

ANNUAL REPORT

2009-10



Financial Highlights

Particulars		2009-10	2008-09	2007-08
Sales	Rs / Lakhs	74,472	61,808	55,207
Total Income	Rs / Lakhs	75,141	63,033	57,551
Gross Profit Before Interest, Depreciation & Tax	Rs / Lakhs	8,611	4,466	5,574
Interest (Net)	Rs / Lakhs	4,309	3,541	973
Depreciation	Rs / Lakhs	2,387	2,301	1,457
Profit / (Loss) Before Tax	Rs / Lakhs	1,915	(1,376)	3,144
Income Tax	Rs / Lakhs	404	129	766
Profit / (Loss) After Tax	Rs / Lakhs	1,511	(1,506)	2,378
Dividend on Equity Share Capital	%	20	-	40
Dividend Payout	Rs / Lakhs	341	-	677
Equity Share Capital	Rs / Lakhs	1,703	1,698	1,693
Reserves & Surplus (Excl.Revaluation Reserves)	Rs / Lakhs	26,007	25,385	27,992
Net Worth	Rs / Lakhs	29,474	27,082	29,685
Gross Block	Rs / Lakhs	50,223	51,343	30,007
Net Block	Rs / Lakhs	44,274	46,905	30,290
Loan	Rs / Lakhs	45,372	47,011	22,382

Key Indicators

Particulars		2009-10	2008-09	2007-08
Equity Share Capital	Rs / Lakhs	1,703	1,698	1,693
Earning Per Share	Rs.	1.78	(1.78)	2.99
Cash Earning Per Share	Rs.	4.68	2.03	6.33
Sales Per Share	Rs.	88.38	74.37	69.31
Book Value per share	Rs.	32.59	31.95	37.27
Debt : Equity Ratio		1.64	1.74	0.75
PBDIT / Sales	%	11.56	7.22	10.10
Net Profit Margin	%	2.03	(2.44)	4.31
Return on Networth	%	5.45	(5.56)	10.04
Return on Capital Employed	%	4.76	(7.14)	8.55

Board of Directors

Mr. K. L. Chugh	Chairman
Mr. Mahendra Agarwal	Managing Director & CEO
Mr. Himmat Singh Lagad	Executive Director
Dr. Ram S.Tarneja	Director
Dr. P.S.Reddy	Director
Mr. N. Srinivasan	Director
Mr. T.S.Rao	Director
Mr. Sunil Kumar Alagh	Director
Mr. Anoop Kishore Seth	Director

Chief Finance Officer

Mr. Saurav Banerjee

Company Secretary

Mr. VSN Raju

Auditors

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

Bankers

State Bank of India
ICICI Bank Limited
Axis Bank Limited

Registered Office

I-7-293, M.G.Road
Secunderabad - 500003
Andhra Pradesh, India.
Email : investor.services@gati.com
Tel : +91 40 27844284
Fax : +91 40 27894284

Registrars & Transfer Agents

M/s. Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad - 500081
Andhra Pradesh, India.
Email: mohsin@karvy.com
Tel : +91 40 44655000, Extn.: 51, 52
Fax : +91 40 44655024

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The annual report is also available at www.gati.com

Notice

Notice is hereby given that the 15th Annual General Meeting of the Company will be held on Wednesday, October 27, 2010 at 11:00 A.M at Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad - 500 034 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at June 30, 2010, the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on the equity shares of the Company.
3. To appoint a Director in place of Mr. N Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sunil Kumar Alagh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and Branch Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business:

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

"RESOLVED THAT in partial modification of the resolution approved at the Annual General Meeting held on October 11, 2006, pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956, including any statutory modification or re-enactment thereof and subject to the prior approval of the Central Government and such other consent and approvals as may be necessary, the Company hereby approves the payment of remuneration to Mr. Mahendra Agarwal as Managing director of the Company on the terms as set out in the Explanatory Statement annexed hereto for the period commencing from July 1, 2009 till August 10, 2011 notwithstanding that the said remuneration is in excess of the ceiling limit of Rs.48,00,000 per annum or Rs.4,00,000 per month under paragraph (C) of Part - II, Section - II of Schedule XIII to the Companies Act, 1956, in the event, the Company in any financial year during such period has no profits or its profits are inadequate.

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

"RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof and subject to such consents and approvals including the approval of the Central Government, as may be necessary, the consent of the shareholders be and is hereby accorded for the appointment and remuneration payable to Mr. Himmat Singh Lagad as Whole-time Director of the Company designated as "Executive Director" for a period of 3 years with effect from December 01, 2009 as per the terms and conditions as stated in the explanatory statement."

"RESOLVED FURTHER THAT the components of the remuneration be altered or varied, as may be mutually agreed between the Company and Mr. Himmat Singh Lagad, within the overall limits of the remuneration."

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company do pay to Mr Himmat Singh Lagad, Whole-time Director of the Company, remuneration by way of salary, perquisites and allowances, as stated in the explanatory statement."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT in accordance with the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded for contribution to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will in any financial year not exceed Rs. 50 lakhs or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the said Act, during the three financial years immediately preceding, whichever is greater".

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

By order of the Board
for GATI LIMITED

August 18, 2010

VSN Raju
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. The instrument appointing proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. A proxy need not be a member.
2. Shareholders are requested to bring their copy of Annual Report to the meeting. In accordance with the SEBI Guidelines, only abridged standalone and consolidated annual accounts for the year ended June 30, 2010 are circulated. Any member desirous of having a copy of detailed accounts may apply to the Company and copies thereof will be available for reference at the venue and date of the Annual General Meeting.
3. The Register of Members and share transfer books will remain closed from October 25, 2010 to October 27, 2010 (both days inclusive).
4. Pursuant to the provision of Section 205C of the Companies Act, 1956 as amended, dividend for the financial year ended June 30, 2003, and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended June 30, 2003 or any subsequent financial years are requested to make their claim to the office of the Registrar and Transfer Agents, M/s Karvy Computershare Private Ltd. It may also be noted that once the unclaimed dividend is transferred, as above, no claim shall lie in respect thereof.
5.
 - a) The members who are holding shares in physical form are requested to intimate any change in their address with pin code immediately either to the Company or to the Registrar & Transfer Agent and quote folio number in all correspondence.
 - b) The members who are holding shares in demat form are requested to intimate any change in their address with pin code immediately to the Depository Participant.
6. The members who have not surrendered their old share certificates (issued by the then M/s. Transport Corporation of India Limited, now known as TCI Industries Ltd., the transferor Company, under the Scheme of Arrangement) are requested to surrender their old share certificates to M/s. TCI Industries Ltd., Mukesh Textile Mills, N A Sawant Marg, Colaba, Mumbai - 400 005 to obtain their new share certificates of four companies including this Company.
7. The shares of the Company are at present listed at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd (NSE). The listing fee for the year 2010-2011 has been paid to BSE and NSE.
8. The shares of the company have been compulsorily dematerialised with effect from 28.08.2000.
9. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment or re-appointment at the Annual General Meeting are annexed.

10. Information required under the Listing Agreement:

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

Name of Director	Mr. N. Srinivasan	Mr. Sunil Kumar Alagh	Mr. Himmat Singh Lagad
Qualification	FCA	Graduate in Economics (Hons) and MBA from IIM, Calcutta.	B.E. (Electronics)
Expertise in specific functional areas.	Mr. Srinivasan was the Senior Partner of Fraser & Ross and Deloitte Haskins & Sells. Mr. Srinivasan is closely associated with development of the profession of accounting and auditing in India, having been the past Chairman of the Southern India Regional Council and a Central Council Member of the Institute of Chartered Accountants of India. Mr. Srinivasan was the past President of Institute of Internal Auditors India and the Regional President and Director of Internal Auditors Inc., Florida. He was the past President of Madras Chamber of Commerce and Industry, Indo-Australian Chamber of Commerce, Management Association and Indo American Chamber of Commerce and is in the Committee of Associated Chamber of Commerce & Industry and Madras Chamber of Commerce and Industry. He is on the Board of several reputed companies.	Mr. Sunil Alagh is Chairman, SKA Advisors, a Business Advisory / Consultancy firm with a focus on marketing and brand building strategies. He is the ex- MD of Britannia Industries. Currently, he is on the Board of United Breweries Ltd and Indofil Organics Ltd. He is a member of the Advisory Board of Schindler and on the Governing Board of IIM Bangalore & Indore, National Institute of Design, Ahmedabad and the Indian Institute of Foreign Trade, Delhi. In addition, he is a Member of the Round Table on Higher Education of the Ministry of HRD, Government of India.	Mr. Himmat Singh Lagad has a career spanning over 25 years in Business Management. He has worked with such organizations as Nokia, Intercraft USA (Kodak Australia), Pacific Brands (Pacific Dunlop Australia), Tech Pacific (Ingram Micro Austra-Asia), TNT Logistics etc. Mr. Lagad has also served in the Electronic Engineering area of the Indian Navy. Mr. Lagad is well recognized within the Supply Chain industry globally and was recently chosen as one of the Top 100 Supply Chain Professionals in Asia Pacific.
Date of Appointment on the Board of the Company	October 18, 2000	April 22, 2004	January 20, 2009 as an Additional Director & December 1, 2009 as an Executive Director
Details of Shares held in the Company as on June 30, 2010.	50,000	10,000	Nil
List of Companies in which outside Directorships held as on June 30, 2010 (excluding Private, Section 25 Companies & Foreign Company)	United Breweries (Holdings) Ltd., Bangalore, Tractors and Farm Equipment Ltd., Chennai, UB Engineering Ltd., Pune, India Cements Capital & Finance Ltd., Chennai, Redington (India) Ltd., Chennai, Amco Batteries Ltd., Bangalore, The United Nilgiri Tea Estates Company Ltd., Coimbatore, Ador Fontech Ltd., Bangalore, TAFE Motors & Tractors Ltd., Chennai, Essar Shipping Ports & Logistics Ltd., The Andhra Pradesh Paper Mills Ltd., Secunderabad, McDowell Holdings Ltd., Bangalore, The India Cements Ltd., Best & Crompton Engg. Ltd. Chennai	United Breweries Ltd., Indofil Organic Industries Ltd.,	NIL
Chairman / Member of the Committees of other Companies on which he is a Director as on June 30, 2010	He is the Chairman of Audit Committee in United Breweries (Holdings) Ltd., UB Engineering Ltd., Redington (India) Ltd., TAFE Motors & Tractors Ltd. He is a member of Audit Committee in Tractors & Farm Equipments Ltd., Essar Shipping Ports & Logistics Ltd., India Cements Capital & Finance Ltd., Andhra Pradesh Paper Mills Ltd., & United Nilgiri Tea Estates Ltd.	He is a member of Audit Committee in United Breweries Ltd. and member of Investors' Grievance Committee in Indofil Organic Industries Ltd.	Nil
Category	Independent Director	Independent Director	Executive Director
Relationship with other Directors	Not related to any other Director	Not related to any other Director	Not related to any other Director

EXPLANATORY STATEMENT U/S. 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS NOS. 6, 7 AND 8.

Item No.6

The members of the Company in the Annual General Meeting of the Company held on October 11, 2006 had approved the appointment of Mr Mahendra Agarwal as a Managing Director of the Company for a period of 5 years with effect from August 11, 2006 with terms and conditions as stipulated therein, which are as follows.

A Basic Salary

Rs.4,00,000/- per month in the pay scale of Rs.4,00,000 - 10,00,000 with authority to the Board to sanction increment within the scale.

B Perquisites and Allowances

- i) Furnished accommodation or House Rent Allowance in lieu thereof at the rate of 50% of his salary, reimbursement of expenses incurred on utilities such as gas, electricity, water, furnishings, repairs, etc.,*
- ii) Reimbursement of actual medical expenses incurred for self and family.*
- iii) Leave Travel Concession / Allowance for self and family, in accordance with the rules of the Company.*
- iv) Fees of Clubs.*
- v) Personal Accident Insurance Premium as per the rules of the Company.*
- vi) Chauffeur driven company car and telephone at residence and use of mobile cell phone. Long distance personal calls will be reimbursed to the Company by the Managing Director.*
- vii) Company's contribution to Provident Fund and Superannuation Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.*
- viii) Leave with full pay and allowances and right to accumulation and encashment as per the rules of the Company.*

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

Commission

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

General

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

Due to carry forward of loss incurred during the financial year ended June 30, 2009, the profits of the Company for the financial year ended June 30, 2010 are inadequate to pay the remuneration as aforesaid to Mr Mahendra Agarwal, Managing Director of the Company

In pursuance of Paragraph - I, Section - II of Part-II of Schedule - XIII of the Companies Act, 1956 read with sub-paragraph (c) thereof, the Compensation & HR Committee of the Company by a resolution dated August 18, 2010 have approved the payment of the aforesaid remuneration to Mr Mahendra Agarwal, Managing Director of the Company for a period from July 1, 2010 to August 10, 2011.

The information required to be disclosed as per sub paragraph (C) of Part-II, Section - II of Schedule XIII to the Companies Act, 1956 is furnished hereunder:

The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year i.e. 2005-2006 before the date of appointment of Mr. Mahendra Agarwal as Managing Director effective August 1, 2006.

I. General Information:

- 1) Nature of Industry: Express Distribution & Supply Chain and Shipping Services.
- 2) Date of commencement of commercial production: 05.05.1995.
- 3) Financial performance of the Company for the last 3 years:

Rs. in Crores

Particulars	2009-10	2008-09	2007-08
Sales	744.72	618.08	552.07
Total Income	751.41	630.33	575.51
Gross Profit Before Interest, Depreciation & Tax	86.11	44.66	55.74
Interest (Net)	43.09	35.41	9.73
Depreciation (Net)	23.87	23.01	14.57
Profit / (Loss) Before Tax	19.15	(13.76)	31.44
Income Tax	4.04	1.29	7.66
Profit / (Loss) After Tax	15.11	(15.06)	23.78
Dividend on Equity Share Capital	20%	-	40%
Dividend Payout	3.41	-	6.77
Equity Share Capital	17.03	16.98	16.93
Reserves & Surplus (Excl.Revaluation Reserves)	260.07	253.85	279.92
Net Worth	294.74	270.82	296.85
Gross Block	502.23	513.43	300.07
Net Block	442.74	469.05	302.90
Loan	453.72	470.11	223.82

4. During the year earnings in Foreign Currency was Rs. 62.06 crores.
5. Foreign investments or collaborators: The Infrastructure Fund of India LLC holds 12.30% of the equity in our Company

II. Information about the Managing Director:

- (I) Background details and recognition : Mr. Mahendra Agarwal is the Founder and MD & CEO of Gati Ltd. - India's leading Express Distribution and Supply Chain Solutions Company. He established Gati with an aim to redefine the logistics industry.

Mr Agarwal is the driving force behind Gati's journey to leadership position. His foresight has been instrumental in the company's exponential growth - by venturing into global markets and diversifying into varied domains. He combines his entrepreneurial skills with business acumen to enable a sustainable business model. Under his visionary leadership, Gati has evolved into a major ILSP (Integrated Logistics Service Provider).

The Indian express cargo industry barely existed in the late 1980s. The concept of Door Pick up and Door Delivery, Express Cargo, Retail Express Cargo, Multimodal Express Delivery, Integrated Logistics and many such innovative ideas were conceptualised and pioneered by him successfully in India. In 1996, he decided to tie up with Indian Airlines to facilitate speedy delivery of shipments.

Today Gati Limited has offices in Singapore, Beijing, Shanghai, Qingdao, Hong Kong, Bangkok, and Dubai apart from SAARC countries that concentrate on India-centric distribution solutions.

Mr. Agarwal is an avid speaker and has been invited to many symposia and forums like the Global Logistics Summit 2006 held at the Indian School of Business, Hyderabad and the Logistics 2005 conference. He was also invited to IIM (Ahmedabad) to interact with the students. In June 2008, he was awarded "Best Entrepreneur of the Year" by Hyderabad Management Association.

As an astute professional, he has implemented "Domino discipline" in his organisation and seeks to make it a way of life at Gati. A leader, thinker and philosopher, Mr. Agarwal is an institution by himself.

Apart from being on the Board of several Indian companies Mr. Agarwal is also a Co-Chairman of CII Andhra Pradesh CEO Forum and member of CII-AP State Council, IMA's CEO Forum, CEO Clubs (India Chapter) and FICCI's Civil Aviation Committee.

In Singapore, he is a Board member of Singapore Indian Chamber of Commerce & Industry (SICCI), Charter Member of The Indus Entrepreneurs (TiE), and member of the Economic Strategies Subcommittee, which has been set up by the Government of Singapore.

He holds an Engineering Degree from Bangalore University, and a Masters in Business Administration from Austin, USA.

Mr Agarwal continues to guide Gati towards the future with characteristic passion and a commitment to excel in everything he does.

(2) *Past remuneration:*

(Rs. in Lakhs)

Particulars	2009-10	2008-09	2007-08
Salary	119.60	24.00	87.00
Perquisites	0.96	1.41	3.93
Retiral benefits	21.06	19.17	15.95
Commission	-	-	20.00
Others (Leave encashment)	-	-	2.40
Total	141.62	44.58	129.28

- (3) *Job profile and his suitability:* Managing Director of the Company has an overall responsibility of the Company in terms of driving and strategizing the growth of the Company. Mr. Mahendra Agarwal is on the Board of the Company since 1995. He is Bachelor of Engineering (Mech) from Bangalore University and MBA from USA. Mr. Agarwal is associated with Transport and Express Cargo Industry for about 33 years. He is on the Board of TCI Finance Ltd and TCI Industries Ltd.

- (4) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person*

Mr. Mahendra Agarwal served on the Board of the Company since its inception. He has led the Company from its nascent stage and has propelled its growth. He has streamlined the business process operations of the Company and has been a strategic management person. His skill set and experience place him in a corresponding position in major logistic and supply chain solution companies in India. Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

- (5) *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.*

Mr. Agarwal is the promoter director in the Company and has no relationship with any managerial personnel.

III. Other information

- (1) *Reasons of loss or inadequate profits:* The Company made profits of Rs. 15.11 crores for the financial year ended June 30, 2010. However, due to the carry-forward loss from the previous financial year (2008-09) amounting to Rs. 7.49 crores, the profits of financial year 2009-10 were rendered inadequate.
- (2) *Steps taken or proposed to be taken for improvement:* The company has been able to rebound with growth that is higher than industry growth levels in many of the verticals that it operates through strategic planning. The company has increased its presence in value added services, information management, transport management, inventory management, procurement management and warehouse management areas. Working with some of the best companies in their industry, the company has been able to branch into vendor management and reverse logistics areas as well thereby taking us closer to our vision of being an Integrated Logistics Service Provider of choice as well as providing Supply Chain Solutions Services in the country.

(3) *Expected increase in productivity and profits in measurable terms :*

For the year ended June 30, 2010, the company has surpassed its previous record of 6.4 million consignments to 9 million consignments.

Further there was increase in the productivity in terms of higher number of dockets handled by 1.62% over the previous year and higher tonnage handled which was 31.61% over the previous year. The estimates for 2010-11, show a growth of around 40% in business over the current year and in terms of productivity, the number of dockets to be handled at 5% higher than the current year, tonnage to be handled at 25% over the current year and significant growth in the yield registering in higher profits.

IV. Disclosures:

(1) The remuneration paid to Mr Mahendra Agarwal was as stated above.

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

None of the directors except Mr Mahendra Agarwal is either concerned or interested in this item of business.

