Target Company has not been prohibited by SEBI from dealing in securities in terms of direction issued u/s. 11B of SEBI Act or under any other regulation. No action has so far been taken by the Stock Exchanges or SEBI against KIL, its Directors or promoters.

i) The Acquirer shall change the composition of the Board of Directors of KIL on completion of the Open Offer.

j) As on the date of the Public Announcement, Religare Securities Limited, the Manager to the Offer did not hold any shares of KIL.

k) Religare Securities Limited shall not deal in the shares of the Target Company during the period commencing from the date of its appointment in terms of Regulation 13 till the expiry of the fifteen days period from the date of Closure of the Offer.

2.2 DETAILS OF THE PROPOSED OFFER

a) The Public Announcement dated 30th August 2007 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations, 1997.

Publications	Edition
Financial Express (English)	All editions
Jansatta (Hindi)	All editions
Akali Patrika (Punjabi)	All over Punjab

A copy of this PA is also available on the SEBI's website at www.sebi.gov.in.

b) Any decision for an upward revision in the Offer Price by the Acquirer till the last date of revision i.e. 26th November 2007, or withdrawal of the Offer would be communicated by way of a Public Announcement in the same newspapers in which the Public Announcement had appeared. In case of an upward revision in the Offer Price, the Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.

c) The equity shares of KIL are to be acquired, pursuant to the Offer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividend or other distributions hereinafter declared, made or paid.

d) In view of the above, the Acquirer are now making an open offer under Regulation 10 & 12 of the SEBI (SAST) Regulations to the public shareholders of KIL to acquire up to 8,15,496 equity shares ('Shares') of Rs. 10/- each representing 22% of the issued equity share capital of KIL, at a price of Rs. 72.84 (Rupees Seventy Two and Eighty Four Paise Only) per fully paid up share ("the Offer Price") payable in cash.

e) The Offer is not conditional on any minimum level of acceptances i.e. the Acquirer will acquire all the Shares that are tendered in terms of the Offer up to 8,15,496 equity shares, subject to the conditions specified in the Public Announcement read together with the, Letter of Offer and Form of Acceptance-cum-Acknowledgement.

f) There has been no competitive bid as on date.

g) The Offer is in compliance with SEBI (SAST) Regulations 1997 and subsequent amendments thereof.

h) For the purpose of this Offer, there is no Person Acting in Concert as per the provisions of the Regulation 2(1) (e) of the Regulations.

i) The Acquirer has not entered into separate non-compete agreement as on date.

j) The consideration shall be paid in cash.

k) The Offer is made to all the shareholders of KIL except the parties to the SPA in terms of Regulation 10 & 12 of the SEBI (SAST) Regulations, 1997

l) Religare Securities Limited does not hold any shares of KIL as on the date of Public Announcement.

3. OBJECT OF THE ACQUISITION / OFFER

This Offer is being made to the shareholders of KIL pursuant to Regulation 10 & 12 of the Regulations consequent to the share purchase agreement entered into by the Acquirer as explained in clause 2.1 (b) above, resulting in substantial acquisition of shares and voting rights in the Target Company and also a change in control and Board of Directors of the Target Company.

The prime reason for acquisition of shares is to get substantial ownership of shares/voting rights accompanied with a change of control and management of the company. The present acquisition of shares of Target Company would provide end to end solutions for Express Distribution & Supply Chain Management. It will also help in expansion of present cold chain business by acquiring the Target Company which is involved in the business of specialized refrigerated transportation i.e, transportation of perishable goods.

4. BACKGROUND OF THE ACQUIRER

a) Gati Limited was incorporated as a “Gati Corporation Limited” on 25th April 1995 under the Companies Act, 1956 as a Public Limited Company at Registrar of Companies, II Floor, Kendriya Bhavan, Sultan Bazar, Hyderabad with Registration No. 01-20121 and obtained a certificate for commencement of business on 5th May 1995. The name of the Company was changed from Gati Corporation Limited to Gati Limited with effect from 24th October 2000. The registered office of the Company is situated at 1-7-293, Mahatma Gandhi Road, Secunderabad - 500003. Tel No: 040-27844284, Fax No:040-27894284.

b) Gati Desk to Desk Cargo was launched as a division of the Transport Corporation Limited (TCI) on 14th November 1989. In the year 1998, Gati Desk to Desk Cargo and Shipping divisions of TCI were transferred to Gati Corporation Limited with effect from 1st April 1996 pursuant to a scheme of arrangement approved by the Honorable High Court of Andhra Pradesh. Pursuant to the Scheme, GATI allotted 25,01,899 equity shares of Rs.10/- each to the shareholders of Transport Corporation of India Limited on 12th September 1998 and the shares of the company were listed on Hyderabad Stock Exchange, Bombay Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange and Calcutta Stock Exchange. The name of the company was changed from Gati Corporation Limited to Gati Limited with effect from 24th October 2000.

c) At present, GATI is an Express Distribution and Supply Chain Management Company that offer comprehensive multi-modal (land, sea, air and rail) transportation services to its customers, as well as niche value-additions such as third-party logistics, trucking and warehousing solutions. GATI provides integrated solutions offering multi-model transport services having an infrastructure that consists of a vast network offices and franchisees in India, as well as outside India fleet of vehicles owned and outsourced by GATI, and their ships. GATI is an ISO 9001:2000 certified Company and operates in two main business segments, namely express distribution and supply chain and coast-to-coast (shipping).

d) Presently, the equity share of Gati Limited are listed on

- Bombay Stock Exchange L:imited (BSE) w.e.f 12th July 2000
- National Stock Exchange Limited (NSE) w.e.f. 10th October 2006
- Hyderabad Stock Exchange Limited (HSE) in the year 1999. HSE has been derecognized by SEBI on 29th August 2007

GATI is in compliance with the listing requirements on BSE, NSE and HSE, and no penal actions have been initiated by BSE, NSE and HSE against GATI. The equity shares of GATI were never delisted from BSE, NSE and HSE. The shares are infrequently traded on HSE. The shares of GATI were voluntarily delisted from the following stock exchanges :.

Name of Stock Exchange	Date of Delisting
Bangalore Stock Exchange	2nd January 2003
Madras Stock Exchange	8th January 2004
Cochin Stock Exchange	13th March 2004
Delhi Stock Exchange	5th April 2004
Calcutta Stock Exchange	13th December 2006

e) The paid up equity capital of GATI is Rs 14,47,71,090 consisting of 7,23,85,545 equity shares. The face value of the share of the Company is Rs. 2 and the market price as on 11th September, 2007 was Rs. 109.50 on BSE and Rs. 110.10 on NSE.

f) The Company came out with the Rights Issue in July 2005 of 41,78,250 equity shares of Rs.10 each for cash at par aggregating to Rs. 2256 Lacs in the ratio of one equity shares for every two equity share held . The object of the issue was to meet the capital expenditure of the Company and repayment of short-term loans availed for meeting the working capital requirements and capital expenditure.

g) On 5th December 2006, the Company issued US$ 200 Lacs Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) at an issue price of US$ 1000 per Bond at 100% of the principal amount. The maturity is due on 6th December 2011. The Bonds are listed on Singapore Exchange Securities Trading Limited (the "SGX-ST"). The object of the issue was capacity expansion, offshore acquisition, acquisition/ purchase of ships, ship building, investment in wholly owned subsidiaries investment in warehouses and Information Technology.

h) The main objects of Gati Limited as per its MOA are to carry on the business of public carriers, transporters and carriers of goods, passengers, merchandise, documents, parcels, services to pick up and delivery of documents, parcels, all type of goods and merchandise, door-to door/desk to desk service of small, medium, bulk, odd of any size or type of consignments of all types of goods and merchandise.

i) GATI is promoted by Mr. Mahendra Kumar Agarwal, TCI Finance Limited, Mahendra Investment Advisors Private Ltd, Jubilee Commercial & Trading Private Ltd., Bunny Investment & Finance Private Ltd., Dhruv Agarwal Benefit Trust, Manish Agarwal Benefit Trust and Mahendra Kumar Agarwal (HUF).

j) The details of the companies promoted by GATI are as under. All the companies are subsidiaries of Gati Limited:-

☛ Gati Holdings Limited

Gati Holdings Limited is a Limited Liability Company incorporated in Mauritius under the Companies Act 2001 on 14th October 2005. The company holds Category 1 Global Business License. The company's registered office is situated at 4th Floor, Amod Building, 19 Poudriere Street, Port Louis, Mauritius.

The main activity of the company is to act as an investment holding company. The company was incorporated as a 100% wholly owned subsidiary of Gati Limited which is the parent company. Gati Holdings Limited, has four subsidiaries and one step down subsidiary:

a) Gati China Holdings Limited, incorporated in Mauritius acts as an investment holding company. It has a step down subsidiary in the name of Gati Cargo Express (Shanghai) Co. Ltd., incorporated in China which is engaged in the business of international shipping agency for import and export cargo.

b) Gati Asia Pacific Pte. Ltd. incorporated in Singapore is engaged in freight forwarding, packing and crating services.

c) Gati Hong Kong Ltd. incorporated in Hongkong is engaged in freight and logistics services.

d) Gati Middle East Fze incorporated in Dubai is yet to start its operational activities.

Brief consolidated financials of Gati Holdings Limited are stated below:

(Rs in Lacs)

Particulars	30th June 2007	30th June 2006
Equity Share Capital	1,024.65	201.24
Reserves & Surplus (excluding revaluation reserves)	(407.82)	(149.70)
Total Income	1,315.38	394.24
Profit After Tax	(283.49)	(148.93)
Earning per Share (EPS) (Rs)	-	-
Net Asset Value (NAV) per Share (in Rs.)	24.62	11.89

The Company is not Sick Industrial Undertaking.

Note: The financials of the above subsidiary were stated in dollars in the Annual Report and have been converted into Indian Rupees at the following rates:

Exchange Rates	For FY 2007	For FY 2006
Closing Rate	$1=Rs. 40.9050	$1= Rs.46.4176
Average rate	$1=Rs.40.81072	$1= Rs.44.7365

☛ **Trymbak Commercial and Trading Private Limited**

Trymbak Commercial and Trading Private Limited., is a Limited Liability Company incorporated under the Companies Act, 1956 on 29th May 2006. The company's registered office is situated at 1-7-293, M.G .Road, Secunderabad-500003, India.

The main activity of the company is to carry on all or any of the businesses as merchants, traders, commission agents and to deal in sale and distribution of petroleum products, fuel products, lubricants etc.

Brief financials are stated below:

(Rs in Lacs)

Particulars	30th June 2007
Equity Share Capital	13.31
Reserves & Surplus (excluding revaluation reserves)	12.51
Total Income	2716.18
Profit After Tax	12.51
Earning per Share (EPS) (Rs)	9.40
Net Asset Value (NAV) per Share (Rs)	19.19

The Company is not Sick Industrial Undertaking.

☛ **Sumeru Commercial & Trading Private Limited**

Sumeru Commercial and Trading Private Limited, is a Limited Liability Company incorporated under the Companies Act, 1956 on 15th May 2006. The company's registered office is situated at 1-7-293, M.G Road, Secunderabad-500003, India.

