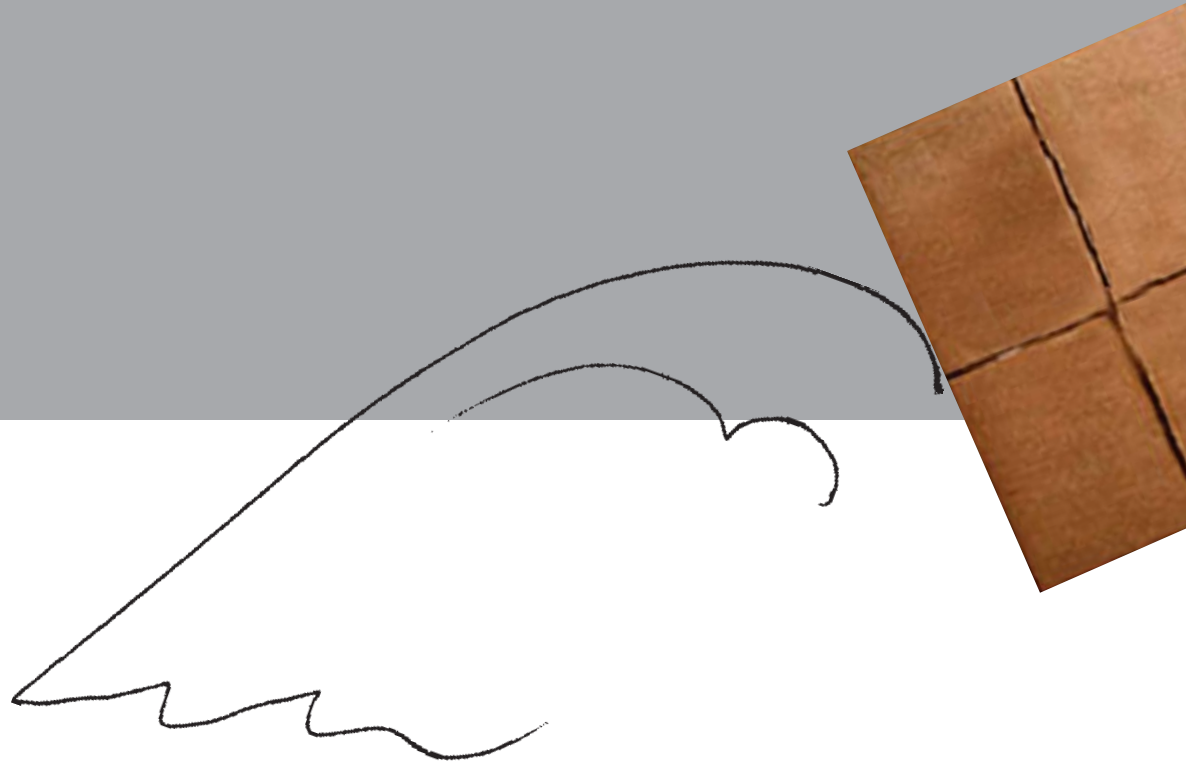




DELIVERING
VALUE...

Annual Report 2004 - 2005

The stamp of success. Earned over 15 years of
delivering value



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- ■ Gati's relentless pioneering spirit has taken it along paths that others could barely notice.
- ■ Gati's quest for adding further value to its services keeps pushing it beyond the possible.
- ■ Gati's innovative products and services have consistently won the admiration of its customers and competitors.



Gati at a glance

Gati operates in three main business segments:

Express Distribution and Supply Chain is the core business segment of Gati, offering a wide gamut of value-added services like warehousing, trucking, express and time-bound cargo. The *international business* wing provides courier / freight services to over 200 countries, offering customers the convenience of sending their consignments on 'consolidated weight' basis. The *trucking solutions* wing offers customized container services, with online cargo tracking and one-time locks for extra security. With a turnover of Rs 259.14 crores, this segment grew by an impressive 22.47% over the previous year (Rs 211.60 crores).

In the **Coast-to-Coast** segment, Gati engages in coastal shipping as well as to Yangon (Myanmar) and Andaman & Nicobar Islands. This segment grew by 11% during the year (from Rs 24.44 crores to Rs 27.13 crores).

In the **Fuel Stations** segment, the company deals in petrol and diesel business along with other motor parts and lubricants through its fuel stations. Presently Gati is operating five fuel stations at Bangalore, Belgaum, Indore, Shadnagar (near Hyderabad) and Chattrra (Karnataka). This segment posted a growth of 4% during the year (from Rs 70.11 crores to Rs 72.92 crores).

An ISO 9001:2000 company (certified for design, marketing, and providing cargo management services and logistic solutions), Gati is the leader in the logistics sector in India, with operating units spread across 427 locations in India, and overseas offices in Sri Lanka, Nepal, Singapore, Hong Kong and China. Handling over 24000 dockets daily, its 2000-strong surface vehicles fleet covers over 3.20 lakh km every day, reaching into 580 out of 590 districts in India.

The company has 20 surface transit centres, 19 air transit centres, 5 rail transit centres, 61 express centres, 54 customer convenience centres, 160 franchisees, 3827 extra service stations, 109 depots and 27 modern warehouses (total area 6,00,000 sqft) across the country.

Gati is the only express distribution and supply chain company in India that offers comprehensive multi-modal (land, sea, air and rail) transportation services to its customers, as well as niche value additions such as *third-party logistics*, *trucking* and *warehousing* solutions.

At Rs 361.27 crores, Gati's turnover was a healthy 16.84% more than in the previous year (Rs 309.19 crores). PAT grew by a very impressive 87% (from Rs 5.55 crores to Rs 10.37 crores). The company closed the year as one of the highest taxpayers in AP, having contributed over Rs 25 crores to the state exchequer by way of Service Tax alone.

Gati's Risk Management Group (RMG) assists the company in its quest for excellence, corporate governance and professionalism by proactively minimising losses and maximising opportunities through systematic identification, evaluation, monitoring and communication of its potential business risks.

Adopting an 'anticipate and prevent' approach, the RMG covers the areas of vigilance, internal audit, insurance / claim management and legal compliance.

Gati's 'Engineering Solutions' department is engaged in re-engineering the company's warehousing and operational networks, by working continuously on ergonomics, office automation, work / process flow and manpower rationalisation.

Gati is in the process of implementing a software that will provide a 'single invoice, multiple dockets' tracking facility to its regular clients.



A leader all the way...

Gati has revolutionised the cargo sector with its never-before *on time intact, else money back* offer, aided by its fleet of custom-designed, product-specific containers, flexible pick-up / delivery options and vehicle tracking system.

Gati was the first Indian company to introduce a call-free number (*now 1-600-425-4284*), along with a unique *Customer Complaint Monitoring System* that systematically captures, organises and disseminates customer complaints.

Cash-on-Delivery is another unique benchmark that has transformed the very manner in which business between a consignor and his consignee is transacted.

In another industry first, Gati has tied up with Indian Airlines to assure itself of cargo space in *34 Air Sectors* of the airline.

Computerising its operations far ahead of the competition, Gati was the first to offer a unique *Track-n-Trace* facility for customers to keep tabs on their consignments.

Gati's first-of-its-kind *3PL Solutions* offers special third-party logistics features such as 24x365 operations, parts bank, shared facilities, shelf space, flexible delivery, inventory control and MIS.

Gati's *Coast-to-Coast* has emerged as India's largest container operator in the Chennai-Port Blair sector. The Division services Bangladesh, Myanmar, Malaysia, Sri Lanka and Dubai as well.

Gati's exemplary mission of delivering value began on November 14, 1989, when Ms Kumudben Joshi, the then Governor of Andhra Pradesh, flagged off its first vehicle at Hyderabad.

It has been over 15 years since Gati chose to blaze a unique trail, built around its dream to transform the very business of logistics.

All through its history, Gati has shown a tremendous capacity to look into the future, adapt quickly to change, and pioneer services and products that have become veritable industry benchmarks.

Gati takes justifiable pride in the several milestones it has achieved along the way, which have propelled it to a position of undisputed leadership in India.

■ Gati's pioneering tie-ups with *Bhutan Post* and *Maldives Post* offer Gati's Indian customers unhindered access to several destinations in the two countries. The company also provides complete shipment solutions to all other SAARC countries.

■ The *Alphonso Mango Scheme* is another popular 'customer delight' initiative from Gati, under which mango lovers can have the fruit delivered at their doorstep by placing orders telephonically or through the company's website.