Item No.7

The Board of directors subject to the approval of shareholders and the Central Government, appointed Mr. Himmat Singh Lagad, director as an Whole-time Director of the Company for period of three years effective from December 1, 2009, on the following terms and conditions.

1) He will be entitled for a total fixed pay of Rs. 1,14,00,000 (Rs. One crore fourteen lakhs only) and retiral benefits of Rs. 4,10,400 (Rs. Four lakhs ten thousand four hundred only) per annum, as per the break up given below.

- i) Basic Salary: Rs. 34,20,000 (Rupees Thirty four lakhs twenty thousand only) per annum with an annual increment upto 10% per annum on the basic salary.
- ii) Others (allowances, perquisites and retiral benefits per annum):

	(in Rupees)
Personal allowance	58,23,980
Leave travel allowance	4,99,320
House rent allowance	8,50,000
Conveyance allowance	9,600
Books/periodicals/newspaper allowance	34,200
Medical reimbursement	15,000
Company leased car	4,56,000
Vehicle running and maintenance expenses	1,25,400
Driver salary reimbursement	1,03,800
Corporate club membership fees	62,700
Retiral benefits:	
Provident Fund	4,10,400

2) He will be entitled to participate under stock option schemes as per the policies of the Company.

3) General:

- i. He shall not be paid any sitting fee for attending meeting(s) of the Board or Committee(s) thereof.
- ii. The appointment is terminable by either party giving the other three months notice in writing without assigning any reason and without liability to pay any remuneration which has not already accrued.

Where in any financial year, the Company has no profits or its profits are inadequate, Mr. Himmat Singh Lagad shall be entitled for minimum remuneration by way of salary, perquisites and allowances as above.

The salient terms of the appointment as required under section 302 of the Companies Act, 1956 were already circulated for the information of the members.

The approval of the members is sought by way of a special resolution for the appointment of Mr. Himmat Singh Lagad, as an Whole-time Director with effect from December 01, 2009 subject to the approval of the Central Government.

The Board recommends the resolution set forth in item no.7 for the approval of the members.

None of the Directors, except Mr. Himmat Singh Lagad is in any way concerned with or interested in the resolution proposed to be passed.

Item No. 8

The Company is authorized by its Memorandum of Association to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. However, according to Section 293(1)(e) of the Companies Act, 1956, the Board of Directors can contribute, in any financial year, an amount not exceeding Rs.50,000/- or 5% of the Company's average net profits as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, during the three immediately preceding financial years. The members, in their meeting held on January 29, 1999, authorised the Board to make such contributions up to Rs. 50.00 lakhs.

It is now proposed to get approval from the members for making such contribution up to Rs. 50.00 lakhs or 5% of the Company's average net profits as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, during the three immediately preceding financial years, whichever is greater.

The Board recommends the resolution set forth in item no.8 for the approval of the members.

None of the Directors is in any way concerned with or interested in the resolution proposed to be passed.

Registered Office :

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

August 18, 2010

By order of the Board

for GATI LIMITED

VSN Raju

Company Secretary

Directors' Report

Your Directors take pleasure in presenting their report for the year ended June 30, 2010.

Financial Results

(Rs. in Crores)

Particulars	2009-10	2008-09
Income	751.41	630.33
Profit before interest, depreciation and taxation	86.11	61.53
Interest (Net)	43.09	35.41
Depreciation (Net)	23.87	23.01
Profit before tax & exceptional items	19.15	3.11
Exceptional items	-	(16.88)
Profit/ (Loss) before tax & after exceptional items	19.15	(13.76)
Provision for tax	4.04	1.29
Profit/ (Loss) after tax	15.11	(15.06)
Balance brought forward from previous year	(7.49)	8.58
Balance available for appropriation	7.62	(6.48)
Appropriations		
Proposed dividend	3.41	-
Tax on dividend	0.56	-
Tonnage Tax Reserve	-	1.01
General Reserve	1.51	-
Balance carried to Balance Sheet	2.14	(7.49)

Dividend

Your directors are pleased to recommend a dividend of 20% on the share capital of Rs. 17.03 crores for the year ended June 30, 2010 (previous year nil). This would absorb a sum of Rs. 3.97 crores including dividend tax of Rs. 0.56 crores. An amount equivalent to Rs. 1.51 crores has been transferred to general reserve.

Review of Operations

During the year under review, your company achieved a turnover of Rs. 744.72 crores, as against Rs. 618.08 crores in the previous year, showing a growth of 20.49%. The strategy to focus on creating further value to our customers and on streamlining the operational costs, enabled the Company to achieve improvement in EBITDA margin to 11.6% (9.9% in 2008-09). Your company has recorded a profit before tax of Rs. 19.15 crores and profit after tax of Rs. 15.11 crores as against loss before and after tax of Rs. 13.76 crores and Rs. 15.06 crores respectively in the previous year.

At consolidated level, your Company recorded a turnover of Rs. 926.11 crores as against Rs. 790.41 crores in the previous year. Further, consolidated profit before Tax was Rs. 16.02 crores (loss before tax of Rs. 17.61 crores in 2008-09) and consolidated profit after tax for the year was Rs. 9.50 crores (Net loss of Rs. 18.66 crores in 2008-09).

Express Distribution and Supply Chain (EDSC)

The year 2009-10 was a challenging year for your Company. However, given concentrated efforts of the team, and a keenly focused growth strategy, your company has been able to achieve an impressive growth that is higher than the industry growth in many of the verticals that it operates. During the year under review, the Company's EDSC division achieved a revenue of Rs. 652 crores as against Rs. 525 crores in the previous year recording a growth of 24% and Profit before tax & interest of Rs. 71 crores as against Rs. 32 crores in the previous year showing an improvement of 122%.

Your company surpassed its previous record of handling 33 mn packages to 43 mn packages with an increase in total weight carried from 1500 tonnes per day, in the previous year, to 2100 tonnes per day, in the year 2009-10.

During the year, your company extended its reach by opening 8 new depots, operating through a total number of 432 depots, reaching 20,000 locations across the country. Your company extended its infrastructure at strategic locations to cater to its growth.

Your company has continued to provide an extensive road, air and rail network to its clients. Railway utilization has been increased by 30% over the previous year. Along with 193 company owned vehicles your company engaged 1,072 vendor vehicles to operate its road network. A Network Monitoring Centre was established to monitor the fleet movement using VTS technology, offering service of excellent quality to its customers.

Your company increased the value added services it offers to its clients especially in the area of information and inventory management in the fast growing retail and telecommunication sectors. Your company worked with its clients and branched into vendor management and reverse logistics, taking your company closer to its vision of becoming the most preferred Integrated Logistics Service Provider in India.

Coast-to-Coast

The economic turbulence had its biggest impact on your company's Shipping business. With the reduction of global inventories, Shipping came under pressure as global rates collapsed. During the year under review, the Company's shipping division achieved a revenue of Rs. 93.23 crores as against Rs. 93.49 crores in the previous year recording a marginal degrowth. The Profit before tax & interest decreased by 89% to Rs. 2.08 crores from Rs. 19.76 crores in the previous year. Your company's Shipping team continued to also battle numerous operational issues which together with the global economic impact, led to disappointing results for the year. Not deterred by the adverse circumstances, the Management team of your Shipping division is committed to an extremely focused execution plan to bring about a turnaround on the operational front. Your Board of Directors reviewed both the strategic and operational plans of the Shipping division and its fit to the core business and recommended to transfer the Shipping division into a subsidiary Company.

Gati International and Subsidiaries

India has changed. The world is focused on India and the growth opportunities that India offers and the recognition of India's prowess to be a global leader. Indian companies are fast moving into the global arena and are putting their brands and services in the competitive global markets of Europe and America. Your company too is focused on becoming a leader in its field within the Asia Pacific region and to be recognised as a global partner for our existing and new customers with capabilities to offer unique and world class logistics services and solutions. This is a business unit which your company has continued to strategically invest into, support and nurture for the past 5 years and your board is confident that it will start showing good results in the next 12 months.

Your company, through its parent subsidiary Gati Holdings, registered in Mauritius is now well established in the Asia Pacific region with its own offices and operations. Your company's International business in India and Asia Pacific region showed a steady growth over the previous year inspite of the global financial crisis which effected the international freight industry very deeply. While most organizations in our industry were struggling to keep pace with their previous year's revenues and operating margins your company's top line grew in India on this product by approximately 69% and recorded a revenue of Rs. 47 crores with an operating margin of Rs. 4.6 crores as against Rs. 28 crores revenue & Rs. 3.2 crores operating margins in the previous year. In Asia Pacific region we recorded a revenue of Rs. 46 crores as against Rs. 40 crores in the previous year with an operating margin of Rs. 3.7 crores as against Rs. 5 crores during the previous year.

For the financial year 2010-11, we have projected a revenue growth of 50% in India and 67% in Asia Pacific countries from the International Business.

In the year under review, your Company further strengthened its partnership with agent in Europe- Maurice Ward and Co. We have also opened our own offices in Malaysia and Ghunghzou province in China to capitalize on the growing Asia Pacific market, our future plan is to open our operations in Vietnam as a strategy to expand our foot print in the APAC.

In order to enhance our visibility in SAARC region we entered into a Memorandum of Understanding with Express International, Bangladesh, this new relationship is a resultant of our commitment in SAARC countries and is expected to provide additional business in the region. We are also in discussion with a few companies in Sri Lanka for a similar partnership.

We are confident that with the very strong positive steps being taken by the management of your company we would enhance our market share and emerge as one of the preferred integrated logistics and supply chain service providers for our customers in the Asia Pacific Region.

During the year under review, the name of one of the subsidiaries "Gati Skyways Ltd" has been changed to REDSUN Supply Chain Solutions Ltd. Kausar India Ltd., a subsidiary of the Company was delisted from the Delhi and Ludhiana Stock Exchanges.

IT Initiatives:

Your Company continues to invest to attain global quality in IT infrastructure. During the year under review, we have implemented successfully a high end Vehicle Tracking Solution (VTS) which provides information by the minute. This has been implemented on all our Service & Express Route vehicles. Our Network Monitoring Cell monitors our fleet 24 x 7 using this VTS system resulting in pro-active action thus increasing our service level and customer satisfaction.

Your Company has strengthened communication capabilities by setting up Video Conference facility at all our Express Distribution Centres, Zonal Head Quarters and other major strategic administrative offices. It has also enhanced the features in the mobility solution and Business Intelligence tool to cater to the sales & service team requirement to focus on business trend and KPI improvements.

Accounts of Subsidiaries

Your Company has obtained approval from the Ministry of Corporate Affairs, New Delhi under section 212(8) of the Companies Act, 1956 vide their letter no. 47/475/2010-CL III dated 10/06/2010 for exemption from attaching individual annual accounts of all the Indian and International subsidiaries for the year ended June 30, 2010. Copies of these annual accounts and related information will be made available on our website: www.gati.com and also on request. The annual accounts of the subsidiary companies will be available at the registered office of the company and also at the venue during the Annual General Meeting. The financial information as required in the above referred approval for each subsidiary is published at the end of the consolidated financial statements in the Annual Report.

Abridged Annual Accounts

As in last year and in accordance with the SEBI Guidelines and the Companies Act, 1956, abridged standalone and consolidated annual accounts for the year ended June 30, 2010 are being circulated while detailed accounts will be made available on request and also at the venue of the Annual General Meeting.

AI-Gati Arbitration:

Your Company has entered into an Arbitration Proceeding with the National Aviation Company of India Limited ("NACIL") in respect of certain disputes that had arisen between your Company and NACIL arising out of the Wet Lease Agreement that your Company had entered into with NACIL in the year 2007. Your Company had raised claims on NACIL in respect of the continuous breaches committed by it during the tenure of the Wet Lease Agreement. NACIL has in turn also raised certain counter claims on your Company in the proceedings. The disputes are pending. No orders have been passed against your Company nor have any claims been adjudicated in the matter as on date in the said proceedings.

Future Prospects:

In the very competitive world, Industry is changing globally, demanding change and new solutions from the Logistics Industry. In response your company is changing. Global re-alignment to market needs and customer demands is necessary. Our business has to move down the line from B2B to now B2C. In the next five years, your company plans to launch a strong network on E-Commerce trade so Gati becomes a preferential provider of ground services. On the services side, we plan to launch a slew of new service offerings which will put your company in the premium segment. The launch of your company's new division, Redsun, will now allow us to offer a full range of supply chain solutions and technologies which will differentiate us in the market place from being a pure play Distribution company to a full fledged Supply Chain Solutions and knowledge company, attracting new customers & creating a new tomorrow.

Accounting Policy

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

Equity Share Capital

Your Company has allotted 278,850 Equity Shares of Rs. 2/- each to the employees under the Company's Employee Stock Option Scheme at Rs. 31.20 per share at a cash premium of Rs. 29.20 per share. Consequently as on June 30, 2010, the Company's Share capital stood at Rs. 17.03 crores comprising of 85,154,900 equity shares of Rs. 2/- each fully paid up as compared to Rs. 16.98 crores comprising of 84,876,050 equity shares of Rs. 2/- each, in the previous year.

Fixed Deposits

As on June 30, 2010, fixed deposits from the public and shareholders stood at Rs. 21.96 crores; out of which Rs. 0.44 crores remained unclaimed. There are no overdue deposits.

Directors

Mr. N Srinivasan and Mr. Sunil Kumar Alagh, Independent Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Himmat Singh Lagad, Director was appointed as an Executive Director with effective from December 1, 2009, subject to the approval of shareholders and Central Government.

Brief particulars of the above directors are furnished in the notice for the annual general meeting.

The remuneration paid to the Managing Director & CEO for the year ended June 30, 2010, turned out to be excess due to inadequate profits. The Board of Directors noted the foregoing and considering the comparative industry standards and significant role played by the Managing Director & CEO in turning around and bringing back the Company on track, the Board felt that the remuneration paid to Managing Director & CEO was in line with his long experience and expertise and accordingly ratified, confirmed and approved, subject to the approval of the shareholders and of the Central Government, the payment of remuneration, in excess of the limits prescribed under Schedule XIII of the Act. Post your approval, an application in this regard, will be made to the Central Government seeking its approval for the excess remuneration paid to Mr. Mahendra Agarwal, Managing Director & CEO.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the Accounts for the Financial Year ended June 30, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended June 30, 2010 on a 'going concern' basis.

Auditors

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

Personnel

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

Energy, Technology and Foreign Exchange

The information required under the Companies Act (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is enclosed as Annexure - I.

Employee Stock Option Schemes

The disclosure as required pursuant to SEBI ESOS Guidelines is enclosed as Annexure - II.

Corporate Governance

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

Awards and Accolades:

- Gati Limited has established, documented and implemented a Quality Management System as per ISO 9001: 2008 Standards. Now Gati is an ISO 9001: 2008 Certified Company.
- Gati has been awarded the NASSCOM - CNBC "IT User Award - 2009" for the Logistics Vertical.

Acknowledgement

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

For and on behalf of the Board

Secunderabad,
August 18, 2010

K. L. Chugh
Chairman

Annexure — I

In accordance with the requirement of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, particulars regarding conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo are given hereunder:

A) Conservation of Energy

Your company is conscious of the environmental impact of our business and continues to improve on its fuel efficiency through various initiatives in this area.

In addition, the rail usage has increased by 30% in the last half year and we are further increasing north south and west south rail connectivity in the coming year. This addresses fuel reduction and backhaul related consumption as well as railway can be operated on one way vs a round trip by road. Gati will continue in this area by offering multi modal connectivity.

In Express Distribution and Supply Chain Division, the following measures were taken:

1. Vehicles were purchased carefully in compliance with all latest regulations relating to pollution control and Bharat Stage (Euro) norms i.e. EIII and above.
2. The periodical maintenance of Company's vehicles was done as per manufacturer's prescribed norms to ensure optimum fuel consumption.
3. Drivers' training programs are being organized and conducted periodically to improve their driving skills, safe driving and better fuel efficiency of vehicle.
4. Initiated DIP i.e., Drivers Information Package which would educate them about Do's and Don'ts, RIC (Route Information card) and check list to be followed before departing the vehicle & monitoring through Vehicle Tracking System.
5. Introduction of " ADDITIVITIES " in Diesel to stops black carbon (smoke) which reduces air pollution and increases efficiency of the vehicles, is made mandatory.

B) Foreign Exchange earning and outgo

The particulars of earning and expenditure in foreign exchange during the year are given as additional information in note no. 18 in Notes on Accounts.

Annexure — II

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

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
a.	No. of shares available under GATI ESOS	32,17,500	17,82,500	17,55,720
b.	Options granted during the year (Net of Lapses)	10,74,480	17,33,500	Nil
c.	Pricing formula	At a discount of 25% on the average of the weekly high and low of the closing prices for the Company's Equity Shares quoted on the Bombay Stock Exchange and/or National Stock Exchange during the four weeks preceding the date of grant of the options.		
d.	Options vested during FY 2009-10	2,79,150	Nil	Nil
e.	Options exercised during FY 2009-10	2,78,850	Nil	Nil
f.	Total No. of shares arising as a result of exercise of option	2,78,850	Nil	Nil
g.	Options lapsed during FY 2009-10	2,400	72,000	Nil
h.	Variation of terms of options	Nil	Extension of vesting period.	Nil
i.	Money realized by exercise of options (Rs. in Crores)	0.78	Nil	Nil
j.	Total No. of options in force as on June 30, 2010	10,74,480	17,33,500	Nil

S. No.	Description	Scheme 2003	Scheme 2006	Scheme 2007
k	Grant details to			
	(i) members of Senior Managerial personnel Mr. Lagad	Nil	1,36,120	Nil
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	Nil	Nil	Nil
	(iii) identified employees who were granted option during the year equal to or exceeding 1 % of Issued capital of the company at the time of grant.	Nil	Nil	Nil
l.	Diluted EPS as per Accounting Standard 20		1.76	
m.	i) Method of calculation of employee compensation cost	The company has calculated the employee compensation cost using the intrinsic value of the stock options.		
	ii) Difference between the employee compensation cost so computed at(i)above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Rs. 1.72 crores for the options granted during the year		
	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortised Amount)	Profit / (Loss) after Tax Rs. in Crores Less: Additional Employee		15.11
		Compensation cost of Fair Value over Intrinsic Value Rs. in Crores Adjusted PAT (loss) Rs. in Crores Adjusted EPS Rs.		0.49 14.62 1.70
n.	Weighted average exercise price and fair value of Stock Options granted:			
	Stock Options granted on	Weighted average exercise price (Rs.)	Weighted average Fair value (Rs.)	Closing market price at BSE on the date of grant (Rs.)
	07.08.2009	35.05	52.24	47.40
	21.01.2010	47.75	73.26	66.70
o.	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information.	The Black Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option-pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.		
	The main assumptions used in the Black Scholes option-pricing model during the year were as follows:			
	(i) Risk free interest rate	6.00%		
	(ii) Expected avg. life of options	3 years		
	(iii) Expected volatility	0.98% (07.08.2009) 3.64% (21.01.2010)		
	(iv) Dividend yield	0.53%		

For and on behalf of the Board

Secunderabad,
August 18, 2010

K. L. Chugh
Chairman

Annexure — III

Report on Corporate Governance

COMPANY'S PHILOSOPHY

Gati's Philosophy on Corporate Governance focuses on the attainment of the high standards of transparency, accountability, ethics and equity with management flexibility, empowerment and responsiveness in the interest of Shareholders, customers, employees, business associates and the society at large.