The main activity of the company is to carry on all or any of the businesses as merchants, traders, commission agents and to deal in sale and distribution of petroleum products, fuel products, lubricants etc.

Brief financials are stated below:

(Rs in Lacs)

Particulars	30th June 2007
Equity Share Capital	37.59
Reserves & Surplus (excluding revaluation reserves)	53.49
Total Income	5668.10
Profit After Tax	53.49
Earning per Share (EPS) (Rs)	14.23
Net Asset Value (NAV) per Share (Rs.)	24.04

The Company is not Sick Industrial Undertaking.

☛ **Newatia Commercial & Trading Private Limited**

Newatia Commercial & Trading Private Limited, is a Limited Liability Company incorporated under the Companies Act, 1956 on 25th May 2006. The company's registered office is situated at 1-7-293, M.G. Road, Secunderabad- 500003, India.

The main activity of the company is to carry on all or any of the businesses as merchants, traders, commission agents and to deal in sale and distribution of petroleum products, fuel products, lubricants etc.

Brief financials are stated below:

(Rs in Lacs)

Particulars	30th June 2007
Equity Share Capital	3.12
Reserves & Surplus (excluding revaluation reserves)	4.03
Total Income	888.98
Profit After Tax	4.03
Earning per Share (EPS) (Rs)	12.91
Net Asset Value (NAV) per Share in (Rs.)	22.62

The Company is not Sick Industrial Undertaking.

☛ **Ocimum Commercial & Trading Private Limited**

Ocimum Commercial & Trading Private Limited, is a Limited Liability Company incorporated under the Companies Act, 1956 on 31st May 2006. The company's registered office is situated at 1-7-293, M.G. Road, Secunderabad- 500003, India.

The principle activity of the company is to carry on all or any of the businesses as merchants, traders, commission agents and to deal in sale and distribution of petroleum products, fuel products, lubricants etc.

Brief financials are stated below:

(Rs in Lacs)

Particulars	**30th June 2007**
Equity Share Capital	1.12
Reserves & Surplus (excluding revaluation reserves)	1.06
Total Income	636.27
Profit After Tax	1.06
Earning per Share (EPS) (Rs)	9.50
Net Asset Value (NAV) per Share (Rs.)	19.12

The Company is not Sick Industrial Undertaking.

k) Board of Directors of GATI as on date of PA i.e, 30th August 2007:-

Name & Qualification	**Designation**	**Date of Appointment**	**Total No. of Years of Experience**	**Residential Address**
Mr. K L Chugh B.E (Mech), Delhi University	Chairman Non Executive & Independent	30.06.1998	45 years of experience in heavy industry and large projects	N-79, Panchsheel Park, New Delhi-110017
Mr. Mahendra Agarwal M.B.A (USA)	Managing Director	25.04. 1995	32 years of experience in Transport and Express Cargo	Plot no.33, 2nd Main, Mahendra Hills, Secunderabad. - 500 036
Dr. Ram S Tarneja BA (Hons.), MA Delhi, MA Virgenia & Ph.D Cornell	Non Executive & Independent Director	25.04.1995	47 years of experience in Personnel and corporate sector	4, Pashmina, 33-A, Pedder Road, Mumbai - 400 026
Mr. N Srinivasan FCA	Non Executive & Independent Director	18.10.2000	48 years of experience in Auditing & Accounting	T 19 (18/1) Sixth Avenue, Besant Nagar, Chennai - 600 090
Dr. P Sudhakar Reddy MD.DN MRCP / FACP / FACC	Non Executive & Independent Director	25.04.1995	45 years of experience in Medical Field	401, 4th floor, Lumbini Lakeview Apts., Raj Bhavan Road, Hyderabad
Mr. T.S. Rao Post Graduate in Mathematics	Non Executive & Independent Director	12.09.1995	44 years in the Indian Police service and for 2 years worked as advisor.	Swaathi, House No.110,, Road No.7, Banjara Hills, Hyderabad
Mr. Sunil Kumar Alagh B.A Economics (Hons) & MBA (IIM Calcutta)	Non Executive & Independent Director	22.04.2004	36 years of experience in marketing and brand building	12 C, IL Palazzo, Little Gibbs road, Malabar Hill, Mumbai - 400 006
Mr. Philip Garling Bachelors in Building, Advance Diploma from Australian Institute of Company Directors.	Nominated by The Infrastructure Fund of India LLC	02.08. 2007	28 years of experience in construction, development, investment and asset management of infrastructure assets.	Unit 1, 28 Darling Point Road, Darling Point NSW 2027, Australia

None of the directors of GATI were on the Board of the Target Company as on the date of the PA.

I) The consolidated audited financials details for the year ended 30th June 2005, 2006 and 2007 are as follows:-

(Rs in Lacs)

Profit & Loss Statement	**30th June 2007**	**30th June 2006**	**30th June 2005**
Income from operations	56,797.00	45,989.48	35,918.75
Other Income	417.28	163.24	208.04
Total Income	**57,214.28**	**46,152.72**	**36,126.79**
Total Expenditure.	52,459.13	42,206.10	33,365.38
Profit Before Depreciation Interest and Tax	4,755.15	3,946.62	2,761.41
Depreciation	1,120.98	867.97	729.67
Interest	587.01	422.20	472.59
Profit Before Tax	3,047.16	2,656.45	1,559.15
Provision for Tax	904.43	739.00	109.76
Profit After Tax	**2,142.73**	**1,917.45**	**1,449.39**

(Rs in Lacs)

Balance Sheet Statement	**30th June 2007**	**30th June 2006**	**30th June 2005**
Sources of funds			
Paid up share capital	1,447.71	1,417.41	835.65
Reserves and Surplus (excluding revaluation reserves)	6,767.70	5,479.19	4,127.41
Networth	**8,215.41**	**6,896.60**	**4,963.06**
Capital Reserves	9,250.65	8957.28	794.50
Deferred Tax Liability	606.37	582.37	552.37
Secured loans	6,786.65	4,170.36	4,284.20
Unsecured loans	12,231.04	3,023.37	2,104.42
Total	**37,090.12**	**23,629.98**	**12,698.55**
Uses of funds			
Net fixed assets	15,419.70	10,188.72	6,515.09
Capital Work in Progress	7,190.61	4,159.04	1,251.66
Goodwill on consolidation	117.71	-	-
Investments	2,052.00	1,791.69	418.11
Net current assets	12,229.60	7,433.59	4,513.69
Total miscellaneous expenditure not written off	80.50	56.94	-
Total	**37,090.12**	**23,629.98**	**12,698.55**

Other Financial Data	**30th June 2007**	**30th June 2006**	**30th June 2005**
Dividend (%)	40%	35%	30%
Earning Per Share	3.01	3.14	2.64
Return on Networth	26.08%	27.80%	29.20%
Book Value Per Share	11.35	9.73	11.88

Note:

- March 2006 and onwards the paid up share capital indicates the split in the face value of share from Rs. 10/- to Rs. 2/-
- June 2005 Book value per share and Earning per share has been calculated at the rate Rs. 2 per share- for the purposes of comparison

Source: Annual Reports of Gati Limited for the year ended 30th June 2005, 2006 and 2007

Auditors to the Report: R.S. Agarwala & Co., Chartered Accountants

m) **Reason for fall/rise in total income and PAT in the relevant years.**

FY 2006-07

For the financial year 2006-07 the total income has increased by 24%. Once again company's increase in business volume has led to the respective in the revenues on an year to year basis. The company's business revenues earned out of Express distribution, coast to coast services, fuel stations and international operations are increasing every year, giving the desired growth in business.

The profit after tax i.e. the net of all expenses and statutory liabilities has increased from Rs. 1917.45 lacs to Rs. 2142.73 Lacs in the FY 2006-07. As a percentage of sales the profits have shown an increase from 4.15% to 3.75%. This is mainly because of effective utilisation of available resources leading to better profitability and economies of scale.

FY 2005-06

For the financial year 2005-06 the total income has increased by 27%. The annual increase in the turmover is a result of the increase in business volumes of the company. There has been an increase in the revenues from the Express Distribution and Supply chain division, Coast to Coast division and from the fuel stations division, leading to overall growth in revenues.

The profit after tax i.e. the net of all expenses and statutory liability has increased from Rs. 1449.39 Lacs to Rs. 1917.45 Lacs in the FY 2005-06. As a percentage of sales the profits have shown an increase from 4.01 % to 4.15%. This is mainly because of effective utilisation of available resources leading to better profitability.

n) **Significant accounting policies of GATI:**

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.

Gratutiy

A provision for gratuity liability to employees is made on the basis of actuarial valuation and paid to the approved Gratuity Fund

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.

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 pro rata from/to the date of addition/deduction.

Investments

Investments are stated at cost.

Inventories

Petroleum products are valued at lower of cost and net realisable value, stores and spare parts are valued at cost.

Foreign Exchange Transaction

Foreign currency transactions are recorded at the average rate for the month. Any exchange difference in foreign currency transaction is adjusted to the cost of fixed assets where applicable. Period end balances of monetary foreign currency assets and liabilities are restated at the closing rate. The exchange difference arising from restatement or settlement is recognised in the Profit & Loss Account.

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. 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. Fringe benefit tax is provided in accordance with the Income Tax Act,1961.

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.

o) Status of Corporate Governance and Litigation matters if any

- **Status of Corporate Governance compliances by GATI:**

Gati Limited has seven (7) independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholders Grievance Committee
Mr. K L Chugh	Independent Non-Executive Director		Yes	
Mr. Mahendra Agarwal	Promoter and Executive Director			Yes
Dr. Ram S Tarneja	Independent Non-Executive Director	Yes	Yes	
Mr. N Srinivasan	Independent Non-Executive Director	Yes		
Dr. P Sudhakar Reddy	Independent Non-Executive Director		Yes	Yes
Mr. T S Rao	Independent Non-Executive Director	Yes		Yes
Mr Sunil Kumar Alagh	Independent Non-Executive Director		Yes	
Mr.Philip Stuart Garling	Nominated by The Infrastructure Fund of India LLC			

The provisions of Clause 49 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance has been complied with. Certificate of Compliance on Corporate Governance received from the Statutory Auditors had been published in the Annual Report for the year ended 30th June, 2007 and compliance certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

- **Pending Litigations**

Arbitration Matters filed by GATI

Sr. No.	Parties	Arbitrator	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
1.	Kadapa Franchisee	B. Dhanunjaya	5.07	Misused Company money	The respondent is yet to file a counter statement.
2.	BPL Sanyo	D. Surya Rao	11.11	Freight Bills outstanding	Claims Statement filed
3.	Meditech	Section 11 application for appointment for arbitrator is pending.	5.05	Recovery	Numbering
4.	Sterlite Industries	Section 11 application for appointment for arbitrator is pending.	5.00	Recovery	Court hearing has commenced.