■ Gati was the first Indian logistics company to implement *e-CRM* by launching a *Customer Call Centre* and a *Complaint Management System* that greatly quickens complaint resolution through automatic call distribution and escalation.

■ Gati's *Enterprise Management System* connects 267 offices and enables any consignment to be tracked from anywhere in the country. *e-POD* is another 'first' that enables consignors to view scanned images of their PODs on the website.

Little wonder, then, that Gati was the unanimous choice for the *Best Domestic Logistics Company* award from Frost and Sullivan last year.

Life is all about seeking and finding. Our appetite for challenge is insatiable. We have always sought out new questions, found value-added solutions for them, and then moved on to new ways to bring out the best in ourselves.

This pioneering spirit, this ability to be change leaders, has earned us many laurels. Which explains the current upbeat mood and infectious enthusiasm in the company.



Continuing to
deliver value

... in 2004-05

In September 2004, Gati entered into a special tie-up with Indian Airlines and launched **Gati Gold** and **Gati Silver** services, for speedy air-delivery of time-sensitive consignments at several major airports in India. The services will soon be extended to other domestic airports as well as a few overseas destinations.

In November 2004, Gati took a major step in tapping into India-centric business in the **Asia-Pacific region** by setting up a Regional Office at **Singapore**, in conjunction with several business houses and MNCs.

In the same month, the company launched **Gati Saver** in the small package segment. Any non-commercial shipment weighing up to 4 kg can be sent through this service at just Rs 90.

In February 2005, Gati Coast-to-Coast achieved a new milestone by launching a **direct service between Chennai and Yangon** (Myanmar). The benefit of this initiative was recently demonstrated when the company moved 55 containers from Yangon to Nagpur via Chennai in just 14 days, as against the normal transit time of 35-45 days (via Singapore, with transshipment at Mumbai).

In March 2005, Gati Coast-to-Coast achieved another milestone by setting up a new office at Port Blair, which will significantly boost its operations in the **Chennai-Port Blair sector**.

In June 2005, Gati set up an **office at Beijing** as a gateway for its India-centric express distribution, warehousing and inventory management business in China. In its endeavour to spread further in the Asia-Pacific region, the company will shortly set up offices in Thailand, Malaysia, UAE and Taiwan as well.

In July 2005, the company opened a 1:2 **Rights Issue** of 41,78,250 shares to its shareholders, at a premium of Rs 44 per share of Rs 10 face value. Coming at a fifth of the current market price of the scrip, the Rights Offer confers another big financial benefit to the shareholders, who have seen their pre-Rights share value appreciate threefold over the previous year.

During the year, Gati redefined logistics by launching state-of-the-art *Express Distribution Centres* (EDCs) at Kolkata, Jaipur, Pondicherry, Gurgaon, Ludhiana and Indore.

Equipped with highly advanced web-enabled software, warehouse management system and material handling equipment, these 'mechantronic' warehouses enable Gati to utilise its vertical space more effectively and provide world-class levels of operational efficiency.



IT initiatives

During the year, the company enhanced its *Gati Enterprise Management System* (GEMS) software by adding new modules for freight forwarding and ZIPP Courier Service. It also customised the application to meet international operational requirements.

The company's website has been revamped by providing several user-friendly features. One of the key features is the provision of complete solutions on the web to the customers, through an online 'chat' facility with the company's Customer Service personnel.

Communication amongst Gati'ites has been upgraded from 'messaging' to 'instant messaging' (online chats). By implementing Lotus Notes suite of products, the company has moved to 'collaborative working' through instant messaging, sharing presentations online, whiteboard and conferences on the web.

To supplement the company's central server at its Head Office, Gati is setting up an alternate *disaster recovery site*. It will also soon implement a portal for Gati'ites, as well as business intelligence and data warehousing solutions that will give a 'dashboard' facility on key performance indicators for the senior management.



2004-05 saw a consolidation of the pathbreaking HR initiatives launched by Gati the year before, in response to the business imperatives of its over 2360 employees. The revised promotion policy – branded ‘Talent for Tomorrow’ – is based on a careful diagnosis of the company’s operational dynamics, and enables high-performers to get on a ‘fast track’ growth route and reach their deserving responsibility levels, through special Assessment Centres. Aspirants for quick growth are given an opportunity to opt for a lateral shift - functional or geographical – and have their latent talent / potential rewarded. They are informed of their strengths and weaknesses at Development Centres, and advised on suitable means to develop themselves.

The company attaches great importance to equipping every Gati’ite and Business Partner with the right functional competencies in his / her job. A dynamic training process is in place, which develops and helps an individual in his / her career growth. Functional skills are honed mostly through internal training, imparted by senior personnel through structured modules. This helps in constantly streamlining the business processes of the company. Equal importance is accorded to training the Business Partners (Gati Associates, handlers, drivers and franchisees) as well. External assistance is taken for training drivers (TELCO, Ashok Leyland, Eicher) and handlers (Godrej, Jost).

For training its personnel in management / soft skills, Gati co-opts consultants and resource persons from reputed institutions such as IIMs, NIIT, FICCI, CII, AIMA, ICFAI, ASCI, XLRI, NITIE, etc. The training programmes are coordinated at the PD Agarwal Development Centres (PDADCs) at Chennai, Pune, New Delhi, Kolkata and Indore, and their satellite centres at Bangalore, Kochi, Mumbai, Ahmedabad, Chandigarh, Allahabad, Lucknow, Jamshedpur, Guwahati, Bhubaneshwar and Nagpur.

The company is contemplating to extend the benefit of life / medical / accident cover to its Business Partners (who are not regular employees) as well, subject to legal compliances if any.



Customer Meets and Carnivals

To know its customers better and understand their expectations, Gati held several Customer Meets and Carnivals through the year, at Ahmedabad, Bangalore, Baroda, Berhampore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Hyderabad, Indore, Jaipur, Jamshedpur, Kanpur, Kochi, Kolkata, Ludhiana, Lucknow, Mumbai, Nagpur, New Delhi, Pondicherry, Pune, Shantipur, Surat, Vapi, Varanasi and Warangal.

Exhibitions and Trade Fairs

Gati took part in several industrial exhibitions / fairs during the year. By offering updates on its wide range of integrated cargo management solutions, the company cemented its reputation as India's leader in logistics, as well as a comprehensive business partner to its customers.

- ■ All India Management Convention, New Delhi (September 2004)
- ■ International Trade Fair for Transport and Logistics, New Delhi (September 2004)
- ■ Network India-TiE Asia Pacific Conference, Singapore (October 2004)
- ■ Industrial Trade Fair 2004, Kolkata (December 2004)
- ■ National Convention of Indian Institute of Materials Management, New Delhi (December 2004)
- ■ StoneMart 2005: International Stone Industry Exhibition, Jaipur (January 2005)
- ■ Mahatech Exhibition, Pune (January 2005)
- ■ Exhibition jointly organised by CACCI and FICCI, New Delhi (February 2005)
- ■ Garment Fair, Indore (March 2005)



Excellence endorsed

Yet another recognition of Gati's professionalism came in the form of a **Certificate of Registration** conferred by the International Air Transport Association (IATA) for 2005 for meeting its standards to promote, sell and handle international air cargo transportation.



Corporate Social Responsibility

Gati's leadership stature goes beyond business success in terms of numbers and figures. Constantly seeking out avenues where it can discharge its duty to the community, Gati extends resources and takes initiatives for socially relevant causes and activities.

Succour to the needy

When huge tidal waves devastated India's south-eastern coast in December 2004, killing thousands and rendering lakhs homeless, all Gati'ites rose as one man to donate a day's salary to help in the massive relief effort. A Gati team rushed to the worst affected areas and provided much-needed food, clothes, blankets and utensils to the hapless survivors. Gati Coast-to-Coast is ferrying relief material free of cost from Chennai to Port Blair. The company has also adopted a village in Nagapattinam District, where it is constructing a school for 550 children at a cost of over Rs 28 Lakhs.

For a good cause

Two years ago, Gati adopted a government school in Hyderabad and spent over Rs 22 Lakhs in constructing the school building and supporting infrastructure (tables, chairs, blackboards, toilets). Equipped with 27 classrooms that can seat 1100 children, the school has since been named Gati Government High School. Gati continues to provide liberally for the school's maintenance and security.