BOARD OF DIRECTORS

The Board of Directors comprises of 9 directors as per the details given.

Name	Category and Designation	Attendance particulars		No. of other Directorships and Committee Membership / Chairmanship **		
		Board meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. K.L. Chugh	Independent Director & Chairman	8	Yes	4	-	-
Mr. Mahendra Agarwal	Promoter, Managing Director & CEO	8	Yes	5	1	-
Mr. Himmat Singh Lagad *	Executive Director	6	Yes	-	-	-
Dr. Ram S. Tarneja	Independent Director	6	Yes	11	6	3
Mr. N. Srinivasan	Independent Director	6	Yes	14	10	5
Dr. P.S. Reddy	Independent Director	4	Yes	1	1	-
Mr. T.S. Rao	Independent Director	6	Yes	1	2	1
Mr. Sunil Kumar Alagh	Independent Director	7	No	2	2	1
Mr. Anoop Kishore Seth	Independent Director (nominated by The Infrastructure Fund of India LLC)	7	Yes	12	1	-

* Appointed as a Whole-time director w.e.f. 01.12.2009.

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

** Committees considered are Audit Committee and Shareholders' Grievances Committee.

Number of Board Meetings held and the dates on which held

During the financial year 2009-10, the Board of Directors met eight times on August 7, 2009, September 21, 2009, October 20, 2009, November 25, 2009, January 21, 2010, March 16, 2010, April 12, 2010, and June 22, 2010. The maximum time gap between the meetings was not more than four calendar months.

Code of Conduct -

The Board of Directors of the Company has laid down a code of conduct for all Board Members and designated Senior Management of the Company. The code of conduct is available on the website of the Company (www.gati.com). All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

AUDIT COMMITTEE

The Board of Directors has constituted the Audit Committee to assist the Board in discharging its responsibilities effectively. The constitution of the Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956 and SEBI Regulations/ Listing Agreements with the Stock Exchanges.

Composition and terms of reference of Audit Committee

The Audit Committee comprises of four Independent Directors namely Mr. N. Srinivasan (Chairman), Mr. T.S. Rao, Dr. Ram S Tarneja and Mr. Anoop Kishore Seth.

The terms of reference of the Committee cover accounting matters, financial reporting, internal controls and the matters as contained in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

Meetings and attendance during the year

During the year under review, the Audit Committee met five times. All the members of the Committee were present at all the meetings.

COMPENSATION & HR COMMITTEE:

Composition and terms of reference

The Compensation & HR Committee comprises of Independent directors namely, Mr. K.L. Chugh (Chairman), Dr. Ram S. Tarneja, Dr. P.S. Reddy and Mr. Sunil Kumar Alagh.

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

Attendance during the year

During the year the Committee met four times Mr. K.L. Chugh and Mr. Sunil Kumar Alagh were present for all the meetings, Dr. Ram S Tarneja attended three meetings, and Dr. P.S.Reddy attended two meetings.

Details of remuneration to Directors during the year

Executive Directors: -

(Rs. in Lakhs)

Particulars	Mr. Mahendra Agarwal, Managing Director & CEO	Mr. Himmat Singh Lagad, Executive Director
Salary	119.60	63.47
PF contribution /Superannuation funds	21.06	2.39
Rent-free accommodation/perks	0.96	-
TOTAL	141.62	65.86

Non-Executive Directors: -

The details of remunerations and stock options granted during the year ended June 30, 2010 to the Directors are as follows:

Name	Sitting Fee Rs.	Commission Rs.	Stock Options** No.
Mr. K.L. Chugh	2,00,000	3,20,000	75,000
Mr. Himmat Singh Lagad*	80,000	-	1,51,120
Dr. Ram S. Tarneja	2,50,000	1,90,000	45,000
Mr. N. Srinivasan	2,80,000	2,30,000	60,000
Mr. T.S. Rao	2,60,000	1,90,000	45,000
Dr. P.S. Reddy	1,30,000	1,90,000	45,000
Mr. Sunil Kumar Alagh	1,80,000	1,90,000	55,000
Mr. Anoop Kishore Seth	-	1,90,000	-
TOTAL	13,80,000	15,00,000	4,76,120

Commissions will be paid to Directors after the approval of accounts by shareholders at the ensuing Annual General Meeting.

* Sitting fees was paid to Mr. Himmat Singh Lagad for meetings attended by him when he was an independent director.

** Stock options granted and accepted.

INVESTORS' GRIEVANCE COMMITTEE:

Composition and terms of reference

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

Compliance Officer

Mr. VSN Raju, Company Secretary

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

Attendance and meetings during the year

During the year the Committee met three times. Mr.T.S. Rao and Dr. P.S. Reddy were present for all the meetings, and Mr. Mahendra Agarwal attended two meetings.

In order to expedite the process of share transfers, the Board has delegated the powers to officers of the Company. The delegated authority attends to share transfer formalities at least once a fortnight, as required.

Details of complaints for the year 2009-10

S.No.	Nature of Complaint	Received	Disposed	Pending
1	Non receipt of dividend warrants	21	21	NIL
2	Non receipt of share certificates after transfer/ split/ consolidation	2	2	NIL
3	Non receipt of annual report	1	1	NIL

7 requests for transfers were pending for approval as on June 30, 2010 which were dealt by July 26, 2010.

2 requests for dematerialization were pending for approval as on June 30, 2010 which were dealt by July 6, 2010.

ANNUAL GENERAL MEETINGS

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

Date of AGM	Time	Venue	No of Special resolutions passed
October 13, 2007	10.30 A.M	Hotel Taj Residency, Road No.1, Banjara Hills, Hyderabad - 500 034	2
October 22, 2008	11.00 A.M	Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034	0
October 21, 2009	10.30 A.M.	ITC Kakatiya, Begumpet, Hyderabad	4

Details of any Postal ballot conducted during the year: None

Details of Postal Ballot proposed to be conducted in the financial year 2010-11:

The Board of Directors approved the alteration of object clause of the Memorandum of Association of the Company by way of addition of a new clause by means of postal ballot. The last date for receipt of postal ballot forms from Shareholders is October 7, 2010.

Mr. DC Agarwal, Practicing Company Secretary, has been appointed as Scrutinizer for the postal ballot.

DISCLOSURES

1) Disclosures on materially significant related party transactions, that may have potential conflict with the interest of the Company at large:

Disclosures regarding related party transactions form part of the Notes to Accounts published elsewhere in this Annual Report.

2) Details of non-compliance by the Company, penalties, strictures imposed on the company by the Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years:

None.

3) The Company affirms that no personnel has been denied access to the Audit committee during the financial year ended June 30, 2010.

4) The Company has complied with all mandatory requirements of Clause 49 of the listing agreement.

MEANS OF COMMUNICATION

Results

The quarterly & half-yearly un-audited financial results and annual audited results were published in national level english newspaper(s) as well as regional language newspaper circulating in the state of Andhra Pradesh. The results are also displayed on the Company's website (www.gati.com).

Official news releases, detailed presentations made to media, analysts, institutional investors, etc., if any, are posted on the Company's website (www.gati.com). Official media releases, if any, are sent to the Stock Exchanges.

Management Discussion and Analysis

Management Discussion and Analysis forms part of this Annual Report.

GENERAL INFORMATION FOR SHAREHOLDERS

Date, time and venue of : October 27, 2010 at 11.00 A.M.

Annual General Meeting : Hotel Taj Deccan, Road No.1, Banjara Hills, Hyderabad -34

Financial calendar for 2010-2011 (tentative)

- | | |
|---|-----------------|
| a. Annual General Meeting | : October, 2010 |
| b. Results for the quarter ended September 30, 2010 | : October, 2010 |
| c. Results for the quarter ended December 31, 2010 | : January, 2011 |
| d. Results for the quarter ended March 31, 2011 | : April, 2011 |
| e. Results for the year ended June 30, 2011 | : August, 2011 |

Book closure dates

From October 25 to 27, 2010 (both days inclusive) for the purpose of the Annual General Meeting.

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

Listing on Stock Exchanges

The Company's shares are listed on The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai. The FCCBs are listed on Singapore Stock Exchange Ltd (SGX-ST).

The listing fee for the year 2010-11 has been paid to all the above stock exchanges.

Stock Code

- | | |
|--|-----------------|
| a) Trading scrip code for Bombay Stock Exchange | : 532345 |
| Trading scrip code for National Stock Exchange | : GATI |
| b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares | : INE 152B01027 |

Monthly high / low stock quotations at BSE & NSE

(In Rupees)

Month	NSE		BSE	
	High	Low	High	Low
July 2009	53.90	39.75	54.90	40.00
August 2009	55.50	41.50	55.50	42.70
September 2009	62.80	54.15	62.90	50.00
October 2009	64.70	51.00	64.80	51.00
November 2009	62.40	46.10	62.40	47.00
December 2009	62.55	55.05	62.50	55.15
January 2010	71.90	53.35	72.00	53.35
February 2010	63.90	52.00	63.70	52.20
March 2010	59.05	54.20	58.40	55.00
April 2010	72.90	55.25	72.80	55.55
May 2010	72.80	56.00	72.85	56.10
June 2010	69.90	56.05	69.35	56.65

Share price performance in comparison to broad based indices - BSE Sensex & NSE Nifty

Particulars	Gati share price v/s NSE		Gati share price v/s BSE	
	Share price(Rs.)	NSE Nifty	Share price(Rs.)	BSE Sensex
As on July 1, 2009	50.50	4340.90	50.55	14645.47
As on June 30, 2010	67.30	5312.50	67.10	17700.90
% Change	33.27%	22.38%	32.74%	20.86%

❖ Total equity as on June 30, 2010 was 8,51,54,900 (previous year 8,48,76,050) of Rs.2/- each

Registrars and Share transfer agents

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

Share transfer system

The Company has a Registrar and Share transfer agent. Share transfers, if documents are found to be in order, are registered and returned in the normal course within two weeks from the date of receipt of the documents. Request for dematerialization of shares are processed and confirmation given to the respective depositories i.e, National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within seven days.

Distribution schedule as on June 30, 2010

No. of Shares	No. of Shareholders	% of total Shareholders	No. of Shares	% to Total Capital
Upto 5000	33518	97.78	6716489	7.89
5001 10000	360	1.05	1337146	1.57
10001 20000	170	0.50	1308839	1.54
20001 30000	56	0.16	712821	0.84
30001 40000	39	0.11	715476	0.84
40001 50000	25	0.07	560185	0.66
50001 100000	55	0.16	2018087	2.37
100001 and above	57	0.17	71785857	84.30
TOTAL	34280	100.00	85154900	100.00

Distribution of Shareholding as on June 30, 2010

Category	No. of shares held	% shareholding
Company Promoter / Promoter group	41758918	49.04
Mutual Funds / UTI	3870000	4.54
Clearing members	546519	0.64
Financial Institutions / Banks	72000	0.08
Foreign Institutional Investors	2514278	2.95
Non-Resident Indians	517048	0.61
Overseas Corporate Bodies	10477120	12.30
Bodies Corporate	6855243	8.05
General public	18543774	21.78
TOTAL	85154900	100.00

Dematerialisation of shares

Over 97.93% of the total shares have been dematerialised upto June 30, 2010. Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. August 28, 2000, as per notification issued by the Securities and Exchange Board of India (SEBI).

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

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

Distribution Centres : 17 Express Distribution Centres all over India.

NCR- Gurgaon Pataudi Road, Village Sapka, NCR

GHAZIABAD- Bullandshar Road Industrial Area, Ghaziabad

AMBALA- Dhillon Petrol Pump, Ambala-Delhi Highway, Ambala

HYDERABAD- Behind APS RTC Bus depot Jeedimetla, Hyderabad

COIMBATORE- Sowripalayam Main Road, Peelamedu Pudur, Coimbatore

KOLKATA- 234/4 A P C Road, Kolkata

GUWAHATI- ABC Compound, Beharbari Beltola, Guwahati

MUMBAI- Plasphe Phata, Goa Road, Panvel, New Mumbai

INDORE- Lasudia Mori, Dewas Naka, Indore

JAIPUR- 200 Foot Sikar Bypass, Jaipur

LUCKNOW- Transport Nagar, Kanpur Road, Lucknow

BANGALORE- Plot 5C Peenya 1st phase, Bangalore

CHENNAI- 98A, Meenabedu Road, Ambattur, Chennai

NAGPUR- Mouza Suraburdi, Wardamna, Nagpur

JAMSHEDPUR- M.G.M Road, Dimna chawk, Jamshedpur

AHMEDABAD- Ashwamegh Industrial Estate, Changodar, Ahmedabad

PUNE- MIDC Chinchwad, Nigdi, Pune

Investor Correspondence

For queries relating to shares:

Karvy Computershare Pvt. Ltd.
(Unit Gati Limited)
Plot no.17 - 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081.
Tel: +91 40 - 4465 5000, Extn.: 51, 52
E-mail : mohsin@karvy.com

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

Gati Limited
Secretarial Department
I-7-293, M G Road, Secunderabad - 500 003
Tel Nos.: +91 40 - 2784 4284 / 2784 3788
Email: investor.services@gati.com

Certificate On Corporate Governance

To the Members of Gati Limited.

I have examined the compliance of the conditions of Corporate Governance by Gati Limited for the year ended June 30, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Secunderabad
Date: August 18, 2010

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

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended June 30, 2010.

for GATI LIMITED

Place: Secunderabad
Date : August 18, 2010

Mahendra Agarwal
Managing Director & CEO

Management Discussion and Analysis

Industry Structure & Development

India is today considered as a "haven" for the logistics players of the world because of the size of the market and the untapped potential in the market. The country today is only to the tune of 3% of the global logistics market. With increased competition, every market player is keen to make their mark by aiming for the share of the logistics pie. Influenced by the success of the global players in the Indian market, the Indian counterparts are also gearing up for the challenges, by providing a spectrum of services & offerings.

The global logistics market is valued at US \$4 trillion with an 8% growth over the previous year. The Indian logistics industry is estimated at 125 billion US\$, of which about 90% belongs to the unorganized sector. For the remaining 10% of the organized market, the growth rate is pegged at 20-25% per year.

Logistics in the Indian context would mean providing services such as transportation, warehousing, distribution, order & inventory management. Logistics costs in India are about 13-14% of GDP, as against 8.7% in the US, 11% in Europe, 12% in Japan and 18% in China. A further reduction of 1% in logistics cost could result in huge savings. Critically examining logistics cost drivers will enable Indian firms to gain competitive edge in global market place.

The current market size for the trucking logistics is 50 billion dollars with around 2.5-3 million trucks moving within the country per day. Transporters with a fleet less than or equal to five trucks constitute a share of around 80% of the total revenue in 2009-10 with the scenario not being very different from 2008-09. About 2 trillion US\$ of capital is being planned for the industry.

The overall logistics scenario looks quite encouraging with the road freight industry witnessing a year on year growth rate of 20%. Similarly the rail & air freight industry grew by 15% in 2009-10. Meanwhile, the sea freight industry growth rate has been 18% and the express logistics & supply chain logistics promising an enterprising growth of 35%.

Opportunities

The Indian Economy is on the up-tick evident from factors such as IIP growth of 16.7% for February'10, 15.1% for March'10, 17.6% in April'10 & 11.5% for May'10. The annual GDP of the country shall witness an overall growth of 7.5% in 2009-10. For the subsequent years, GDP growth has been projected at 8.5%. As a fact, imports jumped by 43.3% and exports jumped by 36.2% in April compared to previous months.

According to the CRISIL-ETIG database, the Indian logistics (3PL) industry is also on uptick as forecasts predict a CAGR of 27% till 2013-14 and contribution of organized logistics is expected to grow from 7% (2010) to 12% (2013).

The logistics industry contributed to around 13% of GDP in 2009-10 against 11% in 2008-09 and 12% in 2007-08. Media, healthcare, banking, automobiles & consumer durables have been identified as the top sectors emerging as well.

The Indian warehousing sector has enormous potential as it is poised to be valued at US \$55 billion by 2010-11 with around 45 million sq ft warehousing space to be developed. About 110 logistics parks shall come up over an area of 3500 acres in next two years. Also, the introduction of concessional import duty of 5% would help setting up mechanized handling systems & pallet racking systems/ cold storage for food grains.

Infrastructure development is another aspect fueling growth. The government plans to invest US \$ 17bn in transport infrastructure. It also plans to create trade related infrastructure, infrastructure for Commonwealth games in 2010, envisaging world-class infrastructure for warehousing of various products. Another dimension of development are the FTWZ's (Free trade warehousing zones), which would enable supply chain / logistics to function much more efficiently by removing the cargo bottlenecks witnessed at the Integrated Container Depots (ICDs).

Moreover, projects such as the green fields project, national highways development, national maritime program, introduction of freight corridors in rails shall add fuel to the growth.

Constraints and Challenges

- Given the highly unorganized nature of the logistics industry, the foremost challenge facing the logistics companies in India is the consolidation of various services to be provided to the customer.
- Following consolidation is the fragmented nature of the industry. There are multiple service providers with limited expertise but they want to be the entire value chain. Having no end-to-end service providers leads to an integrator type of an arrangement and impacts margins.
- Another aspect is infrastructure. The country's poor logistics infrastructure pushes up logistics costs compared to other countries. This affects India's competitiveness in the global market. Logistics cost in India are way too high compared to economies of developed countries.
- Projects such as development of extensive road network with hinterland connectivity, rapid implementation of the dedicated rail freight corridors, capacity expansion beyond major ports sector and establishment of modern cargo handling facilities at airports are some of the challenges before the growth of the domestic logistics industry.

Business Threats, Risks and their Mitigation

The year 2009-10 for India has been quite different from the expectations of industry stalwarts and economy speculators.

Unorganized trucking industry, high taxation, high input material costs, inadequate road infrastructure (which allows a truck to cover only 250-400 km a day compared with 700-800 km a day in developed regions such as the US and Europe), limited investments are some of the challenges identified in this sector.

Being a dominant player, Gati faces competition from both domestic as well as international players. However, Gati's wide reach, competitive cost & wide range of competitive solutions has helped in mitigating the impact of industry risk factors. Gati plans to strengthen the IT support by launching initiatives such as third party software, IT help desks, paperless office concepts and real time data management systems to eliminate redundancies to some extent.

Business Overview and Discussion on Financial Performance

During the year, the company has achieved a turnover of Rs. 744.72 crores, as against Rs. 618.08 crores in the previous year. Following are the segment wise revenue figures of the Company for the year under review:

Division	(Rs. in Crores)	
	2009-10	2008-09
Express Distribution & Supply Chain	651.50	524.58
Coast-to-Coast (Shipping)	93.23	93.49
Other Income	6.68	12.25
Total	751.41	630.33

The Company has recommended 20% dividend during the year under review.

The financial performance of the company during the year 2009-10 was encouraging with the company having registered significant growth across key parameters. Income earned during the year was Rs. 751 crores resulting in an overall growth of 19% over the previous year income of Rs. 630 crores. The Express Distribution & Supply Chain division earned an income of Rs. 652 crores during the year, recording a growth of 24% over the previous year income of Rs. 525 crores. The shipping division maintained the income at Rs. 93 crores as compared to the income of Rs. 93 crores during the previous year. This was primarily on account of the slump that was witnessed globally in the shipping industry. The overall expenses including the operating expenses, as a percentage of freight income, were well controlled to record a decrease of 2%. EBITDA increased from Rs. 62 crores in previous year to Rs. 86 crores during the year thereby recording an increase of 40%. The company registered a profit after tax of Rs. 15.11 crores as compared to a loss of Rs. 15.06 crores for the previous year.