Labour Cases

Filed against GATI:

Counter Parties	Court	Amount	Brief Facts of the Case	Present Status
Pramila	Labour Court Delhi	Amount not ascertainable since the prayer is for compensation as per the Workmen's Compensation Act.	Claim for Compensation under the Workmen's Compensation Act, 1923 has been filed. The Plaintiff is only a proforma defendant and the main suit is against the insurance company. Compensation has been claimed by legal heirs of deceased truck driver.	Court hearing has commenced

Civil Litigation

Civil Cases filed against GATI

Counter Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
Mr. Jayant & Others	Motor Accident Claims Tribunal, Mehasana	5.94	Company vehicle met with an accident near Udaipur.	Court hearing has commenced
Cholamandalam Investment	Principal Civil Judge, Chennai	5.13	Vendor Availed loan and defaulted. GATI is impleaded as Garnishee	Plaintiff has to counter file.
TVC Sky Shop	3rd Additional Chief Judge, City Civil Court, Hyderabad	10.00	Consignment damaged	Plaintiff has to counter file.
Samkrg Pistons Ltd	1st Additional Chief Judge, City Civil Court, Secunderabad	10.40	Consignment damaged	Cross Examination has commenced.
National Insurance	Additional District Judge, Tees Hazari	8.44	Consignment damaged	Plaintiff has commenced adducing evidence
Kodak India P. Ltd. & Oriental Iinsura-nce Company Ltd.	Chief Judge, Senior Division, Panji, Goa.	93.76	Consignment damaged	Plaintiff has commenced adducing evidence
Sumair Singh	District Consumer Disput Redressal Forum, Srinagar, J&K.	5.00	Delivery delayed	Coming up for filing of our evidence.

Civil Cases filed by GATI

Counter Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
Gati Vs. Gati Express Cargo	3rd Bench, City Civil Court, Kolkata	5.00	The case was filed for infringement of trademark the Plaintiff is the judgement-holder and hence has-filed a suit for execution	Notice yet to be issued by the Plaintiff to the other side
Danappa Molekri	2nd Additional Civil Judge, Belgaum	5.00	Danappa Molekri and his family have damaged the property of GATI	Fresh Summons Issued.
Jygee Fashions Groups	City Civil Court, Bangalore	8.66	Unpaid due of freight charges	Court hearing has commenced.
Dinesh Sharma	Additional District Judge, Tis Hazari Court	12.00	Payment as per liability admitted in writing vis-a-vis Badarpur property not honoured.	Pending for admission
Gati Ltd V/s Vijay Kumar Goel	High Court, New Delhi	52.50	Suit for damages has been filed against Vijay Goel (Agra property)	For admission and denial of the documents and framing of issues.
Novaritas India Ltd	High Court, Mumbai	7.52	Short Delivery of Consignment	Plaintiff is yet to file the Written Statement

Counter Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
Ashok Shah	High Court, Mumbai	5.00	Non- Payment of Freight bills	Plaintiff is yet to file the Written Statement
R.SAMBASIVA Raju	1st Additional Judge, Ranga Reddy District	8.36	Recovery of freight	Court hearing has commenced.
Deccan Health Care	3rd Senior Civil Judge, Secunderabad	6.70	Recovery of freight	Court hearing has commenced.
DTDC	2nd Additional Chief Judge, City Civil Court, Hyderabad	600.00	Damages for copyright infringement	Court hearing has commenced.
L. P .L. P. Annamalai	High Court, Chennai	11.00	Damages for illegal construction	For framing of Issues.

Criminal Litigation

Criminal Cases filed by GATI

Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
State Vs Somvir Punia	Chief Metropolitan Magistrate, Patna	80.00	Titan consignment worth Rs. 80 Lacs approximately was stolen and we could recover Rs. 60 Lacs and another Rs. 2 Lacs is to be recovered.	High Court directed the release of seized shipments.
Sohan Yadav	Judicial Magistrate of First Class, Ahmedabad	7.11	Accountant of Regional Office misappropriated funds	Warrant against the accused has been issued and is pending for execution.
State vs Thygarajan	4th Dist. Chief Metropolitan Magistrate, Bangalore	6.33	Short delivery of watches	Investigation by the Police is pending.
State vs Gangadhar	Criminal Court at Kadapa	25.00	False claim raised by intentionally lighting fire to consignments	Trial Completed. Judgement Pending.
Ghoman Carriers	XV Metropolitan Magistrate, Nampally	80.00	Cheque issued in favour of the Plaintiff was not honoured by the bank. A criminal complaint has filed under the Negotiable Instruments Act, 1881	Non Bailable Warrants issued against the accused - pending for execution.
PCS Industries,	XVII Metropolitan Magistrate, Nampally	64.30	Cheque issued in favour of the Plaintiff was not honoured by the bank. A criminal complaint has filed under the Negotiable Instruments Act, 1881	Fresh summons Issued.
Satevs xavier &others	Jm,Abt	0.45	G.A Driver stolen TVs and Sold	Charge Sheet pending
Statevs mariappan &other	JM,TNV	4.90	Mtrl Delivered to imposters and recovered	Charge Sheet pending

Insurance Cases

Subrogation Cases

Filed against GATI

Counter Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
National Insurance Co Ltd	District Court, Ghaziabad	6.90	Goods damaged	For framing of Issues
The Oriental Insurance	Chief Judge, Panjim, Goa	93.76	The consignment was stolen while in transit	For Evidence of the Plaintiff
National Insurance Co. Ltd	Teesr Hazari Court, Delhi	7.00	Consignment stolen in transit	Court hearing has commenced.
Oriental Insurance Co	High Court Chennai	19.72	Non-Delivery of Consignment	Court hearing has commenced.
United India Insurance	Sub Court, Paravoor	12.10	Non-Delivery of Consignment	Court hearing has commenced.
United India Insurance	Fast Track Court, Trichy	16.17	Non-Delivery of Consignment	Court hearing has commenced.
United India Insurance	City Civil Court No. 3, Bangalore	14.85	Fire accident	Court hearing has commenced.
Oriental Insurance	City Civil Court No. 14, Bangalore	5.90	Shortages	Pending for framing of Issues.
United India Insurance	City Civil Court No. 14, Bangalore	26.97	Damages	Pending for framing of Issues.
United India Insurance	Addl. Chief Judge Court No.8, Bangalore	10.16	For damages	Court hearing has commenced.

Consumer Claims

Filed Against GATI

Counter Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
Sumanlal F.Doshi v/s Gati	Consumer Court - Thane	5.56	Non Delivery of consignment.	Pending for filing of rejoinder of the Complainant.
Deepak enterprises	Consumer Disputes Redresal Forum, Qutab Institutional Area	5.91	Attempted late delivery. Late due to octroi. Consignment damaged as well.	Pending for the filing of the written statement
Indo-American Hybrid	State commission Bangalore	6.20	Seeds were consigned but the consig-nment got delayed and consignment was infected and spoilt.	Hearing has Commenced.
Thrill Marketting	Consumer Disputes Redresal Forum Janak Puri	15.42	Consignment damaged.	Pending for filing of Written Statement
Mediseach Pharma	National Consumer Disputes Redresal Commission, New Delhi	7.50	Delayed delivery	Appeal has been admitted and notice to other side has been issued.
P.V.Sonkar	Consumer Disputes Redresal Forum Mau	5.88	Pig hair damaged in fire.	Pending for filing of Written Statement. The submission of Respond ent is that there was no default or neglect on their part and complainant is not a consumer under Consumer Protection Act 1986.

Counter Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
R R Perfumers	State Consumer Dispute Redressal Commission Lucknow	54.00	Theft from godown of franchisee. Partly recovered from culprits. Party refused to accept the same.	Pending for filing of Written Statement
Naresh International	State Commission, Delhi	5.50	The Consignment was damaged.	Court hearing has commenced.
International Bio Labs	Consumer Dispute Redressal Forum, Ambala	5.00	COD payment in cheque not authenticated by the bank.	Trial Competed reserved for orders.
Hanuman silks	Dist forum Kadapa	6.00	Consignment damaged due to Fire in the godown	Court hearing has commenced.
Central Tool Rooms	State Commission, Kolkata	49.11	The Consignment was damaged.	Notice has been received and made APPEARANCE.
Venkateswara Exports	District Consumer Forum, Coimbatore	11.07	The Consignment was damaged.	Counter of GATI to be filed.

Intellectual Property Disputes

Filed by GATI

Sr. No.	Trade Marks	Respondents	Status
1.	GATI	Door - to- Door Courier	Infringement matter pending in High Court, AP
2.	GATI	GATI Industries	Infringement notice issued.
3.	GATI	GATI Automobile	The Company has issued Notice.
4.	GATI	GATI Diesel	We have issued Notice.
5.	GATI	GATI Tours & Travels	Criminal Case No.2927/2004 filed at Lucknow
6.	GATI	GATI Shoes	Complaint filed in Economic Offences Wing.
7.	GATI	GATI Clearing & Forwarding	OS / 3001 / 2001 - Gati Clearing and forwarding by Mr. Ashok Sha - Stay in our favour, filling of WS by party
8.	GATI	GATI Clearing & Forwarding	OS / 1143 / 2002 - Gati Exports by Mr. Gulab Sha - Stay in our favour - Filed Chamber petition for impleading the correct two parties by taking ROC Search - Filling of WS by party.
9.	GATI	Mr. Syed Junaid	FIR - 302/2006 registered in Sultanbazar Police Station. Matter referred to II A C M M, Nampally, Hyderabad - Dis played on Helmets.

Property Related Disputes

Filed by GATI

Name of the property	Litigation	Court & Status
Balaji Nagar, Vizag	Encroachment made by the other party. Case is filed to evict the encroacher. The value of property is Rs. 5.00 Lacs.	Senior Civil Judge, Gazuwaka. Court hearing has commenced.
Shamirpet	Writ is filed challenging the land acquisition. The value of property is Rs. 59.5 Lacs.	High Court of Andhra Pradesh. Court hearing has commenced.

Sales Tax related Disputes

Filed by GATI

Court / Tribunal	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
Assistant Commercial Tax Officer, Beliaghata, West Bengal	6.58	Notice against surrender of Transit Passes.	Hearing in the matter has commenced. The Files are misplaced by the Department
Assistant Commercial Tax Officer, Howrah, West Bengal	6.62	Notice against surrender of Transit Passes.	Hearing in the matter has commenced. The Files are misplaced by the Department

Writ Petitions

List of Writ Petitions filed by GATI

Parties	Court	Amount (Rs. in Lacs)	Brief Facts of the Case	Present Status
Commercial & Industrial Development Corporation	Senior Civil Judge, - PANVEL	60.90	Non-refund of the deposit monies paid for allotment of property	Pending for filing of Written Statement by CIDCO.
Registrar of Gwalior	High Court, Indore	23.60	On mutation for payment of less stamp duty. Excessive Property tax imposed against the Company	Rejoinder reply to be filed.
Gati Vs Senior Accounts Chennai Metropolitan Waterworks & Sewerage Board (CMWSS)	High Court, Chennai	11.60	Writ Petition filed against arbitrary increase in Water Charges CMWSS increased water charges	Stay has been granted against Senior Acconts CMWSS Board
Gati Vs Collector of Stamps	High Court, Chennai	As this is a Writ Petition, value cannot be ascertained.	Collector of stamps Directed us to Pay Stamp duty As per the Value Of Land and Building. Prayed the Court to direct the collector to release the sale Deed.	The Court has issued Notice to the Collector of Stamps.
Chennai Metropolitan Development Authority (CMDA)	High Court of Tamil Nadu, Chennai	As this is a Writ Petition, value is not ascertainable	Illegal sanction of Plans for construction. Writ filed to challenge the permission of CMDA for illegal construction. The value of property is Rs. 6.00 Lacs.	Counter to be filed by the respondent.

p) Name and details of Compliance officer

Mr. Amreek Singh Sandhu
1-7-293, Mahatma Gandhi Road,
Secunderabad-500 003
Tel No: 040-27844284
Fax No: 040-27894284
Email:as.sandhu@gati.com

q) Details regarding merger/demerger, spin off during last 3 years involving the acquirer.