Raising safety awareness

With a view to raising public awareness of the hazards of careless driving on densely packed urban roads, Gati has sponsored a police outpost at Secunderabad that urges traffic users to drive slowly and carefully. Two-wheeler riders are advised to wear helmets for additional safety.



Mapping the road ahead

Tomorrow beckons us with limitless opportunities, in both the domestic and international sectors. Supply Chain Management (SCM), e-commerce and third-party logistics (3PL) are rapidly emerging as new business areas with great potential. In order to stay focused on their core competencies and reduce operational costs, manufacturing companies are increasingly outsourcing their logistics requirements to 3PL providers.

Benchmarking itself against global standards, Gati seeks to achieve Six Sigma standards in the near future. It has proactively re-engineered its warehousing / distribution infrastructure, and made its operations more mechanized and process-oriented. The existing manpower is now able to handle more, thereby reducing operational costs. Initiatives undertaken during the year include:

Mechantronic warehouses: The express business hinges around effective utilization of space. Gati is introducing state-of-the-art warehouses with multi-level stacking features that effectively utilize the available cubic space. Equipped with modern material handling equipment (stackers, forklifts, cage lifts and CCTV), these warehouses offer several value-added services like on-line inventory control and monitoring, flexible hiring options, billing and collection assistance.

Palletised cargo movement: By efficient unitization (strapping several packages together in single units), Gati has greatly enhanced the stacking efficiency and in-transit safety of its consignments.

Multi-axle vehicles: To optimize vehicle usage on high-density routes, Gati has begun to introduce high-capacity multi-axle vehicles fitted with a special racking system that take in a much higher volume of pallets.

The foundation of any successful business is only as strong as the degree of customer satisfaction it can achieve. So it is our primary responsibility to understand our customers thoroughly, and delight them in the best manner possible. As Arthur Simon Bertie (Chief Business Chain Officer) observes, "Business is about people. **Stakeholders** are the financial mechanism that makes a company's business happen. **Customers**, as users of a company's services, are its paymasters. **Competitors** need to be respected, as they spur a company to excel and work on innovative and creative ideas. A company's **vendors** are its supporters, and should therefore be made to belong to the organisation. The company's **employees**, being service providers, make its customers happy by caring for them and responding to their various needs. As it is people who drive all the operations of Gati, it is important for everyone to work with the motto 'people service people' in mind."

Driven by an insatiable urge to excel, we stand at the threshold of a big leap forward, ready to greet tomorrow with a spring in our step.



A blueprint for tomorrow

The series of innovative initiatives pioneered by Gati over the last 15 years have borne ample fruit, establishing it as the undisputed leader in India in logistics solutions and services today. The company's remarkable growth has been propelled by an insatiable urge to delight its customers with exemplary quality and deliver value way beyond their expectations.

Driven by the twin engines of innovation and continuous organisational renewal, Gati has shown a conspicuous willingness to experiment with new ideas and relentlessly move up the logistics value chain.

Today, as it stands at the threshold of the next big leap, Gati seeks to...

- Be the leader in Asia-Pacific, and a globally preferred provider of India-centric supply chain services and solutions.
- Delight customers with quality service by setting new trends through innovation and technology.
- Be the most preferred organisation for all its stakeholders.
- Be a responsible corporate citizen with unwavering commitment to environmental protection and conservation.

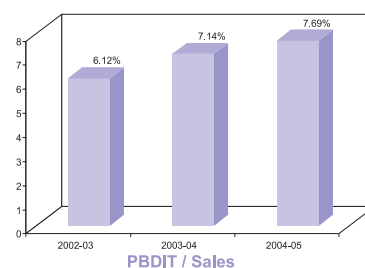
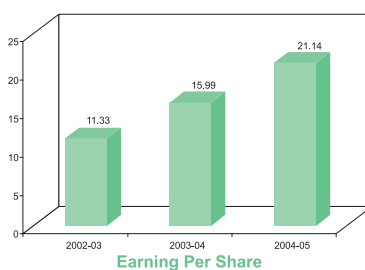
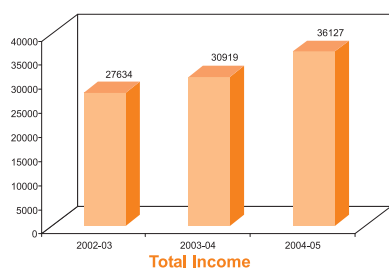
The success story. Told in numbers.

(Rupees in Lacs)

Particulars	2004 - 05	2003 - 04	2002 - 03
Sales	35919	30615	27514
Total Income	36127	30919	27634
Gross Profit Before Interest, Depreciation & Tax	2761	2187	1685
Interest (Net)	473	568	503
Depreciation	730	781	537
Profit Before Tax	1971	838	645
Income Tax	522	283	235
Profit After Tax	1449	555	410
Equity Dividend (%)	30	27	25
Dividend Payout	251	226	209
Equity Share Capital	836	836	836
Reserves & Surplus (Excl.Revaluation Reserves)	4225	3047	2738
Net Worth	5061	3883	3574
Gross Block	9433	8317	7167
Net Block	7767	6726	6682
Loan	6389	5603	5250

Key Indicators

Particulars		2004-05	2003-04	2002-03
Equity Share Capital	Rs / lacs	836	836	836
Earning Per Share	Rs.	17.34	6.64	4.91
Cash Earning Per Share	Rs.	26.06	15.99	11.33
Sales Per Share	Rs.	429.83	366.36	329.24
Book Value per share	Rs.	60.56	46.46	42.75
Debt : Equity Ratio		1.26	1.44	1.47
PBDIT / Sales	%	7.69	7.14	6.12
Net Profit Margin	%	4.01	1.80	1.48
Return on Networth	%	28.64	14.30	11.47
Return on Capital Employed	%	15.65	10.98	9.79



BOARD OF DIRECTORS



K L Chugh
Chairman



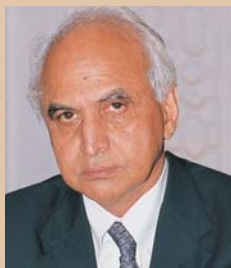
Mahendra Agarwal
Managing Director



Manoj Todi
Director – Infrastructure



Dr Ram S Tarneja
Director



Dr P Sudhakar Reddy
Director



N Srinivasan
Director



T S Rao
Director



Sunil Kumar Alagh
Director

MANAGEMENT TEAM

Mahendra Agarwal
Chief Executive Officer

Manoj Todi
Chief Infrastructure Officer

V T Pawar
Chief Finance Controller

Arthur Simon Bertie
Chief Business Chain Officer

T Kumaran
Chief, Coast-to-Coast

Mohan Prasad
Chief HR Officer

G S Ravikumar
Chief Technology Officer

Brad Jeffery
Vice President, International Business

K K Tan
Country Manager - China

Suresh Prasad Newatia
Head, Retention Business Development

Yogesh V Khamar
Head, Business and Operations (South)

M Maheen Kannu
Head, Retail Business

Madan Choudhary
Head, Documents and Packages Business

Manoj Agarwal
Head, Marketing Services & Brand Communication

**Chief Business Accounts & Finance Officer
and Company Secretary**
AS Sandhu

Auditors
M/s RS Agarwala & Co.,
Chartered Accountants

Legal Advisors
M/s Kanga & Co., Mumbai

Bankers
State Bank of India
ICICI Bank
UTI Bank

Registered Office
1-7-293, MG Road, Secunderabad – 500 003.

Notice to shareholders

Notice is hereby given that the Tenth Annual General Meeting of the members of the Company will be held on Thursday the 22nd September, 2005 at 11.00 am at Hotel Taj Residency, Road No.1, Banjara Hills, Hyderabad - 500 034, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 30th June, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Statutory and Branch Auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Registered Office
1-7-293, M G Road
Secunderabad 500 003
August 2, 2005

By Order of the Board
for **GATI LIMITED**

A S SANDHU
Chief Business Accounts &
Finance Officer & Company Secretary

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. 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.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. The Company has already notified closure of Register of Members and Share Transfer Books from 09.09.2005 to 12.09.2005 (both days inclusive) for payment of dividend on equity shares. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
4. Pursuant to the provision of Section 205A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 1997 (declared in October 1998), and thereafter, which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1997 or any subsequent financial years are requested to make their claim to the office of the Registrar and Transfer Agents, M/s Karvy Computershare Pvt.Ltd. It may also be noted that once the unclaimed Dividend is transferred to the Central Government 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 pincode 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 pincode immediately to the Depository Participant.
6. Shareholders holding shares in electronic form may kindly note that their Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.