Way forward and Future Strategies

In order to succeed in the market place, Gati continues to be driven by its corporate vision of being the globally preferred partner for providing supply chain centric solutions. The future strategies of Gati are based on the following pillars:

- Building a solutions & knowledge company on foundation of existing business.
- Making Gati a most profitable organization.
- Making Gati a customer centric & quality conscious organization
- Making Gati attain a market leadership position through "Go To Market" strategies.
- Making Gati a "Living" organization.

The future strategies are focused on improving retail presence, introducing differential pricing, creating cold chain warehouses, targeting segments as pharma, automobiles, electronics, high value/sensitive shipments, strengthening parcel trains on Delhi-Guwahati-Mumbai-Chennai region, focusing on intra city and intra zone reach, enhancing e-commerce presence & providing customers solutions enabling them to maximize their supply chain.

Gati Vision:

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

Gati Pledge:

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

Awards and Accolades:

- Gati Limited has established, documented and implemented a Quality Management System as per ISO 9001: 2008 Standards. Now Gati is an ISO 9001: 2008 Certified Company.
- Gati has been awarded the NASSCOM - CNBC "IT User Award - 2009" for the Logistics Vertical.
- Gati Chief Information Officer, Mr. G S Ravikumar has been awarded the "Champion CIO Award" in 2009 for less than Rs.1000 Crores companies in India. This award is given by CIOL & Dataquest. He is the only person to have won the award twice in the last 6 years (2005 & 2009).

- Gati Chief Information Officer, Mr. G S Ravikumar has also been awarded the "CIO - Ingenious 100" in Aug'09 organized by CIO Magazine (IDG Media Group)

Internal Management Control Systems & their Adequacy

As a diversified enterprise, the company provides services at a number of locations across India and Asia Pacific. The company has always had a system-based approach to risk management and a well-defined framework of checks and balances, to ensure effective internal controls. It has in place adequate systems of internal control, commensurate with its size and the nature of operations. Company also has well defined organizational structure, documented policy guidelines, predefined delegation of power with authority levels for approving revenue as well as capital expenditure. The Internal Audit is handled by the Corporate Risk Management Group.

Risk Assessment and Mitigation

The company has a Corporate Risk Management Team consisting of professionally qualified accountants and functional specialists who are empowered to examine/audit the adequacy, relevance and effectiveness of the control systems, compliance with policies, plans and statutory requirements. The audit is based on the Risk Management Plan, using the Risk based approach in consultation with the statutory auditors and the Audit Committee. The Audit Committee approves the Risk Management Plan and is reviewed at regular interval for necessary changes. The Vigilance team, which has a presence in the field, supports the Risk Management Team. The team members of the Risk Management Group are regularly trained on various areas.

A risk management policy document detailing the various risks associated with the business and the mitigation strategies to minimize/overcome the impact of the risks is discussed and reviewed at Audit Committee meetings.

The audits are undertaken on a continuous basis covering various areas. The Audit Committee also reviews the reports of the Risk Management Team and suggestions for improvement are discussed and implemented appropriately.

The Risk Management team in conjunction with the Business / Product Heads and Express Distribution Centre (EDC) Heads disseminate risk awareness across all levels through various appropriate means including training programs. The Business / Product Heads and EDC Heads are also responsible to report on the compliance with reference to the Risk Management practices with the EDC / Business Unit. The Risk Management Group also covers the major subsidiaries of the company.

The Company's ERP software provides a real time check on various transactions emanating from various business processes of the company. The Company's business intelligence software is also used to generate exception reporting for review of controls.

The significant risk factors are reported to the Operating Board every month

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

Human Resources

The Company strongly believes our employees, fondly called Gati'ites, are our key strength and we owe a major part of our success to them. Our Pledge states "Ahead in Reach" and symbolizes creating high caliber Gati'ites. Human Resources support and active participation is vital for the effective performance of Business Chain Group and overall Organization. Total manpower of the organization, as on June 30, 2010 is 2717 regular employees and 148 trainees i.e., 2865 across all levels.

Corporate Social Responsibility

a) Gati joins hand with Govt to drive 'Harith Andhra Pradesh' Initiatives

The Government of Andhra Pradesh has taken up a path breaking initiative towards the cause of reduction of global warming & balancing the changing climate, by planting one million saplings in a single day on July 16, 2010. This first of its kind initiative to plant a million trees on a single day has been taken up by the state government to fulfil the cherished dream of late Chief Minister, Dr. Y.S. Rajasekhara Reddy in turning the state into 'Harith Andhra Pradesh'. As a socially responsible company, Gati associated with Government of Andhra Pradesh for organizing transportation of the saplings from specified nursery sites to various planting sites across 22 districts of the state.

b) Christmas Party at Orphanages

GATI celebrated Christmas party in a very special way with the children from various social charity organizations at 8 locations (Pune, Ahmedabad, Bangalore, Delhi, Hyderabad, Chennai, Mumbai & Kolkata) in the month of Dec 2009. This is a very special CSR activity where Gati has celebrated Christmas with children at orphanages. We have given Christmas gifts, cakes, snacks to the children of the orphanages and enjoyed seeing the happiness among the children.

c) Help to Rajouli village flood victims

In Oct 2009, the flood in Andhra Pradesh left its wrath on the traditional handloom weaving industry in Rajouli village in Mehboobnagar district. Rajouli was specifically recognized for weaving beautiful saris. The floods shattered the lives of the weavers who lost their looms as well as houses. All their raw material and the looms were washed away in the floods and they were left with no belongings. With looms destroyed and nowhere to stay the weavers were just hoping for some assistance to help them in keeping their tradition of weaving alive. It's here that Gati stepped in. While the Govt provided assistance in building houses for them, Gati acquired land in the village just opposite to the area where the houses are being constructed to build prefabricated work sheds for the weavers. In coordination with other NGOs, Gati is also assisting in providing looms to the weavers so that they could get back to earning their livelihood.

d) Gati Blood Donation Camp

On the death anniversary of Lt Shri P D Agarwal, Gati organised a Blood donation camp at Delhi and Ambala office on September 17, 2009. Overall 76 employees have donated blood and made their contribution to this great cause.

Auditors' Report

TO THE MEMBERS OF GATI LIMITED

We have audited the attached Balance Sheet of Gati Ltd as at 30th June, 2010, the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on the date, in which are incorporated the audited accounts of the Coast-to-Coast Division and the branch in Nepal as audited by other auditors.

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards, generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure, referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forwarded to us and appropriately dealt with.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns from the branches.
 - iv) In our opinion, the Profit and Loss Account, the Balance Sheet and the Cash Flow statement comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
 - v) On the basis of written representation received from the directors as on 30th June, 2010 and taken on record by the Board of Directors none of the directors is disqualified as on 30th June, 2010 from being appointed as a director under section 274(I) (g) of the Companies Act, 1956.
 - vi) Reference is invited to the following notes on Schedule 21 :
 - a) Note 3 regarding pending dispute with National Aviation Company of India Limited (NACIL) and claims & counter claims made in this behalf. Further Rs.2659 lakhs due from NACIL are included in loans and advances pending realisation. According to the legal opinion received by the company no liability is contemplated to arise and no provision is necessary in these accounts in this behalf. We are unable to express an opinion in the matter.
 - b) Note 7 regarding remuneration paid to the Managing Director and Whole-Time Director aggregating to Rs.127.79 lakhs which is subject to the approval of the Central Government and the share holders.

Subject to para (vi)

- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet of the state of affairs of the Company as at 30th June, 2010.
 - b) In the case of Profit and Loss Account, of the profits of the Company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Camp : Secunderabad
Date : August 18, 2010

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

Annexure to Auditors' Report

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

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets like land, building, vehicles, plant and machinery, computers etc. We are informed that a test physical verification of these assets was carried out by the management during the year and no material discrepancies were noticed. The management has informed us that in respect of other fixed assets like furniture and fittings, office equipments, having regard to their numbers and the numerous locations where these exist, maintenance of detailed records and reconciliation of their value in general ledger is not feasible.
2. During the year the Company has not disposed off a substantial part of its fixed assets.
3. Physical verification was conducted by the management in respect of inventories at reasonable intervals. The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification. The procedures followed by the management for such physical verification are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
4. (a) The Company has during the year granted unsecured loans to two subsidiaries, which are covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to Rs.916 lakhs and the year end balances to Rs.915 lakhs. There are no stipulations as to the dates for repayment of principal and interest. However interest is being charged thereon.
(b) In our opinion, the rate of interest and other terms and conditions of above loans are not prima facie prejudicial to the interest of the Company.
(c) As informed the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
5. There is an adequate internal control system commensurate with the size and nature of the Company's business for the purchase of inventories, fixed assets and for the sale of services. During the course of our audit no major weakness has been noticed in the internal control system, nor we have been informed of any such instance.
6. (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Act, have been so entered
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has complied with the provision of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
8. The Company has appointed a firm of Chartered Accountant at Coast- to- Coast Division to do the internal audit regularly. The in-house internal audit department of the company conducts internal audit at other places. The internal audit system is commensurate with the size and nature of Company's business.
9. The Central Government has not prescribed the maintenance of Cost records under Section 209 (1)(d) of the Companies Act, 1956 in respect of any activities of the Company.
10. (a) According to the information and explanations given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, wealth tax, service tax, customs duty and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues as at the year end which have not been deposited on account of a dispute.
11. The Company has no accumulated losses as at 30th June, 2010 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

12. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chitfund / nidhi/ mutual benefit fund/ societies are not applicable to the company.
15. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. The investments in shares, securities, debentures etc are held by the Company in its own name.
16. In our opinion, and according to the information and explanation given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.
17. In our opinion, and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purpose for which they were obtained.
18. On the basis of an over all examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on short-term basis, have not been used for the long-term investment.
19. The company has not made any preferential allotment of shares during the year.
20. There are no secured debentures issued during the year.
21. The company has not raised any money by public issue during the year.
22. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor we have been informed of such cases by the management.

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

Camp : Secunderabad
Date : August 18, 2010

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

BALANCE SHEET AS AT 30TH JUNE, 2010

(Rs. in Lakhs)

	Schedule	30th June, 2010	30th June, 2009
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	1,703.10	1,697.52
Share Warrants		1,763.84	-
Reserves and Surplus	2	26,697.85	26,076.58
		30,164.78	27,774.10
Loan Funds			
Secured Loans	3	29,685.96	33,167.97
Unsecured Loans	4	15,686.27	13,842.61
		45,372.22	47,010.58
Deferred Tax Liability	5	848.45	811.79
Total Funds Employed		76,385.46	75,596.46
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	50,223.39	51,342.59
Less: Depreciation		9,502.79	8,035.70
Net Block		40,720.60	43,306.88
Capital Work-in-Progress		3,553.18	3,597.84
		44,273.77	46,904.72
Investments	7	7,062.61	6,577.87
Foreign Currency Monetary Item Translation Difference Account (Note 5 on Schedule 21)		66.56	275.89
Current Assets, Loans and Advances			
Inventories	8	1,024.22	454.25
Sundry Debtors	9	13,302.25	10,763.14
Cash and Bank Balances	10	1,275.61	1,333.85
Loans and Advances	11	17,716.96	15,031.56
		33,319.03	27,582.80
Less: Current Liabilities and Provisions			
Liabilities	12	4,781.18	3,616.16
Provisions	13	3,555.33	2,128.67
		8,336.51	5,744.82
Net Current Assets		24,982.52	21,837.98
Total Assets (Net)		76,385.46	75,596.46
Notes on accounts	21		

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

In terms of our Report of even date attached

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

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

N Srinivasan
Director

Mahendra Agarwal
Managing Director & CEO

Secunderabad
August 18, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

(Rs. in Lakhs)

Particulars	Schedule	30th June, 2010	30th June, 2009
INCOME			
Freight and Warehousing	14	74,472.43	61,807.91
Other Income	15	668.40	1,224.70
TOTAL		75,140.83	63,032.61
EXPENDITURE			
Operating expenses	16	48,796.31	41,557.92
Personnel expenses	17	8,913.30	8,051.34
Administrative expenses	18	7,595.55	6,496.67
Repairs and Maintenance expenses	19	1,225.12	773.32
Interest (Net)	20	4,309.17	3,541.23
Depreciation (Net - Note 4 on Schedule 21)		2,386.82	2,300.70
TOTAL		73,226.28	62,721.17
Profit Before Tax and Exceptional Items		1,914.55	311.44
Exceptional Items		-	(1,687.84)
Profit / (Loss) Before Tax after Exceptional Items		1,914.55	(1,376.40)
Provisions for Tax			
Current Tax		366.91	9.10
Deferred Tax		36.67	63.42
Fringe Benefit Tax		-	56.87
Profit / (Loss) After Tax		1,510.97	(1,505.79)
Balance brought forward from previous year		(749.06)	857.67
Balance available for appropriations		761.91	(648.12)
APPROPRIATIONS			
Proposed Dividend		340.62	-
Tax on Dividend		56.57	-
Tonnage Tax Reserve		-	100.94
General Reserve		151.10	-
Balance Carried to Balance Sheet		213.62	(749.06)
		761.91	(648.12)
Earning per Share			
Basic		1.78	(1.78)
Diluted		1.62	(1.65)
Notes on accounts	21		

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

In terms of our Report of even date attached

For and on behalf of the Board

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

Saurav Banerjee
Chief Finance Officer

K.L.Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

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

VSN Raju
Company Secretary

N Srinivasan
Director

Camp: Secunderabad
August 18, 2010

Secunderabad
August 18, 2010

SCHEDULES TO THE ACCOUNTS

(Rs. in Lakhs)

Particulars	30th June, 2010	30th June, 2009
(1) SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of Rs.2/- each	2,000.00	2,000.00
1,000,000 Redeemable Preference Shares of Rs.100/- each	1,000.00	1,000.00
	3,000.00	3,000.00
Issued,Subscribed and Paid-up :		
85,154,900 (Previous year 84,876,050) Equity Shares of Rs.2/- each fully paid up :	1,703.10	1,697.52
Of the above :		
125,09,495 shares were allotted for consideration other than cash as per the Scheme of Arrangement.		
139,27,500 shares were issued as fully paid bonus shares by capitalisation of share premium		
During the year following shares were issued:		
278,850 shares of Rs.2/- each on vesting of Employees Stock Options		

	Balance as on 1st July, 2009	Additions	Deductions	30th June 2010	30th June 2009
(2) RESERVES and SURPLUS					
Capital Reserves :					
Revaluation Reserve	691.99		(a) 1.27	690.72	691.99
Securities Premium	17,997.86	(b) 110.42	(c) 653.76	17,454.52	17,997.86
Employees' Stock Option	19.51	(d) 81.09	(e) 29.00	71.60	19.51
Others	439.73	-	-	439.73	439.73
	19,149.08	191.51	684.02	18,656.57	19,149.08
Revenue Reserves :					
General Reserve	6,397.49	(f) 151.10	-	6,548.59	6,397.49
Shipping Business Reserve (utilised)	350.00	-	-	350.00	350.00
Tonnage Tax Reserve (utilised)	(g) 929.07	-	-	929.07	929.07
Profit and Loss Account	(749.06)	1,510.97	548.29	213.62	(749.06)
	6,927.50	1,662.07	548.29	8,041.28	6,927.50
	26,076.58	1,853.58	1,232.31	26,697.85	26,076.58

- (a) Transferred to Profit and Loss Account being depreciation provided on revalued amount.
- (b) On vesting of stock options.
- (c) Provision for pro-rata premium on redemption of Foreign Currency Convertible Bonds.
- (d) In respect of options granted under the Companies Employees Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options (based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Consequently salaries, wages and bonus includes Rs.81.09 lakhs (previous year - Rs.152.98 lakhs credit) being amortisation of deferred employee compensation after adjusting for reversal on account of options refunded / lapsed.
- (e) Transferred to Securities Premium on vesting of 278,850 options during the year
- (f) Transferred from profit and loss account
- (g) Fully utilised in earlier years.

SCHEDULES TO THE ACCOUNTS

			(Rs. in Lakhs)	
			30th June, 2010	30th June, 2009
(3) SECURED LOANS				
TERM LOANS :				
FROM BANKS				
Against first charge by way of Mortgage/ Hypothecation of specified fixed assets and other assets acquired there against *			11,229.00	16,220.85
(Repayable within one year - Rs. 4,237 Lakhs ; previous year - Rs.4,427 lakhs)				
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against			253.59	272.19
(Repayable within one year - Rs.93.93 Lakhs; previous year - Rs.225.80 lakhs)				
Secured by hypothecation of specified immovable asset			81.66	85.26
(Repayable within one year - Rs.3.60 Lakhs; previous year - Rs.2.76 lakhs)				
FROM OTHERS				
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against			350.09	288.54
(Repayable within one year - Rs.118.12 Lakhs; previous year - Rs.84.43 lakhs)				
Secured by subservient charge on all the movable assets including current assets *			5,000.00	3,500.00
(Repayable within one year - Rs.5,000 Lakhs)				
Finance Lease (Note 11 on Schedule 21)			6,531.45	6,893.18
(Secured by assets acquired under lease arrangements)				
WORKING CAPITAL LOANS				
From Banks				
Secured against first charge by way of hypothecation of all current assets including book debts, stocks and equitable mortgage of specified immovable assets of the Company and of third parties *			6,240.16	5,907.95
(* Also guaranteed by the Managing Director (Promoter) of the Company)			29,685.96	33,167.97
(4) UNSECURED LOANS				
Fixed Deposits (a)			2,196.26	662.11
Foreign Currency Convertible Bonds			6,990.01	7,180.50
Commercial Paper			3,000.00	-
(a) Includes Rs.407 Lakhs from Directors, Rs.144.23 Lakhs from Subsidiaries and Rs.4.15 Lakhs from a Associate.				
Short Term Loans and Advances				
From Banks *			3,500.00	6,000.00
(* Also guaranteed by the Managing Director (Promoter) of the Company to the extent of Rs.3000 Lakhs)			15,686.27	13,842.61
(5) DEFERRED TAX				
	At 1st July, 2009	Current year	30th June 2010	30th June 2009
Difference between book and tax depreciation	811.79	36.67	848.45	811.79

SCHEDULES TO THE ACCOUNTS

(6) FIXED ASSETS (Standalone) (Rs. in lakhs)

	At Cost or Valuation				Depreciation				Net Block	
Description	As On 01.07.2009	Additions During the Year	Deductions During the Year	Balance As On 30.06.2010	As On 01.07.2009	For the Year	Adjustment On Deductions	Balance As On 30.06.2010	30th June 2010	30th June 2009
OWNED ASSETS										
Tangible										
Land										
Freehold	7,528.26	-	-	7,528.26	-	-	-	-	7,528.26	7,528.26
Leasehold	1,033.77	-	-	1,033.77	-	-	-	-	1,033.77	1,033.77
Buildings	5,530.08	73.25	65.26	5,538.08	240.83	94.96	0.50	335.28	5,202.79	5,289.26
Vehicles	2,442.99	191.94	61.76	2,573.17	1,084.30	310.62	32.67	1,362.25	1,210.91	1,358.69
Plant & Machinery	3,539.10	225.36	1.19	3,763.27	586.52	198.76	0.40	784.88	2,978.40	2,952.58
Computers	3,165.71	184.52	227.75	3,122.48	2,364.41	198.71	141.34	2,421.78	700.70	801.30
Ships	16,978.72	-	1,902.77	15,075.95	1,540.81	815.34	614.83	1,741.32	13,334.63	15,437.91
Furniture & Fittings	1,672.91	164.10	6.77	1,830.25	670.10	112.07	5.65	776.52	1,053.73	1,002.81
Office Equipments	1,066.01	169.84	0.65	1,235.20	285.25	66.08	0.27	351.05	884.14	780.76
Intangible										
Computer Software	1,326.00	137.93	-	1,463.94	1,102.01	172.72	66.51	1,208.22	255.72	223.99
LEASED ASSETS										
Ship taken on finance lease	7,059.04	-	-	7,059.04	161.49	360.00	-	521.49	6,537.55	6,897.55
Total	51,342.59	1,146.95	2,266.15	50,223.39	8,035.70	2,329.25	862.16	9,502.79	40,720.60	43,306.88
Previous Year	30,007.10	21,541.42	205.94	51,342.59	6,012.82	2,144.31	121.42	8,035.70	43,306.88	
Capital Work-in-Progress										
								Total	3,553.18	3,597.84
									44,273.77	46,904.72

Note :

- A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increases in the value of assets by Rs.45.96 Lakhs, Rs.141.31 Lakhs, and Rs.148.35 Lakhs respectively and aggregating to Rs.335.62 Lakhs was transferred to Revaluation Reserve.
- Depreciation for the year includes Rs.1.27 lakhs in respect of the above revaluation.
- Deduction to Assets includes Rs.40 lakhs (previous year addition of Rs.100.79 lakhs) on account of exchange rate difference on restatement of foreign currency loans.
- The decrease in the rupee liability arising out of the restatement of foreign currency convertible bonds balance as on 30.06.2010, has been adjusted to the carrying cost of respective fixed assets to be depreciated over their remaining depreciable life. The depreciation for the current year includes Rs.3.78 lakhs (previous year - Rs.3.15 lakhs) arising on account of this adjustment.
- Capital Work-in-Progress includes Capital Advances of Rs.2594.53 lakhs ; previous year - Rs.1918.84 lakhs.