The Acquirer had been carrying on the business and activities relating to the Fuel Stations. All the assets and liabilities of the above division were transferred to the Ocimum Commercial & Trading Private Limited, Sumeru Commercial & Trading Private Limited, Tymbak Commercial & Trading Private Limited and Newatia Commercial & Trading Private Limited as per the Scheme of Arrangement approved by concerned Hon'ble Andhra Pradesh High Court, vide its order dated 27th April 2007 effective from 1st July 2006.

r) **The shareholding pattern of Gati Limited as on 30th June 2007 is as follows:-**

Shareholding's Category	No. of Shares held	Percentage
Promoter's Holding		
Promoters		
Indian Promoters	36219955	50.04
Sub Total (A)	**36219955**	**50.04**
Non Promoter's Holding		
Institutional Investors		
Mutual Funds and UTI	1082096	1.49
Banks, Financial Institutions, Insurance Companies	64265	0.09
FIIs	3663805	5.06
Sub Total (B)	**4810166**	**6.65**
Others		
Private Corporate Bodies	6391034	8.83
Indian Public	12814204	17.70
NRIs	341708	0.47
OCBs	7856935	10.85
Clearing Members	81518	0.11
Trusts	3870000	5.35
Transit	25	0.00
Any Other	-	
Sub Total (C)	**31355424**	**43.32**
Grand Total (A+B+C)	**72385545**	**100.00**

s) The Acquirer and its promoters have complied with the provisions of Chapter II of the SAST Regulations as shown in Annexure I.

5. DISCLOSURE IN TERMS OF REGULATION 16(IX) OF THE REGULATIONS

a) Objects of the Acquisition /Offer

This Offer is being made to the shareholders of KIL pursuant to Regulation 10 & 12 of the Regulations consequent to the share purchase agreement entered into by the Acquirer as explained in clause 2.1 (b) above, resulting in substantial acquisition of shares and voting rights in the Target Company and also a change in control and Board of Directors of the Target Company.

b) Reason for acquisition of shares

The prime reason for acquisition of shares is to get substantial ownership of shares/voting rights accompanied with a change of control and management of the company. The present acquisition of shares of Target Company would provide end to end solutions for Express Distribution & Supply Chain Management. It will also help in expansion of present cold chain business by acquiring the Target Company which is involved in the business of specialized refrigerated transportation i.e, transportation of perishable goods.

c) The Acquirer does not have any plan to dispose off or otherwise encumber any asset of KIL in the next two years except in the ordinary course of business of KIL. However, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of KIL except with the prior approval of the shareholders of KIL and in accordance with and subject to applicable laws, permissions, consents, if any.

6. FUTURE PLANS/STRATEGIES OF THE ACQUIRER WITH REGARD TO THE TARGET COMPANY.

The Offer to the shareholders of KIL is for substantial acquisition of shares with change in control / management of KIL, and is made in accordance with Regulation 10 and 12 read with other applicable provisions of the SEBI (SAST) Regulations, 1997. GATI has not appointed any Director on the Board of KIL as on date. Any appointment of director on the board of the target company by the Acquirer would be governed by the provisions of regulation 22(7).

The target company will be operated as a separate subsidiary of Gati Ltd. Substantial ownership accompanied with management control shall be with GATI. With this acquisition GATI will be able to provide end to end solutions for express distribution and supply chain management. It will also lead to expansion of cold chain business as the target company is involved in the business of transportation of temperature sensitive, perishable goods. The present acquisition of shares of the target company would also create synergies and help the acquirer expand its capacities and enhance its product portfolio in combination with KIL operations.

7. DISCLOSURE IN TERMS OF REGULATION 21 (2) OF THE SEBI (SAST) REGULATIONS, 1997:

Assuming full acceptance, the offer would not reduce the public shareholding below the minimum limit specified in the clause 40A of the listing agreement with the Stock Exchange for the purpose of listing on a continuous basis. As per amended clause 40A of the listing agreement, the Target Company is required to maintain atleast 25% public shareholding for listing on a continuous basis

In case the open offer for any reason reduces the public holding below the percentage specified in the Listing Agreement, the acquirer shall take the required steps as per the provisions of SEBI (SAST) Regulations, 1997 for maintaining the public holding at the desired level.

8. BACKGROUND OF KAUSAR INDIA LIMITED (KIL) ("THE TARGET COMPANY")

a) Kausar India Limited was incorporated on 11th July 1984 in Chandigarh, Punjab with the Registration No. 5888 in the name of Kausar (India) Private Limited under the Companies Act 1956 as a Private Limited Company. On 23rd November 1984 the Company was converted into Public Limited Company i.e Kausar (India) Limited. On 9th October 1995, the name of the Company was changed to Kausar India Limited. KIL made its first public issue in March 1996 and got listed its shares on Delhi Stock Exchange Association Limited (DSE) and Ludhiana Stock Exchange Limited (LSE). The Shares of KIL are infrequently traded on DSE and LSE.

b) The Company is presently engaged in the Business of transportation of perishable goods in refrigerated trucks for various clients that need temperature controlled conditions for their perishable cargo.

c) KIL specializes in transportation of temperature sensitive commodities. Transporting a wide range of perishable goods like meat, ice-cream, dairy products, pharmaceuticals and agricultural produce. KIL is in the business of transportation for more than 20 years & entered refrigerated transport in 1987 & provides both dedicated service & Truck-Load services to the customers.

d) **Main objects of KIL as mentioned in MOA are**

- To carry on the business of purchase and sale, take on lease, give on lease or in exchange or otherwise acquire any lands and buildings and any estates or interest in and any right connected with such lands and buildings and to develop and turn to account any land acquired by or in which company is interested and in particular by laying out and preparing the same for building purposes.
- To enterprise, undertake and carry on the business of hotelier, restaurant, owners, refreshment room contracts, refreshment room owners, motelier, road house, auto court, holiday camp, house boat and motor boat contractors, tour operators, licensed wine, beer and spirit and liquor merchants, proprietors and mangers of pleasure grounds, places of amusements, recreations sports video games and entertainment's of all kinds and to appropriate any part or parts of the property of the Company for the purpose of hotel traven inn, caravansary, apartment, bungalow, saloon, club house, grill room, coffee house, canteen café, bar, ale-house, discotheque, travel agents and other like places for the accommodation of the customers, tourists, pilgrims, visitors and guest.
- To act as general carriers contractors and transporters and to employ vehicles of all kinds and description for carriage of goods commodities, passengers, animals and whatsoever.

e) The registered office of the Company is situated at 97, Anand Lok, New Delhi-110049. Tel No: 011-41740200, Fax No: 011-41740201, website: www.kausarindia.com. The Company has shifted its registered office from H.No. 53, Sector 28-A, Chandigarh to Flat No 36, Khan Market, New Delhi -110003 on 8th August 2000 and again shifted to 97, Anand Lok, New Delhi-110049 on 27th October 2003.

f) The Company has its facilities in Sahibabad, District Ghaziabad, UP.

g) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc., which are convertible into equity at any later date. There are no shares under lock-in period as on the date of the PA and Letter of Offer.

h) KIL was promoted by Mr. Sadeev Sandhu and Mrs. Arti Sandhu. As on 30th June 2007, the promoter group holds 19, 63,050 Equity Shares in the target company representing 52.96% of the existing voting capital.

i) KIL has no subsidiary as on date.

j) Share Capital structure of KIL as on date:

Particulars	**No. of Shares / Voting Rights (VR)**	**% of Shares / VR**
Fully Paid up Equity Shares	3706800	100.00
Partly Paid up Equity Shares	-	-
Total Paid up Capital	**3706800**	**100.00**
Total Voting Rights	**3706800**	**100.00**

k) Built up of Authorized Capital

(Rs. in Lacs)

Date	**From**	**Increase**	**Authorized Capital after enhancement**
11.07.1984 (Incorporation)	5,00,000	-	5,00,000
24.11.1995	5,00,000	545,00,000	550,00,000

l) The total paid up capital of the target company is 37,06, 800 shares of Rs. 10 each aggregating to Rs. 3,70,68,000.

m) **Build up of Current Issued and Paid up Capital :**

Date of allotment	No of shares issued	Face Value (Rs.)	Cumulative paid up capital (No. of shares)	% of shares allotted to total paid up capital	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance with SEBI guidelines
11.07.1984	20	100	20	100.00	Subscription to Memorandum	Promoter Group	N.A.
19.12.1984	34	100	54	62.96	Private Placement	Promoter Group	N.A.
19.12.1985	300	100	354	84.75	Private Placement	Promoter Group	N.A.
7.01.1986	500	100	854	58.55	Private Placement	Other Shareholders	N.A.
1.09.1986	200	100	1054	18.98	Private Placement	Other Shareholders	N.A
11.03.1991	2000	100	3054	65.49	Private Placement	Promoter Group	N.A
29.03.1993	1400	100	4454	31.43	Private Placement	Promoter Group	N.A.
Face value has been split from Rs. 100 to Rs. 10 on 24.07.1995							
24.07.1995	44540	10	44540				
20.10.1995	1483900	10	1528440	97.09	Private Placement	Promoter Group	N.A
16.05.1996	2178360	10	3706800	58.77	Public Issue	Promoter Group & Public	Complied with SEBI (DIP) Guidelines

n) The target Company as well as the Promoters and major shareholders have complied with all the applicable provision of Chapter II of the Regulations except as mentioned in Annexure II. The Company and its Promoters had not filed the intimation under Regulation 7(1A) & 7(3) in time. The consent applications for all the violations of Regulation 7(1A) and 7(3) by the Company and its Promoters have been filed with SEBI on 25th October 2007.

o) There has been no suspension of trading in the shares of KIL on any of the stock exchanges. KIL has been paying listing fee regularly and there are no arrears of listing fee. KIL has been complying with the listing requirements of the Stock Exchanges. No action has so far been taken by the Stock Exchanges or SEBI against KIL, its Directors or promoters. However, DSE has vide letter no. DSE/LIST/9049/R/96 dated 31st August 2007 stated that Company has not complied with certain provisions of the listing agreement and has advised it to comply with the pending compliances. In reply to the aforesaid letter, the Company has again filed all the documents related to the listing compliances vide their letter dated 14th September 2007 .