7. 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 Limited, the transferor Company, under the Scheme of Arrangement) are requested to surrender their old share certificates to M/s TCI Industries Limited, Mukesh Textiles Mills, N.A. Sawant Marg, Colaba, Mumbai - 400 005 to obtain their new share certificates of four companies including this Company.
8. The shares of the Company are at present listed at The Stock Exchange, Mumbai, The Hyderabad Stock Exchange Ltd and The Calcutta Stock Exchange Association Limited. The Company has made an application to The Calcutta Stock Exchange Association Limited (CSE) for voluntary delisting of Equity Shares which is pending with CSE.
9. The shares of the Company have been compulsorily dematerialised with effect from 28.08.2000 and to give effect to the same, the Company has entered into a tripartite agreement with NSDL and CDSL. M/s Karvy Computershare Pvt. Ltd., Karvy House, 46, Avenue No.4, Street No.1, Banjara Hills, Hyderabad – 500 034 are Registrar and Share Transfer Agent for physical and demat shares.
10. Members are requested to utilise the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise the Company/their Depository Participants in case of their holding in physical/ electronic form alongwith relevant particulars.
11. At the ensuing Annual General Meeting, Mr TS Rao, Mr RK Pitamber and Mr S Bhattacharya retire by rotation, and Mr TS Rao being eligible, offers himself for reappointment. The information or details pertaining to Mr TS Rao to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange is provided in the Report on Corporate Governance forming part of this Annual Report. Mr. RK Pitamber due to ill health and Mr S Bhattacharya on account of personal reasons, have conveyed their inability to continue on the Board. For the time being, the company does not propose to fill up the vacancies caused by the retirement of Mr RK Pitamber and Mr S Bhattacharya.

Directors' Report

Your directors take pleasure in presenting their Report for the year ended 30 June, 2005.

Financial Results

Rs. in lacs

	2004-05	2003-04
Income	36127	30919
Profit before interest, depreciation and taxation	2761	2187
Interest	472	568
Depreciation	730	781
Profit before tax & Extraordinary Item		
(Reversal of Deferred Tax liability)	1559	838
Extraordinary Item	412	—
Profit before tax after Extraordinary Item	1971	838
Provision for tax		
Current tax	467	93
Deferred Tax	42	190
Fringe Benefit Tax	13	—
Profit after tax	1449	555
Balance brought forward from previous year	224	224
Balance available for appropriation	1673	779
Appropriations		
Proposed Dividend	251	226
Tax on Dividend	35	29
Tonnage Tax Reserve	41	—
General Reserve	1010	300
Balance carried forward	336	224
	1673	779

Dividend

The Directors recommend payment of Dividend of 30% for the year ended 30 June, 2005 on the Paid-up Equity Share Capital of the Company, as against 27% for the year ended 30 June, 2004. The dividend will absorb a sum of Rs. 286 lacs (Rs. 255 lacs previous year) including tax on Dividend of Rs. 35 lacs (Rs. 29 lacs previous year).

Review of Operations

During the year under review, your company achieved a turnover of Rs. 36127 lacs, as against Rs. 30919 lacs in the previous year, registering a growth of 17%. The Net Profit After Tax at Rs. 1449 lacs includes Rs. 412 lacs in respect of Deferred Tax liability reversal. The Net Profit after Tax has resultantly grown to Rs. 1037 lacs as against Rs. 555 lacs in the previous year, registering a growth of 87%.

Your Company has established modern state-of-art warehouses at Gurgaon, Ludhiana, Jaipur, Indore, Kolkota and Pondicherry, with multi-level stacking features for effective space utilisation. Equipped with stackers, forklifts, cage lifts and CCTV, they offer several benefits and services like on-line inventory control and monitoring, flexible hiring options and billing / data collection.

Your company is in the process of constructing more such warehouses in major cities in the country with Central focal point for distribution activities at Nagpur.

During the year under review your company has started 'Gati Silver' in alliance with Indian Airlines. Gati Silver is a product offered to the customers as a result of a tie-up between Gati and Indian Airlines. This is a door-to-door pick-up and delivery for sensitive sub-load cargo. The product provides a wide reach through multi-modal connectivity. It offers value-added services such as flexible delivery options, door pick-up and delivery, online tracking and toll-free call number. Besides this, it is more cost-effective in comparison to other services.

Your Company's international business operations are keeping pace with the changing market trends. Gati International team is handling international business with a new focus, in association with local logistics agents. The Company is having branches in Singapore & Nepal and liaison office in Sri Lanka, Hong Kong and China. The Company is in the process of opening branches / liaison offices in Thailand, Malaysia, UAE and Taiwan.

Your company is in the process of acquiring modernised, customized range of fleet of unique containers suited for Indian terrain to re-engineer and revamp its network to international standards. These containers are designed to increase the space utilisation as well as for storage of odd-sized materials with different dimensions.

Your Company has been certified by IATA (International Air Transport Association) to promote, service, market and handle international air cargo movement.

During the year under review the Coast-to-Coast division has launched a direct container service between Yangon and Chennai by extending the service from Chennai-Port Blair-Yangon-Chennai, which has resulted in better productivity and profitability.

Technology

During the year under review the Company enhanced Gati Enterprise Management System (GEMS) software by adding new modules for a) freight forwarding and b) ZIPP courier service, and also customized the applications to meet International Operational requirements.

The company's website has been revamped to make it user-friendly and provides a host of features to the customers. One of the key features introduced is online chat between the customers and the Gati customer service executives, thus providing real-time problem-solving facility to the customers.

The company has replaced its old messaging software with the Lotus Notes Collaborative suite of products facilitating faster problem-solving and decision-making through Instant Messaging, Sharing Presentations Online, Whiteboard and Conferences through Web.

Future Prospects

The Indian economy is set to grow at over 7% in the coming year. Buoyed further by impressive increase in international trade, the logistics industry can look forward to a very exciting growth period ahead.

Your Company's strategy to focus on Information Technology, Process Improvement, Cost Management and establishment of state-of-the-art warehouses, providing better quality service to its customers, will position your company very favourably in the years ahead.

Fixed Deposits

Fixed Deposits from the public and shareholders stood at Rs.1144.42 lacs at the end of the year. There were no overdue deposits. However, there were 58 unclaimed deposits of Rs.14.96 lacs as at 30 June, 2005. Out of these 19 unclaimed deposits aggregating to Rs. 5.53 lacs were renewed / repaid till the date of this report. Reminders have been sent to those depositors who have not yet claimed their deposits.

Rights Issue

Your Company has made an offer to issue 41,78,250 Equity Shares of Rs.10/- each for cash at a premium of Rs. 44/- per share aggregating to Rs. 2256 lacs on 'Rights' basis to the existing Equity Shareholders / Beneficial Owners of Equity Shares of the Company in the ratio of one Equity Share for every two Equity Shares held as on July 4, 2005, i.e., the Record Date. The issue was opened on July 18, 2005 and closing on August 18, 2005.

Directors

Mr T S Rao, Mr S Bhattacharya and Mr R K Pitamber retire by rotation at the conclusion of this Annual General Meeting. Mr T S Rao, being eligible, offers himself for re-appointment. Mr R K Pitamber, due to ill health, and Mr S Bhattacharya on account of personal reasons, have conveyed their inability to continue on the Board. Your Board, on behalf of shareholders and its own behalf, would like to put on record grateful thanks and appreciation for the contribution made by Mr RK Pitamber and Mr S Bhattacharya to the Company during their tenure.

Delisting

The application for voluntary delisting of Equity Shares of the Company is pending with Calcutta Stock Exchange Association Ltd. The Company's Equity Shares continue to be listed on The Stock Exchange, Mumbai - which has nationwide trading terminals – and the Hyderabad Stock Exchange.

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 30th June, 2005, 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 30th June, 2005 on a 'going concern' basis.

Auditors

The Auditors M/s R.S. Agarwala & Co., Chartered Accountants, hold office until the conclusion of this Annual General Meeting and are eligible for re-appointment.

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 given in the Annexure – I.

Personnel

Particulars of employees required under section 217(2A) of the Companies Act, 1956 are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Employee Stock Option Scheme

During the year, the Company has granted 90000 options to the non-promoter Directors of the Company. The full material particulars of the Scheme are given in Annexure-II.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure – III.