SCHEDULES TO THE ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
(7) INVESTMENTS (At Cost)		
Long term - Non-trade		
Fully Paid-up Equity Shares		
Quoted		
1,600,300 of TCI Finance Ltd. of Rs.10/- each.	143.89	143.89
(Market Value - Rs.342.46 Lakhs ; previous year - Rs.222.44 Lakhs)		
	143.89	143.89
Unquoted		
18,750,000 of Gati Infrastructure Ltd. of Rs.10/- each.	1,875.00	1,875.00
(Pledged with Institution for providing Financial Assistance to Gati Infrastructure Ltd.)		
18,000 shares of ITAG Infrastructure Ltd. of Rs 10/- each	1.80	1.80
	1,876.80	1,876.80
Subsidiaries		
4,959,898 Shares of Gati Holdings Ltd. of \$1 (USD) each	2,272.98	1,772.76
(10,85,000 shares subscribed during the year)		
860,000 Shares of Trymbak Commercial & Trading Pvt. Ltd. of Rs.10/- each	86.00	86.00
365,000 Shares of Ocimum Commercial & Trading Pvt. Ltd. of Rs.10/- each	36.50	36.50
1,075,000 Shares of Sumeru Commercial & Trading Pvt. Ltd. of Rs.10/- each	107.50	107.50
155,000 Shares of Newatia Commercial & Trading Pvt. Ltd. of Rs.10/- each	15.50	15.50
3,697,800 Shares of Kausar India Ltd. of Rs.10/- each	2,478.22	2,477.97
(500 shares acquired during the year)		
50,000 Shares of Gati Import Export Trading Ltd. of Rs.10/- each	5.00	5.00
352,163 Shares of Zen Cargo Movers Pvt. Ltd. of Rs.10/- each	35.22	35.22
50,000 Shares of REDSUN Supply Chain Solutions Ltd. of Rs.10/- each	5.00	5.00
(Formerly known as Gati Skyways Ltd.)		
	5,041.92	4,541.44
Government Securities		
3 11.50% PSEB-2010 Bonds of Rs.5 lakhs each	-	15.74
(Redeemed during the year)	-	15.74
	7,062.61	6,577.87
(8) INVENTORIES		
(As taken, valued and certified by the Management)		
Stores and Spare Parts	1,024.22	454.25
(At lower of cost and net realisable value)		
	1,024.22	454.25
(9) SUNDRY DEBTORS (Unsecured)		
Outstanding for more than six months		
Considered Good	298.56	196.37
Considered Doubtful	164.47	-
Others - Considered Good	13,003.69	10,566.77
	13,466.71	10,763.14
Less : Provisions for bad and doubtful debts	164.47	-
	13,302.25	10,763.14
(Includes Rs.307.27 lakhs due from subsidiaries (previous year Rs.227.63 lakhs))		

SCHEDULES TO THE ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
(10) CASH AND BANK BALANCES		
Cash in Hand	317.94	50.84
Cheques in Hand	67.81	113.72
Remittances in Transit	171.58	119.56
With Scheduled Banks		
In Current Accounts	272.45	719.05
In Deposit Accounts (a)	351.92	233.27
In Unpaid Dividends Accounts	65.76	70.11
With Non-Scheduled Banks	28.16	27.31
Bhutan National Bank - Rs.1.96 Lakhs; Previous year - Rs.0.40 Lakhs (maximum balance Rs.3.29 Lakhs; Previous year - Rs.4.27 Lakhs)		
Everest Bank Ltd - Rs. 25.48 Lakhs; Previous year - Rs.24.41 Lakhs (maximum balance Rs.53.32 Lakhs; Previous year - Rs.24.40 Lakhs)		
United Overseas Bank (UOB) (Rs. 0.71 Lakhs; Previous year - Rs.2.50 Lakhs) (maximum balance Rs.15 Lakhs; Previous year - Rs. 72 Lakhs)		
a) Fixed Deposit Receipts amounting to Rs.249.64 Lakhs are deposited with bank against guarantees issued and other authorities / institution.		
	1,275.61	1,333.85
(11) LOANS AND ADVANCES (Unsecured - Considered Good)		
Loans (a)	1,915.17	1,091.43
Advances Recoverable in Cash or in Kind or for Value to be Received (b)	8,034.20	5,927.06
Balance of consideration for assignment of right to a ship	442.09	1,673.82
Advances and Deposits	4,320.45	4,186.40
Tax Deducted at Source	3,005.05	2,152.85
a) Includes Rs.915.17 Lakhs due from Subsidiary Companies (previous year Rs. 91.43 Lakhs)	17,716.96	15,031.56
b) Includes Rs.125.58 Lakhs due from Subsidiary Companies (previous year Rs. 474.14 Lakhs)		
(12) LIABILITIES		
Sundry creditors	2,495.26	1,488.91
Subsidiary companies	192.08	100.78
Other liabilities	1,521.06	1,510.42
Interest accrued on loans	58.43	38.98
Overdrawn Bank Balances	6.93	-
Security deposits	441.66	406.97
Unpaid/Unclaimed dividends	65.76	70.11
(There are no amounts pending to be transferred to Investor Education and Protection Fund)	4,781.18	3,616.16
(13) PROVISIONS		
Taxation (Net of Payments)	759.72	358.22
Gratuity and Leave Encashment	135.12	160.90
Premium on redemption of Foreign Currency Convertible Bonds	2,263.30	1,609.54
Proposed Dividend	340.62	-
Tax on Dividend	56.57	-
	3,555.33	2,128.67

SCHEDULES TO THE ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
(14) FREIGHT and WAREHOUSING		
Freight, Miscellaneous charges etc (a) (Tax deducted – Rs.803.78 Lakhs ; Previous year - Rs.890.71 Lakhs)	63,741.16	51,796.42
Warehousing Charges (Tax deducted – Rs.99.16 Lakhs; Previous year - Rs.114.14 Lakhs)	1,408.36	662.30
Shipping Freight, Charter Hire, Miscellaneous charges (a) (Tax deducted - Rs.24 Lakhs; Previous year Rs. 10.60 Lakhs)	9,322.91	9,349.19
a) Includes Demurrage of Rs.220.83 Lakhs; Previous year - Rs.271.64 Lakhs		
	74,472.43	61,807.91
(15) OTHER INCOME		
Rent (Tax deducted – Rs.2.83 Lakhs; Previous year - Rs.3.31 Lakhs)	18.75	16.57
Miscellaneous Income	649.65	441.88
Difference in Exchange (Net)	-	766.25
	668.40	1,224.70
(16) OPERATING EXPENSES		
Freight	39,153.73	32,738.96
Vehicles' trip expenses	1,728.19	1,698.25
Tyres and Tubes	88.07	76.92
Warehouse rent	467.59	350.60
Other Operating Expenses	2,541.45	1,602.40
Claims for Loss & Damages (Net)	167.42	138.58
Commission	143.47	112.06
Vehicles' taxes	62.18	55.09
Vehicles' and ships Insurance	218.83	173.20
Power, Fuel and Water Expenses	1,967.32	1,702.41
Stores and Spare Parts Consumed	271.34	299.08
Port and Survey Expenses	1,986.71	2,610.37
	48,796.31	41,557.92
(17) PERSONNEL EXPENSES		
Salaries, Wages and Bonus	7,821.23	7,275.08
Gratuity	78.28	126.43
Contribution to Provident and Other Funds	296.31	280.27
Contribution to Employees' State Insurance	39.24	47.97
Other Personnel Expenses	678.24	321.59
	8,913.30	8,051.34
(18) ADMINISTRATIVE EXPENSES		
Rent	1,533.37	1,458.08
Rates and Taxes	24.86	14.28
Insurance (includes Rs.20 lakhs towards Keyman Insurance Policy)	113.71	119.13
Telephone expenses	239.03	242.89
Printing and Stationery	233.41	245.91
Travelling expenses	624.89	568.96
Legal expenses	103.25	86.53
Advertisement Expenses	269.76	306.61
Office Maintenance and Repairs	950.24	766.27
Miscellaneous expenses	2,717.49	2,408.81

SCHEDULES TO THE ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
Remuneration to Directors:		
Salaries and Allowances	183.07	24.00
Commission	15.00	-
Fees	13.80	10.30
Remuneration to Auditors:		
For Audit	13.70	12.15
For Tax Audit	6.00	4.00
For Certification	-	1.00
Bad Debts and irrecoverable balances written off (Net) (including provision of Rs. 164.47 lakhs ; previous year - Nil)	400.23	162.46
Charity and Donations	46.96	46.47
Difference in Exchange (Net) (a)	79.16	-
Loss on Sale of Fixed Assets (Net)	27.61	18.81
	7,595.55	6,496.67
(a) Net of Rs.17.22 Lakhs on restatement of foreign currency monetary items, - previous year gain of Rs.505.74 lakhs		
(19) REPAIRS & MAINTENANCE EXPENSES		
Motor Trucks	218.39	132.21
Other Vehicles	82.33	84.35
Plant and Machinery	53.62	41.44
Buildings	15.62	10.72
Computers	259.41	197.12
Ships	117.28	105.49
Dry docking expenses	478.49	202.00
	1,225.12	773.32
(20) INTEREST		
Fixed Loans	2,776.47	2,439.41
Finance Lease Charges	867.55	419.95
Debentures	-	47.27
Fixed Deposits	121.85	63.86
Others	945.42	728.82
	4,711.29	3,699.32
Less: Interest Capitalized	-	17.61
Interest Received (a)	402.12	140.48
(a) Includes Rs.0.69 Lakhs from Investments in Government Securities; previous year Rs.1.33 Lakhs (Tax Deducted - Rs.34.34 Lakhs; previous year - Rs.23.38 Lakhs)		
	4,309.17	3,541.23

SCHEDULES TO THE ACCOUNTS

(Rs. in Lakhs)

	30th June, 2010	30th June, 2009
21. NOTES ON ACCOUNTS		
1 Estimated amount of contracts remaining to be executed on capital account and not provided for	498.49	688.55
2 Contingent Liability not provided for in respect of		
Bank Guarantees	1,806.74	602.85
Guarantees and Counter Guarantees outstanding	1,590.24	1,863.64
3 During the previous year the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL), (the erstwhile Indian Airlines Ltd.,) due to continuous failure and defaults by NACIL. The matter now stands referred to the arbitration of the Arbitral Tribunal appointed by the parties. Pending decision of the Arbitral Tribunal a sum of Rs.2659 lakhs is included in loans and advances being the difference between the amount of Bank Guarantee invoked by NACIL and claims acknowledged by the Company. In the Company's view there are fair chances of recovery of Rs.2659 lakhs. The Company has filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. As per the legal advice received by the company no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf.		
4 The net depreciation charged for the year is arrived at as follows :	30th June, 2010	30th June, 2009
Depreciation for the year	2329.25	2144.31
Add : Amortization of foreign currency monetary item translation difference	58.84	157.66
Deduct : Transfer from Revaluation Reserve being depreciation provided on revalued amount	1.27	1.27
Net Depreciation charged in Profit and Loss Account	2386.82	2300.70
5 In terms of amendments notified on 31st March, 2009 to Accounting Standard 11 (AS 11), the exchange gain of Rs.40 lakhs on restatement of foreign currency borrowings relating to acquisition of depreciable assets has been credited to the account of such assets. In other cases Rs.150.50 lakhs has been credited and Rs.58.84 lakhs has been amortised out of the Foreign Currency Monetary Item Translation Difference Account. As a result net profit after tax is lower by Rs.207.90 lakhs and fixed assets are lower by Rs.36.22 lakhs.		
6 Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2010. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2010. (Assessment Year 2010-11).		
7 (a) The appointment and remuneration of Rs.65.86 lakhs paid to the Whole-Time Director for the period from 1st December 2009 to 30th June 2010 is subject to the approval of the shareholders and the Central Government.		
(b) Due to inadequacy of profit, the remuneration paid to Managing Director for the year is in excess of the limit prescribed under the Companies Act, 1956 by Rs.61.93 lakhs which is subject to the approval of the shareholders and the Central Government.		
8 During the year, 48,72,000 convertible warrants of Rs.2/- each at Rs.81/- per warrant and 53,60,400 convertible warrants of Rs.2/- each at Rs.58/- per warrant were allotted to Mr. Mahendra Agarwal, one of the promoters of the Company on preferential basis and 25% of the consideration was received as per the terms. These warrants would be converted into equity shares within eighteen months from the date of allotment.		
9 The company has granted options under the Companies Employees Stock Options Scheme and 28,07,980 Options are outstanding (Previous year 17,83,930) as at 30th June 2010. Of this 8,42,394 options will vest in 2011-12, 11,23,192 options in 2012-13, and 8,42,394 options in 2013-14.		
10 During the year 2006-07 the Company issued Foreign Currency Convertible Bonds (FCCB) of a face value of US \$ 1000 each aggregating to US \$ 20 million. As per the terms of the issue, the holders have an option to convert the FCCB into Ordinary Shares at an conversion rate of Rs. 125 per Ordinary Share at a fixed exchange rate conversion of Rs.44.67 = US \$ 1, from 20th December, 2006 to 5th November, 2011. The conversion price will be reset periodically to the average closing price of the shares on the reset date, and it has been presently reset at Rs.90.00 per share. FCCB of US \$ 5 million was converted into shares in the year 2007-08. Unless previously converted, the Company will redeem these bond at 147.88 per cent of the principal amount on 6th December, 2011.		
11 The Company has taken a ship on finance lease during the financial year 2008-09 and accordingly as per AS-19, the asset has been capitalized with corresponding Liability.		
The future lease payment obligation and their present value as at 30th June, 2010		

SCHEDULES TO THE ACCOUNTS

21. NOTES ON ACCOUNTS (CONTD..)

(Rs. in Lakhs)

	2009 - 10		2008 - 09	
Lease Payments	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year	1,225	1,099	1,280	1,133
1 year to 5 years	6,123	4,024	6,400	3,984
More than 5 years	2,994	1,408	3,824	1,776
TOTAL	10,342	6,531	11,504	6,893
			30th June, 2010	30th June, 2009

12. REMUNERATION TO DIRECTORS

Managing Director

Salaries & Allowances	119.60	24.00
Money value of Perquisites	0.96	1.41
Contribution to Provident /Superannuation Funds	21.06	19.17

Whole-Time Director

Salaries & Allowances	63.47	-
Contribution to Provident Fund	2.39	-

Other Directors

Commission	15.00	-
Fees	13.80	10.30

236.28 54.88

30th June, 2010 30th June, 2009

Computation of Net profit in accordance with Section 309 (5) of the Companies Act, 1956

Profit / (Loss) before tax 1,914.55 (1,376.40)

Add: Remuneration paid to Directors	236.28	54.88
Provision for doubtful debts	164.47	-
Loss on sale of fixed assets (Net)	27.61	18.81
Depreciation as per accounts	2,386.82	2,300.70

4,729.73 997.99

Less: Depreciation under section 350	2,386.82	2,300.70
Brought forward losses	749.06	-

Net Profit / (Loss) in accordance with Section 309(5) 1,593.85 (1,302.71)

Maximum remuneration payable to Managing and Whole- Time Directors-10% 159.39 -

Remuneration paid 207.48 44.58

Maximum Commission payable to Non Whole-Time Directors-1% 15.94 -

Restricted to 15.00 -

The above does not include contribution to gratuity fund and provision for encashable leave, which is actuarially calculated on an overall basis.

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

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

15. Earning per share	30th June, 2010	30th June, 2009
(i) Net profit / (loss) after tax available for equity shareholders - for Basic and Diluted EPS (Rs.)	1,510.97	(1,505.79)
(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	85,020,441	84,752,689
Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	8,450,927	6,690,675
Weighted average no. of ordinary shares for Diluted EPS (Nos.)	93,471,367	91,443,364
(iii) Nominal value of Ordinary Shares (Rs.)	2.00	2.00
(iv) Basic Earning per Ordinary Share (Rs.)	1.78	(1.78)
(v) Diluted Earning per Ordinary Share (Rs.)	1.62	(1.65)

SCHEDULES TO THE ACCOUNTS

21. NOTES ON ACCOUNTS (CONTD..)

16. Related Party Disclosures

Related parties with whom transactions have taken place during the year

i. Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Himmat Singh Lagad (Whole-Time Director)

ii. Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother of Mr. Mahendra Agarwal)

iii. Associates

1. Gati Intellect Systems Ltd.
2. TCI Finance Ltd.
3. Giri Roadlines & Commercial Trading Pvt. Ltd.
4. Jubilee Commercials & Trading Pvt. Ltd.
5. Gati Infrastructure Ltd.
6. Gati Shipping Ltd.
7. Gati Cargo Management Services Ltd.
8. TCI Hi-ways Pvt. Ltd.
9. TCI Industries Ltd.
10. Mahendra Kumar Agarwal & Sons (HUF)
11. ITAG Infrastructure Ltd.
12. ITAG Business Solutions Ltd.
13. Gati (Thailand) Ltd.

iv. Subsidiaries / Step Down Subsidiaries

1. Gati Holdings Ltd
2. Gati Asia Pacific Pte Ltd
3. Gati Hong Kong Ltd
4. Gati China Holdings Ltd
5. Gati Middle East FZE Ltd
6. Gati Cargo Express(Shanghai) Co.Ltd
7. Gati Japan Ltd.
8. Newatia Commercial & Trading Pvt. Ltd
9. Trymbak Commercial & Trading Pvt. Ltd
10. Ocimum Commercial & Trading Pvt. Ltd
11. Sumeru Commercial & Trading Pvt. Ltd
12. Kausar India Ltd.
13. Gati Import Export Trading Ltd.
14. Zen Cargo Movers Pvt. Ltd
15. REDSUN Supply Chain Solutions Ltd
(Formerly known as Gati Skyways Ltd.)