p) Board of Directors of KIL as on the date of PA i.e. 30th August 2007:

Name & Qualification	Designation	Date of Appointment	Total No. of Years of Experience	Residential Address
Mr. Sadeev Sandhu History (Hons), Post Graduate in Textile Engineering	Managing Director	24.03.1995	20 years of experience in refrigerated Transportation Business.	97, Anand Lok, New Delhi- 110049
Mr. Rajiv Gopalani Commerce Graduate	Whole Time Director	16.04.2005	25 years of experience in various filed i.e electronics, injection moulding, shares.	W-167, G.K Park-2, New Delhi-110048
Mr. Braham Arenja Commerce Graduate	Non Executive & Independent Director	20.03.1995	20 years of experience in the field of Real Estate Development, investments & Financial	N-51, Panchsheel Park, New Delhi-110017

Name & Qualification	Designation	Date of Appointment	Total No. of Years of Experience	Residential Address
Mr. Raj Nath Khosla Chartered Accountant	Non Executive & Independent Director	30.10.2000	28 years of experience in financial planning	5-B, Diwanshree Apartments,30, Ferozshah Road, New Delhi- 110001
Mr. Vikram Nanda B.A & Diploma in Personnel Management	Non Executive & Independent Director	24.07.1995	35 years of experience in Financial Planning, Administration, Personnel Management and Exports	20 D, Prithvi Raj Road, Gole Market, New Delhi- 110011

q) KIL is not a sick industrial company.

r) Brief Audited Financials of KIL

The audited financial details of KIL are as under, in compliance with the provisions of Clause 6.14 to the Standard letter of offer format as prescribed by SEBI:

(Rs in Lacs)

Profit & Loss Statement	**31st March 2007**	**31st March 2006**	**31st March 2005**
Income from operations	1786.96	1297.90	929.55
Other Income	82.57	13.21	33.52
Total Income	**1869.53**	**1311.11**	**963.07**
Total Expenditure	1507.27	1151.48	888.84
Profit Before Depreciation Interest and Tax	362.26	159.63	74.23
Depreciation	219.72	72.08	62.3
Interest	38.81	15.97	11.29
Profit Before Tax	**103.73**	**71.58**	**0.64**
Provision for Tax including Deferred Tax	42.45	30.62	20.04
Prior Period Adjustments	81.85	0.53	1.61
Profit After Tax	**-20.57**	**40.43**	**-21.01**

(Rs in Lacs)

Balance Sheet	**31st March 2007**	**31st March 2006**	**31st March 2005**
Sources of Funds			
Share capital	368.72	368.64	368.61
Reserves and Surplus (excluding revaluation reserves)	36.95	57.54	17.12
Revaluation Reserves	0	0	0
Less : Total miscellaneous expenditure not written off	0	0	0
Secured loans	888.55	314.14	86.03
Unsecured loans	0	0	117.44
Total	**1294.22**	**740.32**	**589.2**

(Rs in Lacs)

Application of funds	**31st March 2007**	**31st March 2006**	**31st March 2005**
Net fixed assets	866.83	517.87	344.31
Investments	0.1	0.1	0.1
Net current assets	427.29	222.35	244.79
Total	**1294.22**	**740.32**	**589.2**

(Rs in Lacs)

Other Financial Data	31st March 2007	31st March 2006	31st March 2005
Dividend (%)	0	0	0
Earning Per Share (Rs.)	-0.55	1.09	-0.57
Return on Networth (%)	-5.07	9.49	-5.45
Book Value Per Share (Rs.)	10.94	11.50	10.41

(Rs in Lacs)

Net Worth	31st March 2007	31st March 2006	31st March 2005
Paid up Share capital	368.72	368.64	368.61
Reserves & Surplus (excluding revaluation 'reserves)	36.95	57.54	17.12
Less: Misc Expenditure	0	0	0
Net Worth	**405.67**	**426.18**	**385.73**

Source: Annual Reports of KIL

s) **Reasons for fall/rise in PAT or Total Income during above period:**

FY 2006-2007

During the year ended 31st March, 2007, KIL's total revenues increased by nearly 43% over previous FY 2006 from Rs 1311.11 Lacs to Rs 1869.53 Lacs. The increase in turnover is due to addition of new trucks to fleet. PAT before prior period adjustments & extraordinary items increased by almost 50% in comparison to FY 2005-2006. This is because the market conditions were favorable & the company was able to utilize its resources in a better way. The Company has incurred loss of Rs 20.57 Lacs after the prior period adjustments because the company had changed the method of charging of depreciation due to which its P&L account was debited by an amount of Rs. 81.85 Lacs.

FY 2005-2006

During the year ended 31st March, 2006, KIL's total revenues increased by 36% over previous FY 2005 from Rs 963.07 Lacs to Rs 1311.11 Lacs. The increase in turnover has been because enhancement of capacity by the company by way of fresh additions to fleet & increased freight rates in the market. Profit after tax after prior period adjustments & extraordinary items increased to Rs 40.43 Lacs in FY 2006 as compared to net loss of Rs. 21.01 Lacs in FY 2005 mainly because the market conditions were favorable & with increased turnover, margins also became better.

t) **Changes in Shareholding pattern of Promoter group and compliance with Regulations:**

Date of allotment/ Acquisition /Sale	No. of Shares Issued/ Acquired/ Sold	Cumulative Share holding	% of cumulative holding	Mode of allotment/ Acquisition/ Sale	Identity of allottees (ie.Promoters/ Others)	Status of compliance with SEBI (SAST) Regulations and other Statutory Provisions, as applicable
16.05.1996	993660	2522100	165.01	Allotment	Promoter Group	Complied with SEBI (DIP) Guidelines
30.04.2001	-150000	2372100	63.99	Sale	Promoter Group	N.A. as this is a sale transaction
12.09.2001	-185100	2187000	59.00	Sale	Promoter Group	N.A. as this is a sale transaction
23.10.2001	1500	2188500	59.04	Purchase	Promoter Group	N.A. as aggregate purchase is less than 10% in the full year
26.04.2002	500	2189000	59.05	Purchase	Promoter Group	
24.05.2002	537900	2189000	59.05	Gift	Promoter Group	N.A. as it is a Interse Transfer. Report u/r 3(4) has been filed on 5th October 2007

24.5.2002	-537900	2189000	59.05	Sale	Promoter Group	N.A. as it is a Interse Transfer. Report u/r 3(4) has been filed on 5th October 2007
24.09.2003	185100	2374100	64.05	Purchase	Promoter Group	N.A. as aggregate purchase is less than 5% in the financial year
18.04.2006	-151700	2222400	59.95	Sale	Promoter Group	N.A. as this is a sale transaction
02.03.2007	-259350	1963050	52.96	Sale	Promoter Group	N.A. as this is a sale transaction

u) **Pre and Post offer Shareholding Pattern of KIL:**

Shareholders' category	Shareholding & voting rights prior to the SPA/Acquisition & Offer.		Shares /voting rights agreed to be acquired through SPA which triggered off the Regulations.		Shares/voting rights to be acquired/sold in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer. i.e.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No	%	No.	%	No.	%	No.	%
(1) Promoter group								
a. Parties to agreement, if any	1963050	52.96	-1963050	-52.96	0	0	0	0
b.Promoters other than (a) above	-	-	0	0	0	0	0	0
Total 1(a+b)	**1963050**	52.96	-1963050	-52.96	0	0	0	0
(2) Acquirers other than Promoter acquirer								
a. Main Acquirer	0	0	1963050	52.96	815496	22.00	2778546	74.96
Total (2)	**0**	**0**	**1963050**	**52.96**	**815496**	**22.00**	**2778546**	**74.96**
(3) Parties to agreement other than(1) (a) & (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(4) Public (other than parties to agreement, acquirers & PACs)								
a. FIs/MFs/FIIs/Banks, SFIs (indicate names)	0	0	0	0	0	0	0	0
b. Others (The total number of shareholders in "Public category is 30)	**1743750**	**47.04**	**0**	**0**	**-815496**	**-22.00**	**928254**	**25.04**
Total (4)(a+b)	**1743750**	**47.04**	**0**	**0**	**-815496**	**-22.00**	**928254**	**25.04**
GRAND TOTAL (1+2+3+4)	**3706800**	**100.00**	**1963050**	**52.96**	**815496**	**22.00**	**3706800**	**100.00**

v) **Status of Corporate Governance and Pending Litigation matters, if any**

- Status of Corporate Governance compliances by KIL:

Kausar India Limited has three (3) independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholder's Grievance Committee
Mr. Sandeev Sandhu	Promoter-Executive			Yes
Mr. Rajeev Gopalani	Director-Executive	Yes		
Mr. Bharam Arenja	Independent -Non- Executive	Yes	Yes	Yes
Mr. Vikra Nanda	Independent -Non- Executive	Yes	Yes	Yes
Mr. Raj Khosla	Independent -Non- Executive	Yes	Yes	

The provisions of Clause 49 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance has been complied with. Certificate of Compliance on Corporate Governance received from the Statutory Auditors had been published in the Annual Report for the year ended 31st March, 2007 and compliance certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

- **Pending Litigations**

S.No.	Plaintiff	Defendant	Court / Forum	Suit No.	Amount	Brief Facts of the Case	Current Status
1.	Cummins Auto Services Limited	Kausar	Civil Court Pune	50109/2005 & 56411/2005	Rs. 3.52 lacs	Services were terminated & bank was asked to Stop payment of PDC's, Cummins Auto Services Limited filed a case u/s 138 of Negotiable Instruments Act	Next date 16.11.2007
2.	Kausar	Cummins Auto Services Limited	Consumer Court Delhi	CC No. 721/06	Rs. 15.57 lacs	Services provided by Cummins Auto Services Limited were deficient, Kausar filed a claim for recovery of losses	Rejoinder & Affidavit Filed by us on 22.05.2007 Next date 11.12.2007
3.	Kausar	Oriental Insurance	1. High Court 2. Additional District Judge	16352/06 134/06	Rs. 11.53 lacs	Accident Claim repudiated, claim filed for recovery of sum. Defendant has appealed before High court for change in list of witnesses.	1. Next date 02.04.2008 2. Next date 03.11.2007
4.	Kausar	Oriental Insurance	Consumer Court Delhi	1174/07	Rs. 11.99 lacs	Accident Claim repudiated, claim filed for recovery of sum	Final stage for arguments Next Date 02.11.2007
5.	Kausar	Oriental Insurance	Consumer Court Delhi	Appeal No. 1033/06	Interest @ 12% or any such rate & costs as decided by court. Approx 4-5 lacs	Won award of Rs 5.10 lacs, have filed for costs & interest	Next date 17.01.2008
6.	Kausar	Alliance Frozen Foods Pvt. Ltd.	Civil Court-Delhi, Tishazari before Metropolitan Magistrate	Case No. 1500/0107	Rs. 1.84 lacs	Cheques of Allianze bounced, claim filed for recovery of sums	Next date 01.02.2008

Note: Apart from the above, an income tax appeal for AY 2004-05 is pending before Commissioner of Income tax (Appeals)-VIII, New Delhi. Amount of tax involved is Rs 43.15 Lacs. The case has been remanded back to the Assessing officer for reconsideration & the assessing officer is preparing his report.

w) **Name and other Details of Compliance Officer:**

Ms. Monika Gaba
97, Anand Lok,
New Delhi- 110049
Tel No: 011-41740200
Fax No: 011-41740201
Email: kausarindia@yahoo.co.in

Ms. Nandani Shaker has resigned on 4th September 2007. The Company passed a Board Resolution on 5th September 2007 for the appointment of Ms. Monika Gaba as a Compliance Officer and Company Secretary.

x) There is no merger/demerger, spin off during last 3 years involving KIL.