Acknowledgement

Your Directors would like to place on record their grateful appreciation for the wholehearted and sincere cooperation your company has received from the customers, banks, government authorities, fixed depositors and shareholders. Your Directors also wish to place on record their deep sense of appreciation for the devoted service of the management team, Employees and Associates of the company for its success.

For and on behalf of the Board

Secunderabad
August 2, 2005

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

Both Company Vessels 'MV Gati-1' and 'MV Gati-Suvidha' are run at the optimum speed to conserve fuel and maintain the required speed. Also, specific fuel consumption of the vessels is maintained keeping the plant and machinery under planned maintenance schedule and using the correct fuel grade at the best price.

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

1. Vehicles are replaced to improve efficiency, to ensure pollution is under control and to optimize fuel consumption.
2. Vehicles are selected carefully in compliance with all updated regulations relating to pollution control and Euro norms.
3. Drivers' training programmes are being conducted periodically to improve their operating skills and to minimise fuel consumption and wear-and-tear.

B) Foreign Exchange Earning and Outgo

The particulars of earning and expenditure in foreign exchange during the year are given as additional information in Schedule 23 to Notes on Accounts.

ANNEXURE – II

Details of Stock Options pursuant to SEBI guidelines on Stock Options:
GATI Employee Stock Option Scheme

S.No.	Description	Plan 2003
1	No. of shares available under GATI ESOSs	643500
2	Total No. of options granted	490000
3	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
4	Options vested during FY 2004-05	Nil
5	Options exercised during FY 2004-05	Nil
6	Options lapsed during FY 2004-05	32200
7	Variation of terms of options	Not Applicable
8	Money realised by exercise of options	Not Applicable
9	Grant price	Plan I - Rs. 35.50 per share for October 20, 2003 Plan II – Rs.61.20 per share for November 6, 2004.
10	Total No. of options in force as on 30 th June 2005	3,23,900
11	Grant details to members of Senior Management Team	
	Mr K L Chugh, Chairman	10000
	Mr Ram S Tarneja, Director	10000
	Mr N Srinivasan, Director	10000
	Mr R K Pitamber, Director	10000

	Dr P S Reddy, Director	10000
	Mr T S Rao, Director	10000
	Mr Sunil Kumar Alagh, Director	10000
	Mr S Bhattacharya, Director	10000
	Mr Manoj Todi, Director - Infrastructure	10000
	Mr V T Pawar, Chief Finance Controller	25000
	Mr Arthur Simon Bertie, Chief Business Chain Officer	30000
	Mr G S Ravi Kumar, Chief Information Officer	20000
12	No. of associates holding 5% or more of the total number of options granted during the year	Nil
13	No. of associates with 1 % or more of paid-up capital	Nil
14	Diluted EPS as per Accounting Standard 20	Rs.16.84
15	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 recognised if it had used the fair value of the options	Rs.1,17,40,804/-
	iii) The impact of this difference on profits and on EPS of the company	Profit after Tax (PAT) Rs.14,49,39,706 Less: Additional employee compensation cost based on fair value Rs. 1,17,40,804 Adjusted PAT Rs. <u>13,31,98,902</u> Adjusted EPS Rs. 15.47
	iv) Weighted average exercise price and fair value of Stock Options granted:	
	Stock Options granted on	20.10.2003 06.11.2004
	Weighted average exercise price (in Rs.)	35.50 61.20
	Weighted average exercise price (in Rs.)	53.90 190.60
	Closing Market Price at BSE on the date of grant (in Rs.)	48.60 87.30
	v) 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 the fair value of options. The option pricing models do not necessarily provide a reliable measure of the fair value of options.
	vi) The main assumptions used in the Black Scholes option-pricing model during the year were as follows:	
	Risk free interest rate	7%
	Expected life of options from the date(s) of grant	4 years
	Expected volatility	17.18%
	Dividend yield	3.25%

For and on behalf of the Board

Secunderabad
August 2, 2005

K L Chugh
Chairman

Report on Corporate Governance

ANNEXURE -III

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the Report on the matters mentioned in the said Clause and the practices followed by the Company.

COMPANY'S PHILOSOPHY

Gati's Philosophy on Corporate Governance envisages the attainment of the highest standards of Corporate Governance by transparency, accountability, ethics and equity with management flexibility, empowerment and responsiveness in the interest of Shareholders, Customers, Employees, Business Associates and the Society.

BOARD OF DIRECTORS

The Board of Directors comprises 10 Directors.

Composition and category of Directors

Director	Category	Designation
Mr. K L Chugh	Independent Non-Executive Director	Chairman
Mr. Mahendra Agarwal	Promoter and Executive Director	Managing Director
Mr. Manoj Todi	Executive Director	Director (Infrastructure)
Dr. Ram S Tarneja	Independent Non-Executive Director	Director
Mr. R K Pitamber	Independent Non-Executive Director	Director
Dr. P Sudhakar Reddy	Independent Non-Executive Director	Director
Mr. T S Rao	Independent Non-Executive Director	Director
Mr. N Srinivasan	Independent Non-Executive Director	Director
Mr. S Bhattacharya	Independent Non-Executive Director	Director
Mr. Sunil Kumar Alagh	Independent Non-Executive Director	Director

Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship / Membership of Committees in various companies:

Director	Attendance Particulars		Number of other Directorships and Committee Membership / Chairmanship		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. K L Chugh	4	Yes	2	None	None
Mr. Mahendra Agarwal	6	Yes	2	1	None
Mr. Manoj Todi	2	Yes	1	None	None
Dr. Ram S Tarneja	5	Yes	13	4	4
Mr. R K Pitamber	4	Yes	3	3	None
Dr. P Sudhakar Reddy	5	Yes	1	None	None
Mr. T S Rao	6	Yes	None	None	None
Mr. N Srinivasan	6	Yes	13	4	4
Mr. S Bhattacharya	6	Yes	None	None	None
Mr. Sunil Kumar Alagh	5	Yes	1	1	1

Number of Board Meetings held and the dates on which held

During the financial year 2004-05, the Board of Directors met 6 times on the following dates: 2nd August, 2004, 19th October, 2004, 6th November, 2004, 18th January, 2005 and 15th April, 2005 and 17th June, 2005. The maximum time gap between the meetings was not more than four calendar months.

Brief Resume of the Director seeking re-appointment

Mr T S Rao, IPS (Retd)., was a Commissioner of Police. While in the IPS, he was awarded the prestigious President of India Police Medal for distinguished service. He was also recipient of Unity Award for maintaining communal harmony in the twin cities as Commissioner of Police and also the outstanding Civil Servant Award while serving as the DGP of Andhra Pradesh. He was also Advisor to ITC Agro Tech Limited for two years. He is not on the board of any other public limited company.

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.

Composition and Terms of Reference

The Audit Committee of the Company has been constituted with three independent directors: Mr. N Srinivasan (Chairman), Mr. R K Pitamber and Mr. T S Rao.

The Committee deals with accounting matters, financial reporting and internal controls. Terms of reference of Audit Committee specified by the Board are as contained in Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Meetings and attendance during the year

During the year under review, the Audit Committee met six times. Mr N Srinivasan and Mr T S Rao were present at all the meetings while Mr R K Pitamber attended four meetings.

COMPENSATION & HR COMMITTEE:

Composition and other details

The Committee has been constituted with three independent directors: Mr. K L Chugh (Chairman), Mr. R K Pitamber and Dr. Ram S Tarneja.

Terms of reference

The Board has constituted the Compensation Committee to evaluate compensation and benefits for Executive Director(s) and to frame policies and systems of the Employee Stock Option Scheme and to look after the issues relating to major HR policies.

Attendance during the year

During the year the Committee met twice. All the Directors were present at all the meetings.

Remuneration Policy

The Compensation Committee devises policy for compensation and benefits for Executive Director(s) and frames policies and systems for the Employees Stock Options Scheme. The details of Employees Stock Options Scheme are given as an Annexure to Directors' Report.