(Rs. in Lakhs)

SL	Nature of Transaction	Key Management Personnel & Relative of KMP	Associates	Subsidiaries	30th June, 2010	30th June, 2009
A	Expenditure					
	Rent		127.29		127.29	125.98
	Freight and Other Charges		1,341.65	839.48	2,181.14	833.44
	Port Expenses		135.77		135.77	116.90
	Interest			5.57	5.57	-
	Key Management Personnel					
	Remuneration	207.48			207.48	44.58
B	Receipts					
	Freight and Other Charges		34.51	198.42	232.93	187.87
	Interest			60.18	60.18	1.37
	Rent			3.00	3.00	6.11
C	Finance and Investment					
	Investments			500.47	500.47	998.39
	Loans - Given			529.21	529.21	91.43
	Loans - Repaid			163.99	163.99	-
	Advances - Given			82.54	82.54	325.82
	Advances - Repaid		61.00	18.56	79.56	-
	Unsecured Loans - Fixed Deposits			144.23	144.23	-
D	Balance at the year end					
	Investments		2,020.69	5,041.91	7,062.61	6,562.13
	Sundry Debtors		30.18	307.27	337.45	227.63
	Loans			915.17	915.17	91.43
	Advances			79.60	79.60	474.14
	Sundry Creditors		123.15	192.08	315.23	556.29
	Advances towards Fixed Assets	134.00		-	134.00	61.00
	Unsecured Loans - Fixed Deposits			144.23	144.23	-
	Corporate Guarantees			1,623.67	1,623.67	1,863.64

SCHEDULES TO THE ACCOUNTS

21. NOTES ON ACCOUNTS (CONTD..)

(Rs. in Lakhs)

	30th June, 2010	30th June, 2009
17. Segment Information		
Primary Business Segment		
Express Distribution & Supply Chain :Covers integrated cargo services – Road, Rail and Air Transportation.		
Coast-to-Coast (Shipping) : Covers Sea Transportation		
1. Segment Revenue (net sale/income)		
a) Express Distribution & Supply Chain	65,203.25	52,544.72
b) Coast-to-Coast (Shipping)	9,322.91	9,349.19
Total	74,526.16	61,893.91
Less: Inter-Segment Revenue	53.74	86.00
Net sales/income from operations	74,472.43	61,807.91
2. Segment Results		
Profit before tax and interest from each Segment		
a) Express Distribution & Supply Chain	7,903.61	3,425.51
b) Coast-to-Coast (Shipping)	208.49	1,976.31
Total	8,112.10	5,401.82
Less : Interest (Net of Income)	4,309.17	3,541.23
Other un-allocable expenditure net of un-allocable income	1,888.38	1,549.14
Exceptional losses	-	1,687.84
Total Profit / (Loss) Before Tax	1,914.55	(1,376.40)
3. Other Information		
Segment Assets		
a) Express Distribution & Supply Chain	43,117.14	40,035.55
b) Coast-to-Coast (Shipping)	32,560.49	32,902.01
Unallocated Corporate Assets	9,044.34	8,403.72
Total Assets	84,721.97	81,341.28
Segment Liabilities		
a) Express Distribution & Supply Chain	37,299.60	35,124.00
b) Coast-to-Coast (Shipping)	15,672.04	18,285.57
Total Liabilities	52,971.65	53,409.57
Capital employed	31,750.32	27,931.71
Capital Expenditure		
a) Express Distribution & Supply Chain	1,342.97	6,217.08
b) Coast-to-Coast (Shipping)	4.09	15,324.35
Total Capital Expenditure	1,347.06	21,541.43
Depreciation		
a) Express Distribution & Supply Chain	1,045.55	1,135.95
b) Coast-to-Coast (Shipping)	1,283.70	1,008.93
Total Depreciation	2,329.25	2,144.88
The company operates mainly in India and the overseas earnings is less than threshold limits. Hence, there are no separate geographical segments.		
18. Additional Information pursuant to the Provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956		
I. Value of Imported and Indigeneous Stores & Spare Parts		
Consumed during the year	%	Value
Imported	53.00	144.10
Indigeneous	47.00	127.24
	100.00	271.34
II. Expenditure in Foreign Currency	%	Value
Travelling Expenses		94.55
Insurance		97.74
Port Expenses		124.18
Charter Hire		585.81
Dry docking expenses and Repairs		256.98
Professional Fee		509.72
Miscellaneous		370.54
III. Value of Imports on C.I.F. Basis		
Spare Parts		133.92
Capital Goods		8,101.52
IV. Earnings in Foreign Currency		
Freight		3,966.60
19. Previous year's figures have been regrouped/rearranged wherever necessary.		

SCHEDULES TO THE ACCOUNTS

21. NOTES ON ACCOUNTS (CONTD..)

20. ACCOUNTING POLICIES

Recognition of Income & Expenditure

- 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.
- 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.
- Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.
- 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.
- Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents.

Gratuity and Leave Encashment

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

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

- Fixed assets are stated at cost and / or at revaluation. Cost includes borrowing cost and indirect expenditure capitalized to the extent it relates to the construction activity or incidental thereto.
- Dry docking and other expenses at the time of acquisition of ships are capitalised.
- Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from revaluation reserve created on revaluation of Fixed Assets to Profit and Loss Account.

Depreciation

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

Investments

Investments are stated at cost.

Foreign Exchange Transaction

- Foreign currency transactions are recorded at average rate for the month.
- Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates. In terms of the amendments to Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:
 - Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.
 - In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance life of the long-term monetary item, not beyond 31st March, 2011.
- Any income or expense on account of exchange difference either on settlement or translation is recognized in the profit & loss account.
- In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

Taxation

Income Tax

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. In respect of shipping division, tonnage tax is provided based on the capacity of the ships. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected. Fringe benefit tax is provided in accordance with the Income Tax Act, 1961 during the previous year.

Impairment of Assets

Impairment of Assets are assessed at each balance sheet date and loss is recognised whenever the recoverable amount of an asset is less than its carrying amount.

Signatures to Schedules "I" to "21"

In terms of our Report of even date attached

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

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

N Srinivasan
Director

Secunderabad
August 18, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in Lakhs)

Particulars	30th June, 2010	30th June, 2009
(I) Cash flows from Operating Activities		
Net Profit / (Loss) after tax as per Profit and Loss A/c	1,510.97	(1,505.79)
Add:		
Provision for tax	403.58	129.39
Exceptional items	-	1,687.84
Net profit before taxation and exceptional items	1,914.55	311.44
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	2,386.82	2,300.70
Other Personnel expenses	81.09	-
Interest on borrowings (Net)	4,309.17	3,541.23
Bad debts written off (Net)	400.23	162.46
(Profit) / Loss on sale of fixed assets (Net)	27.61	18.81
Rental income received	(18.75)	(16.57)
Operating profits before working capital changes	9,100.73	6,318.07
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(2,939.33)	172.81
(Increase) / Decrease in Inventories	(569.96)	(178.11)
(Increase) / Decrease in Loans & Advances	(1,833.21)	(1,313.20)
Increase / (Decrease) in Liabilities	1,145.57	(1,275.22)
Increase / (Decrease) in Provisions	(25.78)	(1,657.70)
Cash generated from operations	4,878.02	2,066.66
Income tax paid (Net tax refund received)	(817.61)	(65.97)
Net Cash from Operating Activities	4,060.40	2,000.69
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital Advances (Net)	44.66	84.52
Proceeds from sale of investments	15.74	0.95
Interest / Dividend received	402.12	140.48
Rent income	18.75	(16.57)
Purchase of Fixed Assets	(1,186.95)	-
Sale of Fixed Assets	1,376.38	(19,439.62)
Investments made	(500.47)	(998.39)
Net Cash from Investing Activities	170.21	(20,228.64)
(III) Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	87.00	4.41
Increase / (Decrease) in Share premium and ESOS	-	(898.96)
Receipt of Secured Loans	2,205.70	23,406.53
Receipt of Unsecured Loans	9,935.23	2,738.00
Dividend Paid (including dividend tax)	-	(792.34)
Interest on loans paid	(4,691.84)	(3,681.71)
Repayment of Secured Loans	(5,687.71)	(1,447.23)
Repayment of Unsecured Loans	(6,137.24)	(68.75)
Exceptional items	-	(1,687.84)
Net Cash from Financing Activities	(4,288.86)	17,572.12
Foreign Currency translation difference	-	766.25
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	(58.24)	110.42
Cash and Cash equivalents in the beginning of the year	1,333.85	1,223.43
Cash and Cash equivalents in the end of the year	1,275.61	1,333.85
Cash flow from Activities during the year	(58.24)	110.42

Notes:

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India
- Cash and bank balance included Unclaimed dividend to the extent of Rs.65.76 Lakhs.
- Previous year figures have been regrouped / reclassified, where ever necessary.

In terms of our Report of even date attached

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

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L. Chugh
Chairman

N Srinivasan
Director

Secunderabad
August 18, 2010

Mahendra Agarwal
Managing Director & CEO

Balance Sheet Abstract And Company's General Business Profile

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

I. Registration Details

Registration No.

	2	0	1	2	1
--	---	---	---	---	---

 State Code

0	1
---	---

Balance Sheet Date

3	0	-	0	6	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

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

Public Issue

N	I	L
---	---	---

 Bonus Issue

N	I	L
---	---	---

 Rights Issue

	N	I	L
--	---	---	---

 Private placement

	N	I	L
--	---	---	---

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

Total Liabilities

7	6	3	8	5	4	6
---	---	---	---	---	---	---

 Total Assets

7	6	3	8	5	4	6
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

1	7	0	3	1	0
---	---	---	---	---	---

 Share Warrants

1	7	6	3	8	4
---	---	---	---	---	---

 Reserves & Surplus

2	6	6	9	7	8	5
---	---	---	---	---	---	---

Secured Loans

2	9	6	8	5	9	6
---	---	---	---	---	---	---

 Unsecured Loans

1	5	6	8	6	2	7
---	---	---	---	---	---	---

 Deferred Tax Liability

8	4	8	4	5
---	---	---	---	---

Application of Funds

Fixed Assets

4	4	2	7	3	7	7
---	---	---	---	---	---	---

 Investments

7	0	6	2	6	1
---	---	---	---	---	---

 Foreign Currency Monetary Item Translation Difference

6	6	5	6
---	---	---	---

Net Current Assets

2	4	9	8	2	5	2
---	---	---	---	---	---	---

 Miscellaneous Expenditure

	N	I	L
--	---	---	---

 Accumulated Losses

	N	I	L
--	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

7	5	1	4	0	8	3
---	---	---	---	---	---	---

 Total Expenditure

7	3	2	2	6	2	8
---	---	---	---	---	---	---

 Profit Before Tax

1	9	1	4	5	5
---	---	---	---	---	---

Profit After Tax

1	5	1	0	9	7
---	---	---	---	---	---

 Earnings per share in Rs.

1	.	7	8
---	---	---	---

 Dividend %

2	0	%
---	---	---

Basic

1	.	7	8
---	---	---	---

 Diluted

1	.	6	2
---	---	---	---

V. Generic names of three Principal Products of Company

Item Code No.(ITC Codes)

	N	I	L
--	---	---	---

Product Description

Express Distribution & Supply Chain and Shipping Services

In terms of our Report of even date attached

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

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L.Chugh
Chairman

N Srinivasan
Director

Mahendra Agarwal
Managing Director & CEO

Secunderabad
August 18, 2010

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

S.No	Name of Subsidiary Company	Financial year of Subsidiary ended on	Number of equity shares held by Gati Limited and / or its subsidiaries	Extent of interest of Gati Limited in the capital of the subsidiary	Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Gati Limited dealt with or provided for in the accounts of Gati Limited	Net aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Gati Limited and is not dealt with in the accounts of Gati Limited
					For the financial year ended on 30th June, 2010	
1	Gati Holdings Ltd.	30th June, 2010	4,959,898 shares of USD 1 each	100% held by Gati Ltd	Nil	Loss of USD 0.01 Mn
2	Gati Asia Pacific Pte. Ltd.	30th June, 2010	1,525,895 shares of SGD 1 each	100% held by Gati Holdings Ltd	Nil	Loss of SGD 0.57 Mn
3	Gati Hong Kong Ltd.	30th June, 2010	3,444,337 shares of HKD 1 each	100% held by Gati Holdings Ltd	Nil	Profit of HKD 0.07 Mn
4	Gati China Holdings Ltd.	30th June, 2010	1,811,602 shares of USD 1 each	100% held by Gati Holdings Ltd	Nil	Loss of USD 0.004 Mn
5	Gati Cargo Express (Shanghai) Co. Ltd.	30th June, 2010	1,200,000 shares of USD 1 each	100% held by Gati China Holdings Ltd	Nil	Loss of RMB 1.59 Mn
6	Gati Japan Ltd.	30th June, 2010	49063 shares of USD 1 each	100% held by Gati Holdings Ltd	Nil	Nil
7	Gati Middle East Fze. Ltd.	30th June, 2010	1,000,000 shares of AED 1 each	100% held by Gati Holdings Ltd	Nil	Loss of AED 0.28 Mn
8	Newatia Commercial & Trading Pvt. Ltd.	30th June, 2010	155,000 shares of Rs.10 each	100% held by Gati Ltd	Nil	Profit of Rs 0.37 Mn
9	Trymbak Commercial & Trading Pvt. Ltd.	30th June, 2010	860,000 shares of Rs.10 each	100% held by Gati Ltd	Nil	Profit of Rs. 4.24 Mn
10	Ocimum Commercial & Trading Pvt. Ltd.	30th June, 2010	365,000 shares of Rs.10 each	100% held by Gati Ltd	Nil	Profit of Rs. 0.66 Mn
11	Sumeru Commercial & Trading Pvt. Ltd.	30th June, 2010	1,075,000 shares of Rs.10 each	100% held by Gati Ltd	Nil	Profit of Rs. 6.13 Mn
12	Kausar India Ltd.	30th June, 2010	3,697,800 shares of Rs.10 each	99.76% held by Gati Ltd	Nil	Loss of Rs 33.74 Mn
13	Zen Cargo Movers Pvt. Ltd.	30th June, 2010	352,163 shares of Rs.10 each	97.24% held by Gati Ltd	Nil	Loss of Rs 2.56 Mn
14	Gati Import Export Trading Ltd.	30th June, 2010	50,000 shares of Rs.10 each	100% held by Gati Ltd	Nil	Profit of Rs 2.45 Mn
15	REDSUN Supply Chain Solutions Ltd. (Formerly known as Gati Skyways Ltd.)	30th June, 2010	50,000 shares of Rs.10 each	100% held by Gati Ltd	Nil	Loss of Rs 0.01 Mn

Statement Relating to Subsidiary Companies as on 30th June, 2010

(Rs. in Lakhs)

S.No	Name of Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1	Gati Holdings Ltd.	2,305.44	(74.53)	2,370.26	139.35	1,651.20	-	(6.93)	-	(6.93)	-
2	Gati Asia Pacific Pte. Ltd.	495.77	(724.99)	355.36	584.58	-	1,130.01	(189.25)	-	(189.25)	-
3	Gati Hong Kong Ltd.	205.68	(200.79)	171.59	166.69	-	802.30	4.23	-	4.23	-
4	Gati China Holdings Ltd.	842.06	(1.41)	849.28	8.63	627.50	-	(1.76)	-	(1.76)	-
5	Gati Cargo Express (Shanghai) Co. Ltd.	640.86	(395.36)	785.91	540.41	-	2,451.74	(108.94)	-	(108.94)	-
6	Gati Japan Ltd.	0.01	-	33.13	33.11	-	-	-	-	-	-
7	Gati Middle East Fze. Ltd.	126.58	(121.38)	84.32	79.13	-	188.44	(35.17)	-	(35.17)	-
8	Newatia Commercial & Trading Pvt. Ltd.	15.50	24.60	58.77	18.66	-	956.27	5.18	1.43	3.75	-
9	Trymbak Commercial & Trading Pvt. Ltd.	86.00	103.64	244.25	54.61	-	3,778.43	61.99	19.64	42.35	-
10	Ocinum Commercial & Trading Pvt. Ltd.	36.50	15.32	79.75	27.93	-	893.16	9.63	2.99	6.64	-
11	Sumeru Commercial & Trading Pvt. Ltd.	107.50	222.71	473.12	142.91	-	6,080.23	90.00	28.72	61.28	-
12	Kausar India Ltd.	370.68	(351.06)	1,557.00	1,537.38	0.10	2,329.72	(152.71)	184.70	(337.40)	-
13	Zen Cargo Movers Pvt. Ltd.	36.22	(44.31)	55.50	63.59	-	25.98	(25.60)	-	(25.60)	-
14	Gati Import Export Trading Ltd.	5.00	31.72	549.78	513.05	-	898.56	36.00	11.50	24.50	-
15	REDSUN Supply Chain Solutions Ltd (Formerly known as Gati Skyways Ltd.)	5.00	(0.29)	4.76	0.05	-	-	(0.11)	-	(0.11)	-

Converted into Indian Rupees at the exchange rate IUSD = 46.4816
 Converted into Indian Rupees at the exchange rate ISGD = 33.2487
 Converted into Indian Rupees at the exchange rate IHKD = 5.9716
 Converted into Indian Rupees at the exchange rate IRMB = 6.847
 Converted into Indian Rupees at the exchange rate IAED = 12.6575

Auditors' Report

TO THE BOARD OF DIRECTORS OF GATI LIMITED

We have audited the attached Consolidated Balance Sheet of Gati Limited (the Parent Company) and its subsidiary companies collectively called the 'Gati Group' as at 30th June, 2010, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

- a) In the case of Consolidated Balance Sheet of the state of affairs of the Gati Group as at 30th June 2010.
- b) In the case of Consolidated Profit and Loss Account, of the profit of the Gati Group for the year ended on that date and
- c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Gati Group for the year ended on that date.