9. OFFER PRICE AND FINANCIAL ARRANGEMENTS

9.1 JUSTIFICATION OF OFFER PRICE

a) The shares of KIL are listed on DSE and LSE. The Public Announcement by the Acquirer, pursuant to Regulation 10 and 12 and other applicable provisions of Chapter III of, and in compliance with, the Regulations was made on 30th August 2007.

b) The annualized trading turnover based on the trading volume in the shares of KIL on each of the above mentioned stock exchanges during February 2007 to July 2007 (6 calendar months preceding the month in which Public Announcement is made) is as under:

Name of Stock Exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month of Public Announcement	Total No. of listed Shares during that period	Annualized Trading turnover(as a % to total listed shares)
DSE	Nil	3706800	-Nil
LSE	Nil	3706800	-Nil

c) The Equity shares of KIL are infrequently traded on DSE and LSE within the meaning of explanation (i) to Regulation 20 (5) of the SEBI (SAST) Regulations.

d) In respect of DSE and LSE, where the Equity Shares are infrequently traded, the Offer price is justified in terms of Regulation of 20 (5) of the SEBI (SAST) Regulations, 1997 considering the following:

a. Negotiated Price under the agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights.	Rs. 72.84
b. Highest Price paid by the Acquirers for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to 30th August 2007. (i.e. the date of PA)	Nil
c. Other Parameters	Audited Financial (Period ended 31 March, 2007)
Return on Networth (%)	-5.07
Book Value per share (Rs.)	10.94
Earnings Per Share (Rs.)	-0.56
PE Ratio on Offer price	-
Price/Earnings Ratio (Industry- Miscellaneous) *	17.30

***(Source: Capital Market Volume XXII/11, July 30-August 12, 2007).**

Mr. Naresh Kumar of Samkaria & Associates, Chartered Accountants, (Membership No.086359) has vide his report dated 20th August 2007 stated that based on the decision of Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995, (83 Com case 30) the Value Per Share would be Rs. 14.64 per share, considering the Net Asset Value of KIL of Rs. 10.94, the Earning Based Value Per Share (PECV) of Rs. 16.49 and Market based value as Nil.

e) In view of the above paragraph, the Offer Price of Rs. 72. 84 (Rupees Seventy Two and Eighty Four Paise Only) per fully paid up equity share of Rs. 10 each , being the highest among the prices mentioned above, is justified in Regulation 20(5) of the SEBI (SAST) Regulations, 1997 as applicable on the date of PA.

f) In the opinion of the Acquirer and Manager to the Offer, the Offer price of Rs. 72.84 (Rupees Seventy Two and Eighty Four paise Only) per fully paid Equity Share is justified.

g) There is no non-compete agreement.

h) If Acquirer acquires shares after the date of Public Announcement upto 7 working days prior to the closure of the offer at a price higher than the offer price, then the highest price paid for such acquisition shall be payable for all the shares tendered in the offer and accepted under the offer.

i) The Acquirer has not acquired any shares of KIL including by way of allotment in public or rights issue or by way of preferential allotment by Target Company during the 26 weeks period prior to the date of public announcement.

9.2 FINANCIAL ARRANGEMENTS

a) The total fund requirement for the implementation of the offer at Rs. 72.84 per share for 8,15,496 equity shares being 22% of total voting capital of 37,06,800 equity shares is aggregating to Rs. 5,94,00,728.64 assuming that full acceptance for the offer is received which is in addition to the amount of Rs. 14,29,88,562 required for the purpose of acquisition of 19,63,050 equity shares from the promoters through share purchase agreement. The Acquirer have confirmed vide their letter dated 25th August 2007 that firm financial arrangements has been made for the implementation of the Offer in full out of their own sources/Networth and no borrowings from any Bank and/ or Financial Institutions is envisaged. The sources of funds would be internal accruals and conversion of convertible warrants.

b) In accordance with Regulation 28 of the SEBI (SAST) Regulations, 1997, the acquirer has created an escrow account in the following manner:

   a. Cash deposit of Rs. 5,95,000 (Rupees Five Lacs Ninety Five Thousands only), payable with M/s. ICICI Bank Limited, Fort Branch, Mumbai empowering Religare Securities Limited, the Manager to the Offer to instruct the banker to issue a banker's cheque or demand draft for the amount lying in the escrow account.

   b. Bank Guarantee by ICICI Bank Limited, Begumpet Branch, Hyderabad for Rs. 1,50,00,000

   (Rupees One Crore Fifty Lacs only), in favour of Religare Securities Limited, the Manager to the Offer and is valid for a period commencing from the date of the public announcement till 27th December 2007.

   In case of a revision in the Offer price, the Acquirer would raise the amount in the escrow account to ensure compliance with Regulation 28 of SEBI (SAST) Regulations.

c) Mr. Naveen Kumar Agarwal (Membership No.209996) Proprietor, having Office at 15-1-503/B/9, Ashok Market, Siddiamber Bazar, Hyderabad -12, Tel. No & Fax No.: 040 6682 5727 has certified vide letter dated 25th August 2007 that sufficient resources are available with the Acquirer for fulfilling the obligations under Regulation 29 of SEBI (SAST) Regulations, 1997 under this "Offer" in full.

d) The Manager to the Offer is satisfied about the ability of Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm arrangements for funds for payment through verifiable means are in place to fulfill the offer obligations..

10. TERMS AND CONDITIONS OF OFFER

10.1 STATUTORY APPROVALS

a) There are no statutory approvals required to acquire the shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approvals that may become applicable prior to completion of the Offer.

b) The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closing of the offer.

c) The Acquirer reserves the right to withdraw the Offer, in terms of Regulation 27 of the SEBI (SAST) Regulations, in the event the requisite statutory approvals are refused. In the event of withdrawal, a Public Announcement will be made in the same newspapers in which this original PA is being made.

d) In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to willful default or negligence, grant an extension for the purpose of completion of the offer provided the Acquirer agrees to pay interest to the shareholders for delay beyond 15 days from the date of closing of the offer.

e) If the Acquirer fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be forfeited in the manner provided in Regulation 28(12)(e) of SEBI (SAST) Regulations.

f) No approval is required to be obtained from Banks/ Financial Institutions for this offer.

10.2 OTHERS TERMS AND CONDITIONS

a) The Letter of Offer together with Form of Acceptance cum Acknowledgement (FOA), the Form of Withdrawal (FOW) and Transfer Deed (TD) (for shareholders holding shares in physical form) will be mailed to all the shareholders of KIL, except the Parties to the SPA, whose names appear on the Register of Members of KIL and the beneficial owners of the shares whose names appear as beneficiaries on the records of the respective share depositories, at the close of business hours on 31st August 2007 (specified date).

b) Accidental omission to dispatch Letter of Offer to any member entitled to this open offer or non-receipt of the Letter of Offer by any member entitled to this open offer shall not invalidate the open offer in any manner whatsoever. The Offer is subject to the terms and conditions set out herein and in the Letter of Offer that would be sent to the shareholders of KIL as on the specified date.

c) All the shareholders, except the Parties to the SPA, who own the shares of KIL anytime before the closure of the Offer, are eligible to participate in the Offer anytime before date of closing of the offer.

d) As per publicly available information there are no locked in shares. However, no discrimination would be made with regard to locked in shares.

e) The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.

f) The acceptance of the Offer is made by the Acquirer is entirely at the discretion of the shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate (s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

11. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

a) The Acquirer has appointed **Karvy Computershare Private Limited** as Registrar to the Offer. Registrar has set up the following center to collect the acceptances being tendered in this offer:

Location	Contact Details of the Registrar to the Offer
Hyderabad	**Karvy Computershare Private Limited** Plot 17-24 Vittalrao Nagar Madhapur, Hyderabad - 500 081 **Tel:** 040 2342 0815 **Fax:** 040 2343 1551 **Contact Person:** Mr. M Murali Krishna **Website:**www.karvy.com **Email:** murali@karvy.com

The documents should be sent either by hand delivery or by Registered Post, so as to reach before the closure of the offer. The documents can be tendered at the above centre between 10.00 am to 1.00 pm and 2.00 pm to 4.00 pm from Monday to Friday and between 10.00 am to 1.00 pm on Saturday. The centre will be closed on Sundays and Public holidays.

b) Registered Shareholders (holders of shares in physical form) should enclose:

- **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- **Original Share Certificate(s)**
- **Valid Share Transfer deed(s)** duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with KIL and duly witnessed at the appropriate place(s).

c) Beneficial owners (holders of shares in dematerialized form) should enclose:

- **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all the beneficial holders of shares as per the records of the DP.
- **Photocopy/Counterfoil of Delivery Instruction slip** in "off market" mode in favour of the special depository account mentioned above, duly acknowledged by DP

d) In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, it will be deemed that the shareholder has tendered acceptance of the Offer.

e) The Registrar to the Offer has opened a special depository account with Karvy Stock Broking Limited (Depository -NSDL) styled "- **KCPL ESCROW ACCOUNT KAUSAR INDIA OPEN OFFER**". The DP ID is **IN300394** and Beneficiary/Client ID is **15951027** .

f) Unregistered Shareholders should enclose:

- **Form of Acceptance-cum-Acknowledgement or an application on plain paper** duly completed and signed in accordance with the instructions contained therein by the person(s) accepting the Offer. Application on plain paper should be duly signed and stating the name, address, number of shares held, distinctive numbers, folio number and the number of shares in respect of which they are accepting the Offer.
- **Original Share Certificate(s)**
- **Original Contract Note(s) from the broker through whom the shares were acquired.**

- **Valid Share Transfer deed(s)** as received from market. The details of buyer should be left blank failing which, the same will be invalid under this offer. The details of buyer will be filed upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be pre condition for valid acceptance.