Details of Remuneration paid to Directors for the year

a) Executive Directors

Mr. Mahendra Agarwal, Managing Director

Particulars	Rs. in Lacs
Salary	46.67
PF Contribution	3.60
Rent-free accommodation / perks	1.61
Superannuation	4.50
TOTAL	56.38

Mr. Manoj Todi, Director (Infrastructure)

Particulars	Rs. in Lacs
Salary & Bonus	9.00
PF Contribution	0.72
Rent-free accommodation / perks	2.21
Superannuation	0.90
TOTAL	12.83

b) Non-Executive Directors:

The sitting fee paid for the year ended 30th June, 2005 to the Directors, including Committee Meetings is as follows:

Name	Amount (Rs)	Name	Amount (Rs)
Mr. K L Chugh	40000	Mr. T S Rao	115000
Dr. Ram S Tarneja	50000	Dr. P Sudhakar Reddy	45000
Mr. R K Pitamber	70000	Mr. Sunil Kumar Alagh	40000
Mr. N Srinivasan	100000	Mr. S Bhattacharya	50000

The Commission paid for the year ended 30th June, 2004 to the Directors is as follows:

Name	Amount (Rs)	Name	Amount (Rs)
Mr. K L Chugh	125000	Mr. T S Rao	75000
Dr. Ram S Tarneja	75000	Dr. P Sudhakar Reddy	75000
Mr. R K Pitamber	75000	Mr. S Bhattacharya	75000
Mr. N Srinivasan	100000	Mr. Sunil Kumar Alagh	25000

The Company has also made a provision for commission payable to all the Non-Executive Directors not exceeding Rs.10.70 Lakhs for the year ended 30th June, 2005.

INVESTORS' GRIEVANCE COMMITTEE:

As a measure of good Corporate Governance and focusing on strengthening the relation with the stakeholders, the Board has formed an Investors' Grievance Committee.

Constitution and Composition

The Committee was constituted comprising of the following directors as members: Mr.T S Rao (Chairman), Mr. Mahendra Agarwal and Dr. P Sudhakar Reddy.

Compliance Officer

Chief Business Accounts & Finance Officer & Company Secretary.

Terms of Reference

The Committee has been constituted to look into the Investors' complaints and to redress the same expeditiously. The Committee meets as and when there are any complaints from investors. The Company Secretary of the Company is the Compliance Officer.

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

Details of complaints for the year 2004-05

S.No.	Nature of Complaint	Received	Disposed of	Pending
1	Non-receipt of Dividend Warrants	56	56	Nil
2	Non-receipt of Share certificates after transfer / split / consolidation	13	13	Nil
3	Non-receipt of Bonus Shares	9	9	Nil
4	Non-receipt of Annual Report	3	3	Nil

Seven requests for transfers were pending for approval as on 30th June 2005. Ten requests for dematerialisation were pending as on 30th June 2005 which were dealt with by 10th July, 2005.

General Body Meetings

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

Year	AGM / EGM	Date	Venue	Time
2001 - 2002	AGM	11 October, 2002	ITC Hotel Kakatiya Sheraton & Towers, Begumpet, Hyderabad - 500 016	10.30 A.M
2002 - 2003	AGM	20 October, 2003	ITC Hotel Kakatiya Sheraton & Towers, Begumpet, Hyderabad - 500 016	10.30 A.M
2003 - 2004	AGM	19 October, 2004	ITC Hotel Kakatiya Sheraton & Towers, Begumpet, Hyderabad - 500 016	10.30 A.M
2004 - 2005	EGM	17 January, 2005	Hotel Nakshatra, Jade Arcade, Paradise Circle, Secunderabad - 500 003	4.30 P.M

Details of Postal Ballot

No postal ballots were used/invited for voting at these meetings in respect of special resolution passed.

DISCLOSURES

Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large.

None

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.

The Company has received a Notice dated November 29, 2004 from SEBI in respect of alleged violation of Regulations 6 and 8 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and an offer there under to request for consent order that can be passed by the Adjudicating Officer under 15T (2) (b) of the SEBI Act, on payment of penalty as specified, within 30 days of receipt of the said letter.

The Company responded vide letter dated 3rd January 2005 to SEBI, providing details of certain disclosures, which were alleged to have not been made with proof to support such compliance, and requesting for time for submitting details of having complied with the balance disclosures.

As on date, there is no adjudication in the above matter.

MEANS OF COMMUNICATION

Results

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

Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL INFORMATION FOR SHAREHOLDERS

Date, Time and Venue of AGM : 22nd September, 2005 at 11.00 am
Hotel Taj Residency,
Banjara Hills, Hyderabad - 500 034.

Financial Calendar for 2005-2006 (tentative)

Annual General Meeting : 22nd September, 2005
Results for the quarter-ended 30 September, 2005 : Last week of October, 2005
Results for the quarter-ended 31 December, 2005 : Last week of January, 2006
Results for the quarter-ended 31 March, 2006 : Last week of April, 2006

Book Closure dates

From 9th September, 2005 to 12th September, 2005 (both days inclusive) for the purpose of the Annual General Meeting and payment of Dividend, if approved by the members.

Dividend Payment Date

The Dividend, if approved by the members, will be paid within the statutory time limit.

Listing on Stock Exchanges

The Company's Shares are listed on The Stock Exchange, Mumbai, The Hyderabad Stock Exchange Limited and the Calcutta Stock Exchange Association Limited.

The listing fee for the year 2005-06 has been paid to all the above Stock Exchanges.

Stock Code

a) Trading Scrip code Bombay Stock Exchange : 32345
Trading Scrip ID Bombay Stock Exchange : GATICOR
Trading Scrip code Bombay Stock Exchange (Demat Segment) : 532345
Trading Scrip ID Bombay Stock Exchange (Demat Segment) : GATIDM
b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares : INE 152B01019

Monthly high / low stock quotations at Bombay Stock Exchange (BSE)

(Rupees)

Month	High	Low
July 2004	57.00	48.05
August 2004	67.00	48.30
September 2004	74.50	63.05
October 2004	99.00	68.00
November 2004	125.10	76.10

Month	High	Low
December 2004	115.00	97.50
January 2005	125.00	92.00
February 2005	148.00	114.10
March 2005	142.00	117.00
April 2005	219.00	120.00
May 2005	264.00	192.00
June 2005	294.00	186.00

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

Particulars	Gati share price v/s BSE	
	Share Price (Rs)	BSE Sensex
As on 1 July, 2004	51.95	4874.05
As on 30 June, 2005	189.60	7193.85
% Change	264.97%	47.59%

Registrar and Share Transfer Agents

M/s Karvy Computershare Private Limited
(Unit: Gati Limited)
46, Avenue 4, Street No.1, Banjara Hills
Hyderabad 500 034.

Share Transfer System

The Company has a Registrar and Share Transfer Agent. Share transfers, where 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 dematerialisation 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 30 June, 2005

Number of Shares	Number of shareholders	% of total shareholders	Number of Shares	% to Total Capital
Upto 500	19092	98.10	714452	8.55
501-1000	158	0.81	126752	1.52
1001-2000	82	0.43	117237	1.40
2001-3000	33	0.17	83539	1.00
3001-4000	19	0.10	68464	0.82
4001-5000	18	0.09	81560	0.97
5001-10000	26	0.13	176177	2.11
10001-and above	33	0.17	6988319	83.63
TOTAL	19461	100.00	8356500	100.00

Distribution of Shareholding as on 30 June, 2005

Category	Number of shares held	% shareholding
Financial Institutions & Banks	16007	0.19
Foreign Institutional Investors	100600	1.20
Non-Resident Indians	50677	0.61
Bodies Corporate	3538738	42.35
Directors and Relatives	1848849	22.12
General Public	2801629	33.53
TOTAL	8356500	100.00

Dematerialisation of Shares

Over 94.09% of the total shares have been dematerialised upto 30th June 2005. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th August 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

Not Applicable

Plant Locations

Not Applicable

Investor Correspondence

For Shares held in physical & Demat form

Karvy Computershare Pvt. Ltd.

(Unit: Gati Limited)
46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad 500 034.
Tel: 040 – 23312454
Email: madhusudhan@karvy.com & mohsin@karvy.com

Any Query on Annual Report

Gati Limited
Secretarial Department
1-7-293, M G Road, Secunderabad - 500 003
Tel Nos. 040 - 27844284 / 27843788
Email: com_sec_dept_ho@gati.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Gati Limited.

We have reviewed the compliance of the conditions of Corporate Governance by Gati Limited for the year ended June 30, 2005, 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. Our 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 our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We 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 **R S Agarwala & Co.**
Chartered Accountants

Camp. Secunderabad
August 2, 2005

R S Agarwala
Partner
Membership No. F-5534

Management Discussion and Analysis

Industry Structure and Development

The year 2004-05 saw the emergence of India as the world's tenth largest economy. With a GDP of US\$ 692 billion, India entered the elite group of the world's fastest developing nations. However, despite such an impressive achievement, the GDP growth rate was only 6.9%, as compared to 8.5% last year. Sectors that registered good overall growth in India in 2004-05 were manufacturing, trade, hospitality, transport and communication.