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

Camp : Secunderabad
Date : August 18, 2010

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

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2010

(Rs. in Lakhs)

	Schedule	30th June, 2010	30th June, 2009
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	1,703.10	1,697.52
Share Warrants		1,763.84	-
Reserves and Surplus	2	25,493.52	25,317.02
		28,960.45	27,014.54
Loan Funds			
Secured Loans	3	29,859.62	33,834.08
Unsecured Loans	4	15,553.88	13,842.61
		45,413.50	47,676.69
Minority Interest		0.05	1.15
Deferred Tax Liability	5	959.66	736.92
Total Funds Employed		75,333.66	75,429.30
APPLICATION OF FUNDS			
Goodwill on consolidation		2,068.21	2,007.66
Fixed Assets			
Gross Block	6	52,682.73	53,723.78
Less: Depreciation		10,904.29	9,158.59
Net Block		41,778.44	44,565.18
Capital Work-in-Progress		3,553.18	3,597.84
		45,331.61	48,163.02
Investments	7	2,020.79	2,036.53
Foreign Currency Monetary Item Translation Difference Account (Note 5 on Schedule 22)		66.56	275.89
Current Assets, Loans and Advances			
Inventories	8	1,269.30	702.10
Sundry Debtors	9	14,972.56	12,132.25
Cash and Bank Balances	10	1,917.98	2,134.56
Loans and Advances	11	17,088.37	14,980.30
		35,248.22	29,949.21
Less: Current Liabilities and Provisions			
Liabilities	12	5,871.48	4,764.63
Provisions	13	3,560.57	2,265.52
		9,432.04	7,030.14
Net Current Assets		25,816.18	22,919.07
Preliminary Expenses		30.31	27.13
Total Assets (Net)		75,333.66	75,429.30
Notes on accounts	22		

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

In terms of our Report of even date attached
For **R. S. Agarwala & Co.**
Chartered Accountants
Firm's Regn. No. : 304045E

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board
K.L.Chugh
Chairman
Mahendra Agarwal
Managing Director & CEO

N Srinivasan
Director

Secunderabad
August 18, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2010

(Rs. in Lakhs)

Particulars	Schedule	30th June, 2010	30th June, 2009
INCOME			
Freight and Warehousing	14	80,043.80	67,437.59
Sales		12,567.30	11,603.41
Other Income	15	733.77	1,254.52
TOTAL		93,344.87	80,295.52
EXPENDITURE			
Cost of sales	16	12,160.93	11,319.35
Operating expenses	17	53,704.75	46,451.77
Personnel expenses	18	9,480.37	8,568.60
Administrative expenses	19	8,009.05	6,948.09
Repairs and Maintenance expenses	20	1,244.40	787.23
Interest (Net)	21	4,425.24	3,655.54
Depreciation (Net - Note 4 on Schedule 22)		2,717.81	2,638.32
TOTAL		91,742.54	80,368.91
Profit / (Loss) Before Tax and Exceptional Items		1,602.33	(73.39)
Exceptional Items		-	(1,687.84)
Profit / (Loss) Before Tax after Exceptional Items		1,602.33	(1,761.23)
Provisions for Tax			
Current Tax		430.64	51.84
Deferred Tax		221.93	(4.61)
Fringe Benefit Tax		-	58.03
Profit / (Loss) After Tax		949.77	(1,866.48)
Balance brought forward from previous year		(1,792.64)	174.78
Balance available for appropriations		(842.87)	(1,691.70)
APPROPRIATIONS			
Proposed Dividend		340.62	-
Tax on Dividend		56.57	-
Tonnage Tax Reserve		-	100.94
General Reserve		151.10	-
Balance Carried to Balance Sheet		(1,391.16)	(1,792.64)
		(842.87)	(1,691.70)
Earning per Share			
Basic		1.12	(2.20)
Diluted		1.02	(2.04)
Notes on accounts	22		

Schedules 14 to 22 referred to above form part of the Consolidated Profit and Loss Account

In terms of our Report of even date attached
For **R. S. Agarwala & Co.**
Chartered Accountants
Firm's Regn. No. : 304045E

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

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Company Secretary

For and on behalf of the Board
K.L.Chugh
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Mahendra Agarwal
Managing Director & CEO

N Srinivasan
Director

Secunderabad
August 18, 2010

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

Particulars	30th June, 2010	30th June, 2009
(I) SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of Rs.2/- each	2,000.00	2,000.00
1,000,000 Redeemable Preference Shares of Rs.100/- each	1,000.00	1,000.00
	3,000.00	3,000.00
Issued,Subscribed and Paid-up :		
85,154,900 (Previous year 84,876,050) Equity Shares of Rs.2/- each fully paid up :	1,703.10	1,697.52
Of the above :		
125,09,495 shares were allotted for consideration other than cash as per the Scheme of Arrangement.		
139,27,500 shares were issued as fully paid bonus shares by capitalisation of share premium		
During the year following shares were issued:		
278,850 shares of Rs.2/- each on vesting of Employees Stock Options		

	Balance as on 1st July, 2009	Additions	Deductions	30th June 2010	30th June 2009
(2) RESERVES and SURPLUS					
Capital Reserves :					
Revaluation Reserve	691.99		(a) 1.27	690.72	691.99
Securities Premium	17,997.86	(b) 110.42	(c) 653.76	17,454.52	17,997.86
Employees' Stock Option	19.51	(d) 81.09	(e) 29.00	71.60	19.51
Translation Reserve	145.41	(f) 255.04	-	400.45	145.41
Others	439.72	-	-	439.73	439.72
	19,294.49	446.56	684.03	19,057.02	19,294.49
Revenue Reserves :					
General Reserve	6,536.10	(g) 12.49	-	6,548.59	6,536.10
Shipping Business Reserve (utilised)	350.00	-	-	350.00	350.00
Tonnage Tax Reserve (utilised)	(h) 929.07	-	-	929.07	929.07
Profit and Loss Account	(1,792.64)	949.77	548.29	(1,391.16)	(1,792.64)
	6,022.53	962.26	548.29	6,436.50	6,022.53
	25,317.02	1,408.81	1,232.32	25,493.52	25,317.02

- (a) Transferred to Profit and Loss Account being depreciation provided on revalued amount.
- (b) On vesting of stock options.
- (c) Provision for pro-rata premium on redemption of Foreign Currency Convertible Bonds.
- (d) In respect of options granted under the Companies Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options (based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Rs. 81.09 lakhs represents options refunded / lapsed net of amortization.
- (e) Transferred to Securities Premium on vesting of 278,850 options during the year
- (f) In respect of translation of Foreign Currency into Indian Rupees.
- (g) Transferred from profit and loss account
- (h) Fully utilised in earlier years.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

			30th June, 2010	30th June, 2009
(3) SECURED LOANS				
TERM LOANS :				
FROM BANKS				
Against first charge by way of Mortgage/ Hypothecation of specified fixed assets and other assets acquired there against * (Repayable within one year - Rs. 4,237 Lakhs ; previous year - Rs.4,427 lakhs)			11,554.37	16,511.69
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against (Repayable within one year - Rs.93.93 Lakhs; previous year - Rs.225.80 lakhs)			451.98	560.73
Secured by hypothecation of specified immovable asset (Repayable within one year - Rs.3.60 Lakhs; previous year - Rs.2.76 lakhs)			81.66	85.26
FROM OTHERS				
Secured by subservient charge on all the movable assets including current assets * (Repayable within one year - Rs.5,000 Lakhs)			5,000.00	3,847.33
Finance Lease (Note 11 on Schedule 22) (Secured by assets acquired under lease arrangements)			6,531.45	6,921.12
WORKING CAPITAL LOANS				
From Banks			6,240.16	5,907.95
Secured against first charge by way of hypothecation of all current assets including book debts, stocks and equitable mortgage of specified immovable assets of the Company and of third parties *				
(* Also guaranteed by the Managing Director (Promoter) of the Company to the extent of Rs.3000 Lakhs)			29,859.62	33,834.08
(4) UNSECURED LOANS				
Fixed Deposits (a)			2,052.03	662.11
Foreign Currency Convertible Bonds			6,990.01	7,180.50
Commercial Paper			3,000.00	-
Finance Lease			11.85	-
(a) Includes Rs.407 Lakhs from Directors, Rs.144.23 Lakhs from Subsidiaries and Rs.4.15 Lakhs from a Associate.				
Short Term Loans and Advances				
From Banks *			3,500.00	6,000.00
(* Also guaranteed by the Managing Director (Promoter) of the Company to the extent of Rs.3000 Lakhs)			15,553.88	13,842.61
(5) DEFERRED TAX (Net)				

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

(6) FIXED ASSETS (Consolidated)

	At Cost or Valuation				Depreciation				Net Block	
Description	As On 01.07.2009	Additions During the Year	Deductions During the Year	Balance As On 30.06.2010	As On 01.07.2009	For the Year	Adjustment On Deductions	Balance As On 30.06.2010	30th June 2010	30th June 2009
Tangible										
Land										
Freehold	7,528.26	-	-	7,528.26	-	-	-	-	7,528.26	7,528.26
Leasehold	1,033.77	-	-	1,033.77	-	-	-	-	1,033.77	1,033.77
Buildings	5,530.08	73.25	65.26	5,538.08	240.83	94.96	0.50	335.28	5,202.79	5,289.26
Vehicles	2,540.63	191.94	66.63	2,665.94	1,122.97	323.50	35.35	1,411.13	1,254.81	1,417.66
Plant & Machinery	5,724.55	358.03	59.03	6,023.55	1,628.75	507.62	50.37	2,086.00	3,937.55	4,095.79
Computers	3,198.30	189.10	227.55	3,159.85	2,386.29	202.50	141.54	2,447.25	712.60	812.01
Ships	16,978.72	-	1,902.77	15,075.95	1,540.81	815.34	614.83	1,741.32	13,334.63	15,437.91
Furniture & Fittings	1,686.02	164.44	6.65	1,843.82	676.53	114.74	5.55	785.72	1,058.10	1,009.49
Office Equipments	1,089.82	171.91	0.20	1,261.54	298.91	68.78	0.11	367.80	893.74	790.91
Intangible										
Computer Software	1,354.59	138.35	-	1,492.95	1,102.02	172.80	66.51	1,208.30	284.64	252.57
LEASED ASSETS										
Ship taken on finance lease	7,059.04	-	-	7,059.04	161.49	360.00	-	521.49	6,537.55	6,897.55
Total	53,723.78	1,287.03	2,328.08	52,682.73	9,158.59	2,660.23	914.54	10,904.29	41,778.44	44,565.18
Previous Year	32,436.69	21,567.22	280.14	53,723.78	6,852.47	2,481.94	175.81	9,158.59	44,565.18	25,584.21
Capital Work-in-Progress										
								Total	3,553.18	3,597.84
									45,331.61	48,163.02

Note :

- A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increases in the value of assets by Rs.45.96 Lakhs, Rs.141.31 Lakhs, and Rs.148.35 Lakhs respectively and aggregating to Rs.335.62 Lakhs was transferred to Revaluation Reserve.
- Depreciation for the year includes Rs.1.27 lakhs in respect of the above revaluation.
- Deduction to Assets includes Rs.40 lakhs (previous year addition of Rs.100.79 lakhs) on account of exchange rate difference on restatement of foreign currency loans.
- The decrease in the rupee liability arising out of the restatement of the foreign currency convertible bonds balance as on 30.06.2010, has been adjusted to the carrying cost of respective fixed assets to be depreciated over their remaining depreciable life. The depreciation for the current year includes Rs.3.78 lakhs (previous year - Rs.3.15 lakhs) arising on account of this adjustment.
- Capital Work-in-Progress includes Capital Advances of Rs.2594.53 lakhs ; previous year - Rs.1918.84 lakhs.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
(7) INVESTMENTS (At Cost)		
Long term - Non-trade		
Fully Paid-up Equity Shares		
Quoted		
16,00,300 of TCI Finance Ltd. of Rs.10/- each.	143.89	143.89
(Market Value - Rs.342.46 Lakhs ; previous year - Rs.222.44 Lakhs)		
100 Share of State of Bank of India	0.10	0.10
Unquoted		
1,87,50,000 of Gati Infrastructure Ltd. of Rs.10/- each.	1,875.00	1,875.00
(Pledged with Institution for providing Financial Assistance to Gati Infrastructure Ltd.)		
18,000 shares of ITAG Infrastructure Ltd. of Rs 10/- each	1.80	1.80
Government Securities		
3 11.50% PSEB-2010 Bonds of Rs. 5 lakhs each	-	15.74
(Redeemed during the year)	2,020.79	2,036.53
(8) INVENTORIES		
(As taken, valued and certified by the Management)		
Diesel, Petrol etc.	49.82	59.62
Stores and Spare Parts	1,049.89	642.48
Other Stock	169.60	-
(At lower of cost and net realisable value)		
	1,269.30	702.10
(9) SUNDRY DEBTORS (Unsecured)		
Outstanding for more than six months		
Considered Good	543.86	249.59
Considered Doubtful	164.47	-
Others - Considered Good	14,428.70	11,882.66
	15,137.03	12,132.25
Less : Provisions for bad and doubtful debts	164.47	-
	14,972.56	12,132.25
(10) CASH AND BANK BALANCES		
Cash in Hand	346.83	78.64
Cheques in Hand	67.81	113.72
Remittances in Transit	171.58	119.56
With Scheduled Banks		
In Current Accounts	658.41	1,383.87
In Deposit Accounts (a)	579.44	341.36
In Unpaid Dividends Accounts	65.76	70.11
With Non-Scheduled Banks	28.16	27.31
Bhutan National Bank - Rs.1.96 Lakhs; Previous year - Rs.0.40 Lakhs (maximum balance Rs.3.29 Lakhs; Previous year - Rs.4.27 Lakhs)		
Everest Bank Ltd - Rs. 25.48 Lakhs; Previous year - Rs.24.41 Lakhs (maximum balance Rs.53.32 Lakhs; Previous year - Rs.24.40 Lakhs)		
United Overseas Bank (UOB) (Rs. 0.71 Lakhs; Previous year - Rs.2.50 Lakhs) (maximum balance Rs.15 Lakhs; Previous year - Rs. 72 Lakhs)		
a) Fixed Deposit Receipts amounting to Rs.249.64 Lakhs are deposited with bank against guarantees issued and other authorities / institution.		
	1,917.98	2,134.56
(11) LOANS AND ADVANCES (Unsecured - Considered Good)		
Loans	1,000.00	1,106.88
Advances Recoverable in Cash or in Kind or for Value to be Received	8,247.81	5,662.63

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
Balance of consideration for assignment of right to a ship	442.09	1,673.82
Advances and Deposits	4,325.31	4,332.47
Tax Deducted at Source	3,073.16	2,204.49
	17,088.37	14,980.30
(12) LIABILITIES		
Sundry creditors	3,250.72	2,581.38
Other liabilities	1,740.49	1,539.30
Interest accrued on loans	58.43	39.20
Overdrawn Bank Balances	314.42	-
Security deposits	441.66	534.64
Unpaid/Unclaimed dividends	65.76	70.11
(There are no amounts pending to be transferred to Investor Education and Protection Fund)		
	5,871.48	4,764.63
(13) PROVISIONS		
Taxation (Net of Payments)	762.20	489.55
Gratuity and Leave Encashment	137.87	166.42
Premium on redemption of Foreign Currency Convertible Bonds	2,263.30	1,609.54
Proposed Dividend	340.62	-
Tax on Dividend	56.57	-
	3,560.57	2,265.52
(14) FREIGHT and WAREHOUSING		
Freight, Miscellaneous charges etc., (Tax deducted – Rs.803.78 Lakhs ; Previous year - Rs.890.71 Lakhs)	69,312.53	57,426.10
Warehousing Charges (Tax deducted – Rs.99.16 Lakhs; Previous year - Rs.114.14 Lakhs)	1,408.36	662.30
Shipping Freight, Charter Hire, Miscellaneous charges (a) (Tax deducted - Rs.24 Lakhs; Previous year Rs. 10.60 Lakhs)	9,322.91	9,349.19
a) Includes Demurrage of Rs.220.83 Lakhs; Previous year - Rs.271.64 Lakhs		
	80,043.80	67,437.59
(15) OTHER INCOME		
Rent (Tax deducted – Rs.2.83 Lakhs; Previous year - Rs.3.31 Lakhs)	45.69	13.22
Miscellaneous Income	688.08	475.05
Difference in Exchange (Net)	-	766.25
	733.77	1,254.52
(16) COST OF SALES		
Opening Stock	236.12	66.36
Purchases	12,144.64	11,489.11
	12,380.76	11,555.46
Less: Closing Stock	219.83	236.12
	12,160.93	11,319.35
(17) OPERATING EXPENSES		
Freight	43,904.97	37,566.63
Vehicles' trip expenses	1,742.21	1,731.22
Tyres and Tubes	88.71	78.18
Warehouse rent	486.06	350.60
Other Operating Expenses	2,664.58	1,634.37
Claims for Loss & Damages (Net)	167.42	138.58
Commission	143.47	112.06
Vehicles' taxes	62.67	55.09
Vehicles' and Ships Insurance	219.28	173.20
Power, Fuel and Water Expenses	1,967.32	1,702.41
Stores and Spare Parts Consumed	271.34	299.08
Port and Survey Expenses	1,986.71	2,610.37
	53,704.75	46,451.77

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	(Rs. in Lakhs)	
	30th June, 2010	30th June, 2009
(18) PERSONNEL EXPENSES		
Salaries, Wages and Bonus	8,365.08	7,772.59
Gratuity	78.32	126.43
Contribution to Provident and Other Funds	296.31	280.27
Contribution to Employees' State Insurance	39.24	47.97
Other Personnel Expenses	701.43	341.34
	9,480.37	8,568.60
(19) ADMINISTRATIVE EXPENSES		
Rent	1,647.35	1,470.95
Rates and Taxes	31.64	22.60
Insurance (includes Rs.20 lakhs towards Keyman Insurance Policy)	116.22	119.62
Telephone expenses	260.83	249.03
Printing and Stationery	239.90	249.66
Travelling expenses	662.61	574.87
Legal expenses	104.48	91.28
Advertisement Expenses	272.35	307.01
Office Maintenance and Repairs	973.96	1,094.90
Miscellaneous expenses	2,890.31	2,478.66
Remuneration to Directors:		
Salaries and Allowances	183.07	24.00
Commission	15.00	-
Fees	13.80	10.30
Remuneration to Auditors:		
For Audit	20.84	15.30
For Tax Audit	6.94	4.16
For Certification	-	1.00
Bad Debts and irrecoverable balances written off (Net)(including provision of Rs.164.47 lakhs ; previous year - Nil)	400.23	162.46
Charity and Donations	54.62	53.47
Difference in Exchange (Net) (a)	79.16	-
Loss on Sale of Fixed Assets (Net)	35.73	18.81
	8,009.05	6,948.09
(a) Net of Rs.17.22 Lakhs on restatement of foreign currency monetary items, - previous year gain of Rs.505.74 lakhs		
(20) REPAIRS & MAINTENANCE EXPENSES		
Motor Trucks	218.39	134.65
Other Vehicles	93.81	95.82
Plant and Machinery	60.59	41.44
Buildings	15.62	10.72
Computers	260.23	197.12
Ships	117.28	105.49
Dry docking expenses	478.49	202.00
	1,244.40	787.23
(21) INTEREST		
Fixed Loans	2,847.24	2,550.10
Finance Lease Charges	867.55	419.95
Debentures	-	47.27
Fixed Deposits	56.10	63.86
Others	1,004.50	738.16
	4,775.39	3,819.35
Less: Interest Capitalized	-	17.61
Interest Received (a)	350.16	146.20
(a) Includes Rs.0.69 Lakhs from Investments in Government Securities; previous year Rs.1.33 Lakhs (Tax Deducted - Rs.34.34 Lakhs; Previous year - Rs.23.38 Lakhs)	4,425.24	3,655.54