* **No indemnity is required from the unregistered owners.**

g) The shareholders tendering shares in demat form should ensure the credit of shares in favour of the special depository account mentioned above, before the closure of the Offer i.e. 5th December 2007. FOA, in respect of dematerialized equity shares not credited to the above special depository account before the date of closing of offer, is liable to be rejected.

h) Shareholders having their beneficiary account with Central Depository Services Limited (CDSL), have to use inter-depository delivery instruction slip for the purpose of crediting their Equity shares in favour of the above mentioned Special Depository Account with NSDL.

i) In case of non-receipt of the Letter of Offer/FOA, the eligible persons may download the same from SEBI website or obtain a copy of the same by writing to Registrar to the offer at the collection center as mentioned above, clearly marking the envelope “KIL Open Offer” or make an application on plain paper duly signed and stating their name, address, No. of Shares held, no. of shares offered, DP name, DP ID, Client ID and the counterfoil/photocopy of the delivery instruction in “Off-Market” mode in favour of the special depository account, duly acknowledged by the DP, to the Registrar to the Offer, before the closure of the Offer.

j) The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the equity shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- Duly attested death certificate and succession certificate/probate/letter of administration (in case of single shareholder) if the original shareholder is deceased;
- Duly attested Power of Attorney if any person apart from the shareholder has signed the application form and/ or transfer deed(s);
- No objection certificates from the chargeholder/lender, if the shares in respect of which the applicant is sent, are under any charge, lien or encumbrance;
- In case of companies, the necessary corporate authorization (including Board Resolutions); any other relevant documentation.

k) In case any person has lodged shares of KIL for transfer and the transfer has not yet been effected, the concerned person may apply in writing on a plain paper, duly signed and stating the name, address, number of shares held, distinctive numbers, folio number and the number of shares in respect of which they are accepting the Offer and the acknowledgement of the lodgment of shares for transfer. Such person should also instruct KIL and its Registrars & Transfer Agents to send the transferred share certificate(s) directly to the collection centers of Registrar to the offer as mentioned above before the date of closing of the offer.

l) Shareholders who have sent their physical shares for Dematerialization and the dematerialization has not yet been effected, the concerned person should send the completed FOA together with the photocopy of the dematerialization request form acknowledged by shareholder’s DP. The shareholder should ensure that process of getting shares dematerialized is completed well in time so that the credit in the special depository account should be received before closure of the Offer i.e. 5th December 2007, else the application will be rejected.

m) Equity shares tendered by the shareholders of KIL in the offer shall be free from lien, charges and encumbrances of any kind whatsoever.

n) Equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of KIL may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered in the offer prior to the date of closing of the offer.

o) In case the shares tendered in the Offer by the shareholders, are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis, in such a way that the acquisition from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The Marketable lot for the Shares of KIL is 1(one) for Equity Shares. The ISIN Number of Equity Shares in dematerialized form is **INE 646I01015.**

p) While tendering shares under the Offer, NRIs / OCBs /Foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of Target Company. In case of previous RBI Approvals not being submitted, the Acquirer reserves the right to reject the shares. While tendering shares under the Offer, NRI/OCBs/Foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the

Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

q) The consideration received by the shareholders for shares accepted in the offer will be subject to the capital gains tax / deduction of tax at source applicable as per the Income Tax Act, 1961. Further the securities transaction tax will not be applicable on shares accepted in this offer.

r) The Registrar to the Offer will hold in Trust the Shares / Share certificates, FOA, if any, and the transfer form/s on behalf of the shareholders of KIL who have accepted the Offer, till the Acquirer completes the offer obligations in accordance with the Regulations.

s) Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the FOA.

t) The shares and other relevant documents should not be sent to the Acquirer/ Target Company by the shareholders.

u) In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date i.e. up to 30th November 2007.

v) In case of non receipt of Form of Withdrawal, the withdrawal can be exercised by making an application on plain paper along with following details :-

- **In case of physical shares:** by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered and to be withdrawn.
- **In case of dematerialized shares:** by stating Name, Address, Number of shares tendered and to be withdrawn, DP Name, DP ID, Beneficiary account number, Counterfoil/ Photocopy of the delivery instruction in "Off Market" mode duly acknowledged by the DP in favour of the special depository account.
- **In either case:** a copy of the acknowledgement received from the Manager to the Offer upon tendering of the Shares,

So as to reach the Registrar to the Offer either by hand delivery or by registered post on or before 5th December 2007.

SHAREHOLDERS WHO HAVE ACCEPTED THE OFFER BY TENDERING THE REQUISITE DOCUMENTS, IN TERMS OF THE PUBLIC ANNOUNCEMENT / LETTER OF OFFER SHALL HAVE THE OPTION TO WITHDRAW THE ACCEPTANCE TENDERED BY THEM UPTO 3 WORKING DAYS PRIOR TO THE DATE OF CLOSURE OF OFFER IN TERMS OF REGULATION 22(5A) OF THE SEBI (SAST) REGULATIONS.

12. MATERIAL DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of Religare Securities Limited, Office No. 14, 1st Floor, Mittal Chambers, Opp. to INOX theatre, Nariman Point, Mumbai-400 021 from 10.00 a.m. to 1.00 p.m. and from 2.30 p.m. to 4.30 p.m. on any working day, except Saturdays, Sundays, and Public/Bank Holidays until the offer closes:

a) Memorandum & Articles of Association and Certificate of Incorporation of Kausar India Limited.

b) Memorandum & Articles of Association and Certificate of Incorporation of Gati Limited.

c) Memorandum of Understanding dated 28th August 2007 appointing Religare Securities Limited as Manager to the Offer.

d) Copy of Certificate dated 25th August 2007 from Naveen Kumar Agarwal, Chartered Accountants, Proprietor, certifying about the adequacy of resources of Acquirer in fulfilling the obligations of the offer.

e) Annual Reports of KIL and Gati Limited for FY 2004-05, 2005-06 and 2006-07.

f) Bank Guarantee dated 28th August 2007 from ICICI Bank Limited for Rs. 1,50,00,000 in favour of Religare Securities Limited.

g) Bank Statement confirming the amount kept in Escrow account.

h) Copy of the letter from Depositary participant for opening of a special depository account for the purpose of the offer.

i) Copy of letter dated 27th August 2007 for appointment of Karvy Computershare Private Limited as a Registrar to the Offer.

j) Copy of Public Announcement dated 30th August 2007.

k) Copy of Share Purchase Agreement Dated 25th August 2007.

l) Due Diligence Certificate dated 12th September 2007.

m) Copy of Board Resolutions/Letters from the Acquirer authorizing the Offer.

n) SEBI observation Letter dated 26th October 2007.

13. DECLARATION BY THE ACQUIRER

The Acquirer and the Board of Directors of the Acquirer respectively accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. A.S. Sandhu, Chief Financial Officer and Company Secretary has been authorised by the board of directors of Gati Limited to be the authorised signatory to the Letter of Offer.

For on Behalf of Acquirer

Sd/-
Authorized Signatory
Gati Limited

Place: Hyderabad

Date: 1st November, 2007

Encl: FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL, TRANSFER DEED(S) FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

ANNEXURE I

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGUALTIONS BY THE ACQUIRER COMPANY AND ITS PROMOTERS

By the Acquirer: M/s. Gati Limited.

Sr.No.	Regulation / Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual Date of Compliance	Delay, if any (in no. of days)	Remarks
1.	8 (3)	30.04.2007	21.04.2007	No	NIL
2.	8 (3)	30.04.2006	22.04.2006	No	NIL
3.	8 (3)	10.11.2006	27.10.2006	No	NIL
4.	7(3)	09.03.2006	04.03.2006	No	Acquisition of more than 10% by Infrastructure Fund of India LLC
5.	8 (3)	30.04.2005	25.04.2005	No	NIL
6.	8 (3)	12.10.2005	30.09.2005	No	NIL
7.	8 (3)	30.04.2004	24.04.2004	No	NIL
8.	8 (3)	16.11.2004	27.10.2004	No	NIL
9.	8 (3)	16.11.2003	30.10.2003	No	NIL
10.	7(3)	25.05.2003	22.05.2003	No	Acquisition of more than 10% by TCI Finance
11.	8 (3)	30.04.2003	22.04.2003	No	NIL
12.	7(3)	-	29.07.2002	No	Note 1
13.	7(3)	-	29.07.2002	No	Note 1
14.	8 (3)	30.04.2002	23.04.2002	No	NIL
15.	8 (3)	11.11.2002	23.10.2002	No	NIL
16.	8 (3)	30.04.2001	25.04.2001	No	NIL
17.	8 (3)	16.11.2001	30.10.2001	No	NIL

Note 1: The Company had not received any information regarding the acquisition of more than 5% shares from the acquirers i.e. Mr. R.K. Bansal and Mrs. Pushpa Bansal. The company has filed the form based on information received from the Registrars. So, Reg. 7(1) was not complied by investor/acquirer.

By the Promoters of the Acquirer Company

Sl.no.	Regulation / Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual Date of Compliance	Delay, if any (in no. of days)	Remarks
1.	8 (3)	21.04.2007	17.04.2007	No	NIL
2.	8 (3)	21.04.2006	15.04.2006	No	NIL
3.	8 (3)	31.10.2006	20.10.2006	No	NIL
4.	7(2)	05.03.2006	03.03.2006	No	Acquisition of more than 10% by Infrastructure Fund of India LLC
5.	8 (3)	21.04.2005	15.04.2005	No	NIL
6.	8 (3)	03.10.2005	23.09.2005	No	NIL
7.	8 (3)	21.04.2004	07.04.2004	No	NIL
8.	8 (3)	06.11.2004	20.10.2004	No	NIL
9.	8 (3)	06.11.2003	23.10.2003	No	NIL
10.	7(2)	21.05.2003	19.05.2003	No	Acquisition of more than 10% by TCI Finance
11.	8 (3)	21.04.2003	08.04.2003	No	NIL
12.	8 (3)	21.04.2002	05.04.2002	No	NIL
13.	8 (3)	02.11.2002	18.10.2002	No	NIL
14.	8 (3)	21.04.2001	10.04.2001	No	NIL
15.	8 (3)	06.11.2001	18.10.2001	No	NIL

ANNEXURE II

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGUALTIONS BY THE TARGET COMPANY AND ITS PROMOTERS

Name of the Target Company: Kausar India Limited

Sr. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1.	6(2)	20.05.1997	18-02-2003	There is a delay of about 6 years	Filed under the SEBI Regularization Scheme, 2002
2.	6(4)	20.05.1997	18-02-2003	There is a delay of about 6 years	Filed under the SEBI Regularization Scheme, 2002
3.	8(3)	30.04.1997	18-02-2003	There is a delay of about 6 years	Filed under the SEBI Regularization Scheme, 2002
4.	8(3)	30.04.1998	03-04-1998	No	Nil
5.	8(3)	30.04.1999	18-02-2003	There is a delay of about 4 years	Filed under the SEBI Regularization Scheme, 2002
6.	8(3)	30.04.2000	18-02-2003	There is a delay of about 3 years	Filed under the SEBI Regularization Scheme, 2002
7.	8(3)	30.04.2001	18-02-2003	There is a delay of about 2 years	Filed under the SEBI Regularization Scheme, 2002
8.	8(3)	30.04.2002	18-02-2003	There is a delay of about 1 year	Filed under the SEBI Regularization Scheme, 2002
9.	7(3)	.02.06.2002	25.10.2007	There is a delay of about 5 years	Consent Application filed with SEBI on 25.10.2007
10.	8(3)	30.04.2003	11-04-2003	No	NIL
11.	7(3)	02.10.2003	25.10.2007	There is a delay of about 4 years	Consent Application filed with SEBI on 25.10.2007
12.	8(3)	30.04.2004	16.04.2004	No	NIL
13.	8(3)	30.04.2005	11.04.2005	No	NIL
14.	7(3)	27.04.2006	25.10.2007	There is a delay of about 1.5 years	Consent Application filed with SEBI on 25.10.2007
15.	8(3)	30.04.2006	13.04.2006	No	NIL
16.	7(3)	11.03.2007	05.03.2007	No	NIL
17.	8(3)	30.04.2007	12.04.2007	No	NIL