By leveraging its country-wide network of branches, 'Express Distribution Centres' (EDCs) and 'Centralised Distribution Centres' (CDCs), Gati is at the right place to take advantage of a dynamic market that is actively outsourcing its express distribution and supply chain requirements.

Opportunities

The Indian express cargo industry - organised and unorganised - has huge growth prospects for both local and international players alike. The increasing investment in infrastructure, booming manufacturing and development of organised retail sectors are providing business potential for the express cargo companies. Gati, with its inherent know-how and distribution management skills, coupled with technology leanings and infrastructure installation, is suitably placed to reap the benefits.

Threats, Risks and Concerns

An increased need for an India-centric supply chain services and solutions provider led Gati to spread its operations to Singapore, Sri Lanka, Nepal, Hong Kong and China. Each of these markets has taught Gati valuable lessons in terms of the different market rules, government regulations, mindsets of people, learning how to read and forecast the economic trends so as to best hedge the business. However, its vast experience in the field mitigates the risks considerably. The industry still faces competition from the unorganised sector on the grounds of pricing and certain local advantages.

A disruption in service due to natural calamities or delay in movement of shipments by any mode affects the company's service levels.

Rapidly rising fuel prices remain a matter of concern for express distribution and supply chain companies. Fluctuations in international oil prices have a direct impact on our operating costs. Better productivity, cost management and the 'diesel surcharge' mechanism of Gati mitigate the same to a large extent. The risks are continuously monitored by the company's in-house Risk Management Group, which aims to anticipate and mitigate various risks.

Business Overview

Gati has a unique business model under which it operates in three business segments: Express Distribution & Supply Chain, Coast-to-Coast and Fuel Stations.

The Express Distribution & Supply Chain segment continues to dominate the Income of the company in 2004-05. During the year, the Company achieved a turnover of Rs. 36127 lacs, as against Rs. 30919 lacs in the previous year, registering a growth of 17%. The Net Profit After Tax is Rs. 1449 lacs which includes Rs. 412 lacs in respect of Deferred Tax liability reversal. The Net Profit After Tax has resultantly grown to Rs. 1037 lacs as against Rs. 555 lacs in the previous year, registering a growth of 87%.

The following are the segment-wise Revenue figures of the Company for the year under review.

(Rs in Lacs)

Division	2004-05	2003-04
Express Distribution & Supply Chain	25914	21160
Coast-to-Coast (Shipping)	2713	2444
Fuel Stations	7292	7011
Other Income	208	304
Total	36127	30919

Operational Performance

Gati, one of India's leading express distribution and supply chain companies, offers multi-modal transport services, has a strong infrastructure consisting of a vast network of own offices and franchisees in India, has own and outsourced fleet of trucks, and own ships. Gati has an alliance with Indian Airlines for joint promotion of small cargo movement by air.

Gati infrastructure facilities consist of Rail Transit Centres, Surface Transit Centres and Air Transit Centres across the country, altogether covering a vast web of over 3.20 lakh km every day. The fleet is armed with a vast number of surface vehicles operated by a countrywide network of pickup / delivery associates and vendors.

Suvidha, the Company's courier services is renamed as 'ZIPP', which offers a host of flexible and customer-friendly features. A new product, 'Worldwide Saver', was recently launched by the Company to handle bulk-mailing requirements of customers to international destinations.

The Company's international business operations are keeping pace with the changing market trends. Gati International team is handling international business with a new focus, in association with local logistics agents. Gati has branches in Singapore & Nepal and liaison offices in Sri Lanka, Hong Kong and China. The Company is in the process of opening branches / liaison offices in Thailand, Malaysia, UAE and Taiwan.

Outlook and Future Strategies

Gati's vision of becoming the leader in Asia-Pacific and a globally preferred provider of India-centric supply chain services and solutions will be the guiding force behind the company's future strategies.

Gati's future strategies are focused on Information Technology, process improvement, cost management, establishment of state-of-the-art warehouses and provision of better quality service to its customers, which will position it very favourably in the years ahead.

Vision

Gati shall:

- Be the leader in Asia-Pacific and a globally preferred provider of India-centric supply chain services and solutions.
- Delight the customers with quality services by setting new trends through innovation and technology.
- Be the most preferred organization for all its stakeholders.
- Be a responsible corporate citizen with unwavering commitment to environmental protection and conservation.

Core Values

- To be ethical, integrated and transparent in our leadership.
- To respect and treat with value the enquiries of others.
- To be caring and abundant in giving support and services to others.
- To balance the body and mind, and 'people serve people' in good spirit.
- To approach life holistically and elegantly with sympathy.
- In keeping with Indian culture and attitude, never say 'no' to servicing a customer.
- To be a responsible corporate citizen and remain committed to the cause of environmental protection and conservation.

Key Success Factors

Gati is always focussed on the following Key Success Factors:

- Customer / Partner / Gati'ite satisfaction.
- Organization effectiveness and flexibility
- Quality and value-added services.
- Dependability and trust.
- The Gati'ites' culture of services.

Internal Management Control Systems and their Adequacy

Gati has an internal control system commensurate with its size and nature of business to meet the following objectives:

- Efficient utilization and protection of the Company's resources.
- Safeguarding and protecting the interests of the company.
- Compliance with internal policies and procedures.
- Effective monitoring and compliance with the applicable laws, rules and regulations.
- Completeness, accuracy and generation of reports for all transactions of the company in time.

Gati has an effective Internal Audit and Risk Management System coupled with a Vigilance System to monitor the entire gamut of its operations spreading across all locations on a regular basis, which is carried out by the Risk Management Group (RMG) and reviewed by the Audit Committee. Comprising members specialized in various functional areas, the RMG plays a valuable proactive role and provides valuable suggestions for overall improvement.

Human Resources

The Gati family as on 30th June, 2005 was 2364 members strong and duly supported by 512 trainees from Gati Learning School.

Gati has been able to effectively bring forth a higher level of critical appreciation of its Performance Management System (PMS) during the year and powerfully link it to the Business Performance.

It has also been able to leverage well the Performance Linked Award (PLA) as an impetus to gauge and reward performance.

The revisit of the Promotion Policy has opened up a transparent career development map for all Gati'ites, especially those who wish to move along the 'Fast Track'.

Quality and Customer Service

The dynamic market is constantly evolving, and customers' expectations are constantly on the rise. Gati's priority is to work towards personalised and innovative services, thereby building an everlasting relationship with its customers. The company has taken several internal and external initiatives in this regard, including changes in people and processes, which have borne fruit now with reliable and better services.

The company's Call Centre number has been changed to 1600-425-4284 to bring uniformity.

Corporate Social Responsibility

Gati believes that the organisational growth objective is always linked with the overall development of the society and the community at large. Gati and its employees have come together in the past to contribute liberally towards several worthwhile social causes. Gati and Gati'ites have contributed to assist people affected by the Tsunami in December 2004. As a part of its contribution, Gati carried relief materials to Andaman and Nicobar Islands free of cost on its vessels.

Auditors' Report

TO THE MEMBERS OF GATI LTD.

We have audited the attached Balance Sheet of Gati Ltd. as at 30th June, 2005, the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, in which are incorporated the audited accounts of the Coast-to Coast Division and the branches in Nepal and at Singapore 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 includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principle 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 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, refer 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 representations received from the directors as on 30th June, 2005 and taken on record by the Board of Directors none of the directors is disqualified as on 30th June 2005 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
 - vi) 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, 2005.
 - b) In the case of Profit and Loss Account, of the profit 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

Camp. Secunderabad
August 2, 2005

R S Agarwala
Partner
Membership No. F-5534

Annexure to Auditors' Report referred to in paragraph 3 of our report of even date.