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

	30th June, 2010	30th June, 2009
22. NOTES ON ACCOUNTS		
1 Estimated amount of contracts remaining to be executed on capital account and not provided for	498.49	688.55
2 Contingent Liability not provided for in respect of		
Bank Guarantees	1,806.74	602.85
Guarantees and Counter Guarantees outstanding	1,590.24	1,863.64
3 During the previous year the Company discontinued Freighter Aircraft operations as per the arrangement with National Aviation Company of India Ltd (NACIL), (the erstwhile Indian Airlines Ltd.) due to continuous failure and defaults by NACIL. The matter now stands referred to the arbitration of the Arbitral Tribunal appointed by the parties. Pending decision of the Arbitral Tribunal a sum of Rs.2659 lakhs is included in loans and advances being the difference between the amount of Bank Guarantee invoked by NACIL and claims acknowledged by the Company. In the Company's view there are fair chances of recovery of Rs.2659 lakhs. The Company has filed its statement of Claim before the Arbitral Tribunal for the losses suffered against which NACIL has made counter claims. As per the legal advice received by the company no liability is contemplated to arise in the matter and no provision is considered necessary in these accounts in this behalf.		
4 The net depreciation charged for the year is arrived at as follows :	30th June, 2010	30th June, 2009
Depreciation for the year	2,660.23	2,481.94
Add : Amortization of foreign currency monetary item translation difference	58.84	157.66
Deduct : Transfer from Revaluation Reserve being depreciation provided on revalued amount	1.27	1.27
Net Depreciation charged in Profit and Loss Account	2,717.81	2,638.32
5 In terms of amendments notified on 31st March, 2009 to Accounting Standard 11 (AS 11), the exchange gain of Rs.40 lakhs on restatement of foreign currency borrowings relating to acquisition of depreciable assets has been credited to the account of such assets. In other cases Rs.150.50 lakhs has been credited and Rs.58.84 lakhs has been amortised out of the Foreign Currency Monetary Item Translation Difference Account. As a result net profit after tax is lower by Rs.207.90 lakhs and fixed assets are lower by Rs.36.22 lakhs.		
6 Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2010. The actual tax liability will be determined on the basis of tax accounting year ended 31st March, 2010. (Assessment Year 2010-11).		
7 (a) The appointment of and remuneration of Rs.65.86 lakhs paid to the Whole-Time Director for the period from 1st December 2009 to 30th June 2010 is subject to the approval of the shareholders and the Central Government.		
(b) Due to inadequacy of profit, the remuneration paid to Managing Director for the year is in excess of the limit prescribed under the Companies Act, 1956 by Rs.61.93 lakhs which is subject to the approval of the shareholders and the Central Government.		
8 During the year, 48,72,000 convertible warrants of Rs.2/- each at Rs.81/- per warrant and 53,60,400 convertible warrants of Rs.2/- each at Rs.58/- per warrant were allotted to Mr. Mahendra Agarwal, one of the promoters of the Company on preferential basis and 25% of the consideration was received as per the terms. These warrants would be converted into equity shares within eighteen months from the date of allotment.		
9 The company has granted options under the Companies Employees Stock Options Scheme and 28,07,980 Options are outstanding (Previous year 17,83,930) as at 30th June 2010. Of this 8,42,394 options will vest in 2011-12, 11,23,192 options in 2012-13, and 8,42,394 options in 2013-14.		
10 During the year 2006-07 the Company issued Foreign Currency Convertible Bonds (FCCB) of a face value of US \$ 1000 each aggregating to US \$ 20 million. As per the terms of the issue, the holders have an option to convert the FCCB into Ordinary Shares at an conversion rate of Rs. 125 per Ordinary Share at a fixed exchange rate conversion of Rs.44.67 = US \$ 1, from 20th December, 2006 to 5th November, 2011. The conversion price will be reset periodically to the average closing price of the shares on the reset date, and it has been presently reset at Rs.90.00 per share. FCCB of US \$ 5 million was converted into shares in the year 2007-08. Unless previously converted, the Company will redeem these bond at 147.88 per cent of the principal amount on 6th December, 2011.		
11 The Company has taken a ship on finance lease during the financial year 2008-09 and accordingly as per AS-19, the asset has been capitalized with corresponding Liability.		
The future lease payment obligation and their present value as at 30th June, 2010		

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. NOTES ON ACCOUNTS (CONTD..)

(Rs. in Lakhs)

Lease Payments	2009 - 10		2008 - 09	
	Lease Payments Obligations	Present Value of lease payments	Lease Payments Obligations	Present Value of lease payments
Repayable less than 1 year	1,225	1,099	1,280	1,133
1 year to 5 years	6,123	4,024	6,400	3,984
More than 5 years	2,994	1,408	3,824	1,776
TOTAL	10,342	6,531	11,504	6,893
			30th June, 2010	30th June, 2009

12. REMUNERATION TO DIRECTORS

Managing Director

Salaries & Allowances

119.60 24.00

Money value of Perquisites

0.96 1.41

Contribution to Provident /Superannuation Funds

21.06 19.17

Whole-Time Director

Salaries & Allowances

63.47 -

Contribution to Provident Fund

2.39 -

Other Directors

Commission

15.00 -

Fees

13.80 10.30

236.28 54.88

30th June, 2010 30th June, 2009

Computation of Net profit in accordance with Section 309 (5) of the Companies Act, 1956

Profit / (Loss) before tax

1,914.55 (1,376.40)

Add: Remuneration paid to Directors

236.28 54.88

Provision for doubtful debts

164.47 -

Loss on sale of fixed assets (Net)

27.61 18.81

Depreciation as per accounts

2,386.82 2,300.70

4,729.73 997.99

Less: Depreciation under section 350

2,386.82 2,300.70

Brought forward losses

749.06 -

Net Profit / (Loss) in accordance with Section 309(5)

1,593.85 (1,302.71)

Maximum remuneration payable to Managing and Whole- Time Directors-10%

159.39 -

Remuneration paid

207.48 44.58

Maximum Commission payable to Non Whole-Time Directors-1%

15.94 -

Restricted to

15.00 -

The above does not include contribution to gratuity fund and provision for encashable leave, which is actuarially calculated on an overall basis.

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

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

15. Earning per share	30th June, 2010	30th June, 2009
(i) Net profit / (loss) after tax available for equity shareholders - for Basic and Diluted EPS (Rs.)	949.77	(1,866.48)
(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)	85,020,441	84,752,689
Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)	8,450,927	6,690,675
Weighted average no. of ordinary shares for Diluted EPS (Nos.)	93,471,367	91,443,364
(iii) Nominal value of Ordinary Shares (Rs.)	2.00	2.00
(iv) Basic Earning per Ordinary Share (Rs.)	1.12	(2.20)
(v) Diluted Earning per Ordinary Share (Rs.)	1.02	(2.04)

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. NOTES ON ACCOUNTS (CONTD..)

16. Related Party Disclosures

Related parties with whom transactions have taken place during the year

i. Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Himmat Singh Lagad (Whole-Time Director)

ii. Relative of Key Management Personnel:

Mr. Anand Kumar Agarwal (Brother of Mr. Mahendra Agarwal)

iii. Associates

1. Gati Intellect Systems Ltd.
2. TCI Finance Ltd.
3. Giri Roadlines & Commercial Trading Pvt. Ltd.
4. Jubilee Commercials & Trading Pvt. Ltd.
5. Gati Infrastructure Ltd.
6. Gati Shipping Ltd.
7. Gati Cargo Management Services Ltd.
8. TCI Hi-ways Pvt. Ltd.
9. TCI Industries Ltd.
10. Mahendra Kumar Agarwal & Sons (HUF)
11. ITAG Infrastructure Ltd.
12. ITAG Business Solutions Ltd.
13. Gati (Thailand) Ltd.

(Rs. in Lakhs)

SL	Nature of Transaction	Key Management Personnel	Relative of KMP	Associates	30th June, 2010	30th June, 2009
A	Expenditure					
	Rent			127.29	127.29	125.98
	Freight and Other Charges			1,341.65	1,341.65	685.39
	Port Expenses			135.77	135.77	116.90
	Key Management Personnel					
	Remuneration	207.48			207.48	44.58
B	Receipts					
	Freight and Other Charges			34.51	34.51	12.62
	Rent				-	0.18
C	Finance and Investment					
	Advances - Repaid			61.00	61.00	-
D	Balance at the year end					
	Investments			2,020.69	2,020.69	2,020.69
	Sundry Debtors			30.18	30.18	8.49
	Sundry Creditors			123.15	123.15	455.51
	Advances towards Fixed Assets		134.00		134.00	61.00

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. NOTES ON ACCOUNTS (CONTD..)

(Rs. in Lakhs)

	30th June, 2010	30th June, 2009
17. Segment Information		
Primary Business Segment		
Express Distribution & Supply Chain :Covers integrated cargo services – Road, Rail and Air Transportation.		
Coast-to-Coast (Shipping) : Covers Sea Transportation		
Fuel Stations : Covers fuel stations dealing in petrol, diesel and lubricants etc.		
1. Segment Revenue (net sale/income)		
a) Express Distribution & Supply Chain	72,877.80	59,094.64
b) Coast-to-Coast (Shipping)	9,322.91	9,349.00
c) Fuel Stations (Subsidiary Companies)	11,670.88	10,937.75
d) Other Sales	896.41	665.25
Total	94,768.01	80,046.64
Less: Inter-Segment Revenue	839.48	148.05
Net sales/income from operations	93,928.53	79,898.59
2. Segment Results		
Profit before tax and interest from each Segment		
a) Express Distribution & Supply Chain	7,517.61	3,439.01
b) Coast-to-Coast (Shipping)	208.49	1,976.00
c) Fuel Stations (Subsidiary Companies)	153.85	129.20
d) Other Sales	36.00	11.70
Total	7,915.95	5,555.91
Less : Interest (Net of Income)	4,425.24	3,655.54
Other un-allocable expenditure net of un-allocable income	1,888.38	1,973.76
Exceptional losses	-	1,687.84
Total Profit / (Loss) before tax	1,602.33	(1,761.23)
3. Other Information		
Segment Assets		
a) Express Distribution & Supply Chain	46,351.37	44,363.20
b) Coast-to-Coast (Shipping)	32,560.49	32,902.01
c) Fuel Stations (Subsidiary Companies)	855.61	687.49
Unallocated Corporate Assets	3,087.35	3,312.42
Total Assets	82,854.82	81,265.11
Segment Liabilities		
a) Express Distribution & Supply Chain	40,237.08	37,706.72
b) Coast-to-Coast (Shipping)	15,672.04	18,285.57
c) Fuel Stations (Subsidiary Companies)	69.15	63.56
Total Liabilities	55,978.27	56,055.86
Capital employed	26,876.55	25,209.26
The company operates mainly in India and the overseas earnings is less than threshold limits. Hence, there are no separate geographical segments.		
Secondary Business Segment	30th June 2010	30th June 2009
1. Segment Revenue (net sale/income)		
a) India	89,076.51	76,639.64
b) International	4,564.47	4,008.53
Total	93,640.98	80,648.17
Less: Inter-Segment Revenue	296.11	352.64
Net sales/income from operations	93,344.87	80,295.52
2. Segment Results		
Profit / (Loss) before tax and interest from each Segment		
a) India	8,244.54	5,849.10
b) International	(328.59)	(293.19)
Total	7,915.95	5,555.91
Less : Interest (Net of Income)	4,425.24	3,655.54
Other un-allocable expenditure net of un-allocable income	1,888.38	1,973.76
Exceptional losses	-	1,687.84
Total Profit / (Loss) Before Tax	1,602.33	(1,761.23)
3. Other Information		
Segment Assets		
a) India	77,864.12	76,139.50
b) International	1,903.34	1,813.19
Unallocated Corporate Assets	3,087.35	3,312.42
Total Assets	82,854.82	81,265.11

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Segment Liabilities		(Rs. in Lakhs)	
a) India	55,149.80	55,379.42	
b) International	828.47	676.44	
Total Liabilities	55,978.27	56,055.86	
Capital employed	26,876.55	25,209.26	
18. Additional Information pursuant to the Provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956			
I. Value of Imported and Indigeneous Stores & Spare Parts Consumed during the year	%	Value	%
Imported	53.00	144.10	44.78
Indigeneous	47.00	127.24	55.22
	100.00	271.34	100.00
II. Expenditure in Foreign Currency			
Travelling Expenses		146.69	94.55
Insurance		73.00	97.74
Port Expenses		194.48	124.18
Charter Hire		271.37	585.81
Dry docking expenses and Repairs		520.70	256.98
Professtional Fee		322.55	509.72
Miscellaneous		718.41	370.54
III. Value of Imports on C.I.F. Basis			
Spare Parts		144.10	133.92
Capital Goods		-	8,101.52
IV. Earnings in Foreign Currency			
Freight		6,206.13	3,966.60
19. The Consolidated Financial statements include results of all the subsidiaries of Gati Ltd.			
Name of the Company	Country of origin	% of share holding	Consolidated as
Gati Holdings Ltd (GHL)	Mauritius	100% held by Parent	Subsidiary
Gati Asia Pacific Pte Ltd	Singapore	100% held by GHL	Subsidiary
Gati Hong Kong Ltd	Hongkong	100% held by GHL	Subsidiary
Gati China Holdings Ltd (GCHL)	Mauritius	100% held by GHL	Subsidiary
Gati Middle East FZE Ltd	UAE	100% held by GHL	Subsidiary
Gati Cargo Express(Shanghai) Co.Ltd.	China	100% held by GCHL	Subsidiary
Gati Japan Ltd	Japan	100% held by GHL	Subsidiary
Newatia Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary
Trymbak Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary
Ocimum Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary
Sumeru Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary
Kausar India Ltd.	India	99.76% held by parent	Subsidiary
Gati Import Export Trading Ltd.	India	100% held by Parent	Subsidiary
Zen Cargo Movers Pvt. Ltd	India	97.24% held by Parent	Subsidiary
REDSUN Supply Chain Solutions Ltd. (Formerly known as Gati Skyways Ltd.)	India	100% held by Parent	Subsidiary
1) The accounts of the Subsidiary companies have been audited by the respective statutory auditors and the financial statements of these Companies have been considered in the consolidation.			
2) The consolidated financial statements have been prepared on the following principles:			
a) In respect of Subsidiary company , the financial statements have been consolidated on a line by line basis by adding together the book values of like items of Assets , Liabilities, Income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on Intragroup transactions as per Accounting Standard "Consolidated Financial Statement".			
b) Incase of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as "Translation Reserve / Asset".			
c) The excess of cost to the company of its investment in Subsidiary and associate is recognised in the financial statements as goodwill, which is tested for impairment on every Balance Sheet date.			
d) The excess of company's share of equity and reserves of the Subsidiary and associate companies over the cost of acquisition is treated as capital reserve.			
20. Previous year's figures have been regrouped/rearranged wherever necessary.			
21. ACCOUNTING POLICIES			
Recognition of Income & Expenditure			
a) Income and expenditure are generally recognised on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.			
b) In Express Distribution & Supply Chain Division, Freight Income is accounted when goods are delivered by the Company to customers. In Coast-to-Coast Division, Freight Income is accounted when ships sail.			
c) Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.			
d) Having regard to the size of operations and the nature and complexities of the company's business, freight received/paid in advance is accounted as income/expenses on payment and interdivisional transfers are eliminated.			
e) Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents.			

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Gratuity and Leave Encashment

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

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

- Fixed assets are stated at cost and / or at revaluation. Cost includes borrowing cost and indirect expenditure capitalized to the extent it relates to the construction activity or incidental thereto.
- Dry docking and other expenses at the time of acquisition of ships are capitalised.
- Depreciation on the amount added to Fixed Assets on revaluation is adjusted by transfer of equivalent amount from revaluation reserve created on revaluation of Fixed Assets to Profit and Loss Account.

Depreciation

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

Investments

Investments are stated at cost.

Foreign Exchange Transaction

- Foreign currency transactions are recorded at average rate for the month.
- Monetary items in foreign currency at the year end are converted in Indian currency at the year end rates. In terms of the amendments to Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:
 - Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.
 - In Other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance life of the long-term monetary item, not beyond 31st March 2011.
- Any income or expense on account of exchange difference either on settlement or translation is recognized in the profit & loss account.
- In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

Taxation

Income Tax

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. In respect of shipping division, tonnage tax is provided based on the capacity of the ships. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected. Fringe benefit tax is provided in accordance with the Income Tax Act, 1961 during the previous year.

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.

Accounting policies of Subsidiaries

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

Gati Holdings Ltd.

a) Depreciation :

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

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

b) Basis of preparation

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

Signatures to Schedules "I" to "22"

In terms of our Report of even date attached

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

R. S. Agarwala
Partner

Membership No. : F-5534
Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L.Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

N Srinivasan
Director

Secunderabad
August 18, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in Lakhs)

Particulars	30th June, 2010	30th June, 2009
(I) Cash flows from Operating Activities		
Net Profit / (Loss) after tax as per Profit and Loss A/c	949.77	(1,866.48)
Add:		
Provision for tax	652.56	105.26
Exceptional items	-	1,687.84
Net profit / (loss) before taxation and exceptional items	1,602.33	(73.39)
Adjustment for Non-Cash and Non-Operating Items.		
Depreciation	2,717.81	2,638.32
Interest on borrowings (Net)	4,425.24	3,655.54
Bad debts written off (Net)	400.23	162.46
(Profit) / Loss on sale of fixed assets (Net)	35.73	18.81
Rental income received	(45.69)	(13.22)
Operating profits before working capital changes	9,135.65	6,388.53
(Increase) / Decrease in Sundry debtors (Net of Bad debts)	(3,240.54)	151.57
(Increase) / Decrease in Inventories	(567.20)	(355.90)
(Increase) / Decrease in Loans & Advances	(2,108.07)	(1,126.79)
Increase / (Decrease) in Liabilities	1,106.85	(592.77)
Increase / (Decrease) in Provisions	1,295.05	(1,597.74)
Cash generated from operations	5,621.73	2,866.89
Income tax paid (Net tax refund received)	(430.64)	(109.87)
Net Cash from Operating Activities	5,191.09	2,757.01
(II) Cash Flow from Investing Activities		
(Increase) / Decrease in Capital Advances (Net)	44.66	-
Proceeds from sale of fixed assets	-	104.33
Proceeds from sale of investments	15.74	0.95
(Increase) / Decrease in FCMITD	209.33	-
Interest / Dividend received	350.16	146.20
Rent income	45.69	(13.22)
(Increase)/Decrease in Fixed Assets (Net)	958.51	(20,148.43)
Net Cash from Investing Activities	1,624.09	(19,910.18)
(III) Cash Flow from Financing Activities		
Increase in Equity	5.58	4.41
Increase / (Decrease) in Share premium and ESOS	-	(898.95)
Secured Loans (Net)	(3,974.46)	21,595.23
Unsecured Loans (Net)	1,711.27	2,463.58
Dividend Paid (including dividend tax)	-	(792.34)
Interest on loans paid	(4,775.39)	(3,801.74)
Exceptional items	-	(1,687.84)
Net Cash from Financing Activities	(7,033.01)	16,882.35
Effect of exchange difference (Net)	1.25	766.25
Net Increase / (Decrease) in cash and cash equivalents (I + II + III)	(216.58)	495.44
Cash and Cash equivalents in the beginning of the year	2,134.56	1,639.12
Cash and Cash equivalents in the end of the year	1,917.98	2,134.56
Cash flow from Activities during the year	(216.58)	495.44

Notes :

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India
- Cash and bank balance included Unclaimed dividend to the extent of Rs.65.76 Lakhs.
- Previous year figures have been regrouped / reclassified, where ever necessary.

In terms of our Report of even date attached

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

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L.Chugh
Chairman

N Srinivasan
Director

Mahendra Agarwal
Managing Director & CEO

Secunderabad
August 18, 2010

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