BY PROMOTERS AND PROMOTER GROUP

Sr. No.	Regulation/ Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1	2	3	4	5	6
1.	6(1)	20.04.1997	20.04.1997	No	NIL
2.	6(3)	20.04.1997	20.04.1997	No	NIL
3.	8(1) &8(2)	21.04.1997	15.04.1997	No	NIL
4.	8(1) &8(2)	21.04.1998	01.04.1998	No	NIL
5.	8(1) &8(2)	21.04.1999	05.04.1999	No	NIL
6.	8(1) &8(2)	21.04.2000	06.04.2000	No	NIL
7.	8(1) &8(2)	21.04.2001	07.04.2001	No	NIL
8.	8(1) &8(2)	21.04.2002	01.04.2002	No	NIL
9.	7(1A)	26.05.2002	24.10.2007	There is delay of about 5 years	Consent Application filed with SEBI on 25.10.2007
10.	8(1) &8(2)	21.04.2003	05-04-2003	No	NIL
11.	7(1A)	26.09.2003	24.10.2007	There is delay of about 4 years	Consent Application filed with SEBI on 25.10.2007
12.	8(1) &8(2)	21.04.2004	16.04.2004	No	NIL
13.	8(1) &8(2)	21.04.2005	04.04.2005	No	NIL
14.	7(1A)	20.04.2006	-	Delay	Not filed
15.	8(1) &8(2)	21.04.2006	04.04.2006	No	NIL
16.	7(1A)	04.03.2007	02.03.2007	No	NIL
17.	8(1) &8(2)	21.04.2007	04.04.2007	No	NIL

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to Karvy Computershare Private Limited at the collection centre as mentioned in the Letter of Offer)

Offer Opens on	16th November 2007, Friday
Last Date for Withdrawal of Application	30th November 2007, Friday
Offer Closes on	5th December 2007, Wednesday

From

(Name & Complete Address)

Tel No. ________Fax No. ________ Email__________

To,
Karvy Computershare Private Limited
Plot 17-24 Vittalrao Nagar
Madhapur
Hyderabad - 500 081

Dear Sir,

Sub: Open Offer for acquisition of equity shares of Kausar India Limited. ("KIL") by Gati Limited ("Acquirer") at a price of Rs. 72.84 per share in cash.

I/We refer to the letter of offer dated 1st November 2007 for acquiring the equity shares held by me/us in Kausar India Limited.

I/We, the undersigned have read the letter of offer and understood its contents including the terms and conditions as mentioned therein.

For Shares held in Physical Form :

I/We, accept the offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate Nos.		Distinctive Nos.		No. of Shares
		From	To	From	To	
Total No. of Equity Shares to be sold						

(In case of insufficient space, please use additional sheet and authenticate the same)

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the offer till the time the acquirer gives the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For Shares held in Demat Form:

I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off market transaction for crediting the shares to the Escrow Account opened with NSDL named "**- KCPL ESCROW ACCOUNT KAUSAR INDIA OPEN OFFER**" (the "Special Depository Escrow Account") with the following particulars:

DP Name - **Karvy Stock Broking Limited** Client ID **- IN300394** DP ID - **15951027**

Shareholders whose shares are held in beneficiary Account with Central Depository Services Limited (CDSL) have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Escrow Account with NSDL.

I/We note and understand that the Shares would lie in the Special Depository Escrow Account until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We confirm that the equity shares of Kausar India Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorise the Acquirer to accept the shares so offered which they may decide to accept in consultation with the merchant banker and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorise the Acquirer or their Merchant Banker to send by Registered Post / Courier the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below.

The Permanent Account Number (PAN/GIR No.) allotted under the Income Tax Act, 1961 is as under

	First/Sole Holder	Joint Holder 1	Joint Holder 2
PAN/GIR No.			

So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of Bank Account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank		Account No.		Saving/Current/NRE/NRO/ Others (Please tick)
Address of Branch				

Yours faithfully,

Signed & Delivered by	Full Names (s) & Address	Signature	Verified and Attested (by DP in case of Demat Shares and by Bank in case of Physical Shares)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			

Note : In case of joint holdings all must sign. A Corporation must affix its common seal and necessary Board resolution should be attached.

Place :
Date :

---Tear along this line---

Kausar India Limited- Open Offer

Acknowledgement slip Received from Mr./Ms. _________________________ Folio No. ________________ Form of Acceptance cum Acknowledgement, _________Number of certificates for ________ equity shares / Copy of Delivery instruction to DP for ______________________equity shares.

Stamp of collection Center
Signature of Official
Date of Receipt

INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance.

2. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Equity Shareholders of KIL. Each equity shareholder of KIL to whom this Offer is being made is free to offer his equity shareholding in KIL in whole or in part while accepting the Offer.

3. In case of joint holdings, all the holders whose names appears on the Equity Share Certificate must sign this Form of Acceptance in the same order in which these names appears on the register of members and as per the specimen signature(s) lodged with KIL.

4. In case of physical Equity Shares, the enclosed transfer deed should be duly signed as transferors by all shareholders in the same order and as per specimen signatures lodged with KIL and should be duly witnessed at the appropriate place. The Transfer Deed should be left blank, excepting the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar Authority holding a Public Office and authorised to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or Manager of the transferors' bank. PLEASE DO NOT FILL UP ANY DETAILS ON THE TRANSFER FORM. Relevant Equity Share Certificates must be annexed.

5. In case of Bodies Corporate, proper corporate authorization should be enclosed.

6. Persons who own Equity Shares (as on the Specified Date or otherwise) but are not the registered holders of such Equity Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the Equity Share Certificate(s) and valid transfer deed(s) and other relevant documents. In case, the Equity Share Certificate(s) and transfer deed(s) are lodged with KIL for transfer, then the acceptance shall be accompanied by the acknowledgement of lodgement or receipt by KIL Limited.

7. Shareholders of KIL, who wish to avail this Offer should forward the relevant documents, by registered post with acknowledgement due or by hand delivery only to the Registrar to the Offer, so as to reach on or before 5th December 2007.

- - - - - - - - - - TEAR HERE - - - - - - - - - -

Note: All future correspondence, if any, should be addressed to the Registrar to the offer, at the address mentioned below:

Karvy Computershare Private Limited
Plot 17-24 Vittalrao Nagar
Madhapur,Hyderabad - 500 081
Tel: 040 2342 0815, **Fax:** 040 2343 1551
Contact Person: Mr. M Murali Krishna
Website:www.karvy.com, **Email:** murali@karvy.com

FORM OF WITHDRAWAL

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to Karvy Computershare Private Limited at the collection centre as mentioned in the Letter of Offer)

Offer Opens on	16th November 2007, Friday
Last Date for Withdrawal of Application	30th November 2007, Friday
Offer Closes on	5th December 2007, Wednesday

From

(Name & Complete Address)

Tel No. ________Fax No. ________ Email__________

To,
Karvy Computershare Private Limited
Plot 17-24 Vittalrao Nagar
Madhapur
Hyderabad - 500 081

Dear Sir,

Sub: Open Offer for acquisition of equity shares of Kausar India Limited. ("KIL") by Gati Limited ("Acquirer") at a price of Rs. 72.84 per share in cash.

I/We refer to the letter of offer dated 1st November 2007 for acquiring the equity shares held by me/us in Kausar India Limited.

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/ Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at the collection center mentioned in the Letter of Offer on or before the last date of withdrawal.

I/We note that the Acquirer/Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay/loss in transit for the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures etc. and beneficiary position data as available from the Depository from time to time, respectively.

The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:

Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
	Tendered	From	To	
Total Number of Equity Shares Tendered Withdrawn				
Total number of equity shares Withdrawn				

(In case of insufficient space, please use additional sheet and authenticate the same)

I/We hold the following equity shares in dematerialised form and tendered the equity shares in the Offer and had done an off-market transaction for crediting the Shares to the "- **KCPL ESCROW ACCOUNT KAUSAR INDIA OPEN OFFER"** (Special Depository Escrow Account) as per the following particulars:

DP Name - **Karvy Stock Broking Limited** Client ID - **IN300394** DP ID - **15951027**

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP. The particulars of the account from which my/our equity shares have been tendered are as detailed below:

Yours faithfully,

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the equity shares will be credited back only to that Depository Account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

In case of dematerialised equity shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

I/We confirm that the particulars given above are true and correct.

Yours faithfully,

Signed & Delivered by	Full Names (s) & Address	Signature	Verified and Attested (by DP in case of Demat Shares and by Bank in case of Physical Shares)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			

Note : In case of joint holdings all must sign. A Corporation must affix its common seal and necessary Board resolution should be attached.

Place :

Date :

---Tear along this line---

Kausar India Limited- Open Offer - Withdrawal Form

Acknowledgement slip

Received from Mr./Ms. __________________________ Folio No. _________________ Form of Acceptance cum Acknowledgement, _________Number of certificates for ________ equity shares / Copy of Delivery instruction to DP for ______________________equity shares.

Stamp of collection Center
Signature of Official
Date of Receipt

INSTRUCTIONS

PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the Collection Centre mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. 30th November 2007.

2. Shareholders should enclose the following:

   I. For Equity Shares held in demat form :

   Beneficial owners should enclose duly signed and completed Form of Withdrawal.

   Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

   Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.

   II. For Equity Shares held in physical form:

   Registered shareholders should enclose duly signed and completed Form of Withdrawal.

   Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

   In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Kausar India Limited and duly witnessed at the appropriate place.

   III. Unregistered owners should enclose:

   Duly signed and completed Form of Withdrawal.

   Acknowledgement slip in original / Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

3. The withdrawal of Shares will be available only for the Share certificates / the Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company / Depository as the case may be.

5. The Form of Withdrawal should be sent only to the Registrar to the Offer.

6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.

7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8. The Form of Withdrawal and other related documents should be submitted the Collection Centre of Karvy Computershare Private Limited stated in Paragraph 11 of the Letter of Offer.

9. Applicants who cannot hand deliver their documents at the Collection Centre, may send their documents only by Registered Post / Speed Post / Courier, at their own risk, to the Registrar to the Offer at Karvy Computershare Private Limited, Plot 17-24, Vittalrao Nagar, Madhapur, Hyderabad- 500081 so as to reach the Registrar to the Offer on or before the last date of withdrawal i.e. 30th November 2007.

TEAR HERE

Note: All future correspondence, if any, should be addressed to the Registrar to the offer, at the address mentioned below:

Karvy Computershare Private Limited
Plot 17-24 Vittalrao Nagar
Madhapur,Hyderabad - 500 081
Tel: 040 2342 0815, **Fax:** 040 2343 1551
Contact Person: Mr. M Murali Krishna
Website:www.karvy.com, **Email:** murali@karvy.com