1. The Company has maintained records showing quantitative details and situations of fixed assets like land, buildings, 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. Physically 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 granted unsecured loans to a Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year aggregates to Rs. 65 lakhs which was fully repaid during the year.
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interests of the Company.
(c) 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 Companies Act, 1956.
5. There are adequate internal control procedures commensurate with the size and nature of the Company's business for the purchase of inventories, assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal controls, 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 transactions that need to be entered into the register in pursuance of Section 301 of 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 contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which similar transactions have been made with other parties.
7. The Company has complied with the provisions 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 firms of Chartered Accountants at certain places 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, sales 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, the particulars of dues of income-tax, sales tax, wealth tax, service tax and

employees' state insurance as at June 30, 2005 which have not been deposited on account of a dispute are as under:

Nature of Dues	Amount (Rs. In Lacs)	Forum where pending
Income Tax	3.53	CIT (Appeals)
Nepal Income Tax	11.91	Tax Department
Employees State Insurance	16.89	ESI Court

11. The Company has no accumulated losses as at June 30, 2005 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
12. Accordance 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 chit fund/ 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 investment in shares, securities, debentures etc are held by the Company in its own name.
16. In our opinion, and according to the information and explanations 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 purposes 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 long-term investment.
19. The Company has not made any preferential allotment of shares during the year.
20. There are no debentures outstanding at the year-end.
21. The Company has not raised any money by public issues 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 have we been informed of such cases by the Management.

for **R S Agarwala & Co.**
Chartered Accountants

Camp. Secunderabad
August 2, 2005

R S Agarwala
Partner
Membership No. F-5534

Balance Sheet as at 30th June 2005

(Amount in Rs. Lacs)

As at	Schedule	30th June 2005	30th June 2004
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	835.65	835.65
Reserves & Surplus	2	4,921.91	3,745.44
		5,757.56	4,581.09
Loan Funds			
Secured Loans	3	4,284.20	4,009.83
Unsecured Loans	4	2,104.42	1,593.57
		6,388.62	5,603.40
Deferred Tax Liability	5	552.37	922.61
Total Funds Employed		12,698.55	11,107.10
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	9,432.85	8,316.71
Less: Depreciation		2,917.76	2,313.78
Net Block		6,515.09	6,002.93
Capital-Work-in-Progress		1,251.66	723.15
		7,766.75	6,726.08
Investments	7	418.11	171.97
Current Assets, Loans and Advances			
Inventories	8	106.96	74.23
Sundry Debtors	9	4,194.79	4,061.54
Cash and Bank Balances	10	743.14	686.67
Loans and Advances	11	1,494.55	1,374.35
		6,539.44	6,196.79
Less: Current Liabilities and Provisions			
Liabilities	12	1,493.70	1,575.86
Provisions	13	532.05	411.88
		2,025.75	1,987.74
Net Current Assets		4,513.69	4,209.05
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	-	-
Total Assets (Net)		12,698.55	11,107.10
Notes on Accounts	23		

Schedules 1 to 14 and Schedule 23 referred to above form part of the Balance Sheet

In terms of our Report of
even date attached

For and on behalf of the Board

For **R S Agarwala & Co.**
Chartered Accountants

V T Pawar
Chief Finance Controller

K L Chugh
Chairman

Mahendra Agarwal
Managing Director

R S Agarwala
Partner

A S Sandhu
Chief Business Accounts & Finance
Officer & Company Secretary

N Srinivasan
Director

Camp: Secunderabad
August 2, 2005

Secunderabad
August 2, 2005

Profit and Loss Account for the year ended 30th June, 2005

(Amount in Rs. Lacs)

Particulars	Schedule	30th June 2005	30th June 2004
INCOME			
Freight & Warehousing	15	28,626.76	23,604.01
Sales (Note 13 (I))		7,291.99	7,011.01
Other Income	16	208.04	303.52
TOTAL		36,126.79	30,918.54
EXPENDITURE			
Cost Of Sales	17	7,172.17	6,897.55
Operating Expenses	18	18,041.52	14,451.40
Personnel Expenses	19	3,995.06	3,500.34
Administrative Expenses	20	3,713.04	3,319.72
Repairs & Maintenance Expenses	21	443.59	562.08
Interest (Net)	22	472.59	568.33
Depreciation (Net - Note 2)		729.67	781.33
TOTAL		34,567.64	30,080.75
Profit Before Tax and Extra Ordinary Item		1,559.15	837.79
Extra Ordinary Item - Deferred Tax (Note - 4)		412.24	-
Profit Before Tax		1,971.39	837.79
Provision for Tax			
Current Tax		467.00	93.00
Deferred Tax		42.00	189.61
Fringe Benefit Tax		13.00	-
Profit after Tax		1,449.39	555.18
Balance Brought Forward From Previous Year		223.87	223.80
Balance Available for Appropriation		1,673.26	778.98
APPROPRIATIONS			
Proposed Dividend		250.69	225.62
Tax on Dividend		35.16	29.49
Tonnage Tax Reserve		41.00	-
General Reserve		1,010.00	300.00
Balance Carried to Balance Sheet		336.41	223.87
		1,673.26	778.98
Earning per Share		17.34	6.64
Notes on Accounts	23		

Schedules 15 to 23 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**V T Pawar**
Chief Finance Controller**K L Chugh**
Chairman**Mahendra Agarwal**
Managing Director**R S Agarwala**
Partner**A S Sandhu**
Chief Business Accounts & Finance
Officer & Company Secretary**N Srinivasan**
DirectorCamp: Secunderabad
August 2, 2005Secunderabad
August 2, 2005

Schedules to the Accounts

(Amount in Rs. Lacs)

				30th June, 2005	30th June, 2004
(1) SHARE CAPITAL					
Authorised					
20,000,000 Equity Shares of Rs. 10 each				2,000.00	1,000.00
10,00,000 Redeemable Preference Shares of Rs.100 each				1,000.00	700.00
				3,000.00	1,700.00
Issued, Subscribed and Paid-up:					
83,56,500 Equity Shares of Rs 10 each fully paid up :				835.65	835.65
Of the above :					
2,501,899 Shares were allotted for consideration other than cash as per the Scheme of Arrangement.					
2,785,500 shares were issued as fully paid bonus shares by capitalisation of Share premium.					
The Company has granted Options under the Companies Employees Stock Options Scheme and 3,23,900 options are outstanding as at 30th June, 2005. Of this 70,170 options will vest in 2005-06, 1,20,560 options in 2006-07, 1,06,170 options in 2007-08 and 27,000 options in 2008-09.					
	Balance on 1st July 2004	Additions	Deductions	30th June, 2005	30th June, 2004
(2) RESERVES & SURPLUS					
Capital Reserves :					
Revaluation Reserve	698.32	-	1.27 (a)	697.06	698.32
Share Premium	73.31	-	-	73.31	73.31
Employees' Stock Option	8.69	14.19 (b)	-	22.88	8.69
Others	1.25	-	-	1.25	1.25
				794.50	781.57
Revenue Reserves :					
General Reserve	2,300.00	1100.00 (c)	-	3,400.00	2,300.00
Shipping Business Reserve (utilised)	350.00	-	-	350.00	350.00
Investment Fluctuation Reserve	90.00	-	90.00 (d)	-	90.00
Tonnage Tax Reserve	-	41.00 (e)	-	41.00	-
Profit and Loss Account				336.41	223.87
				4,127.41	2,963.87
				4,921.91	3,745.44

(a) Transferred to Profit and Loss Account being depreciation provided on revalued amount.

(b) 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 year. Consequently salaries, wages and bonus includes Rs.14.19 lacs (Previous Year Rs. 8.69 lacs), being amortisation of deferred employee compensation after adjusting for reversal on account of options left.

(c) Transferred from i) Investment Fluctuation Reserve Rs.90 lacs and ii) Profit and Loss Account Rs.1010 Lacs

(d) Transferred to General Reserve.

(e) Transferred from Profit & Loss Account.

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(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.1492.65 Lacs , Previous year Rs. 878.00 Lacs)	2,355.58	2,411.13
Secured by hypothecation of Motor Trucks, Motor Cars and Computer equipments acquired there against (Repayable within one year Rs.185.37 Lacs, previous year Rs.180.35 Lacs)	321.05	482.41
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	1,607.57	1,116.29
	4,284.20	4,009.83

In addition, the loans to the extent of Rs.3963.00 lacs are also guaranteed by the Managing Director

(4) UNSECURED LOANS		
Fixed Deposits	1,144.42	943.57
Short Term Loans and Advances		
Commercial Paper (a)	960.00	650.00
(a) Guaranteed by the Managing Director		
	2,104.42	1,593.57

	At Ist July 2004	Current Year	30th June, 2005	30th June, 2004
(5) DEFERRED TAX LIABILITY				
Deferred Tax (Assets)/Liability				
Difference between book and				
Tax Depreciation	929.17	(367.24)	561.93	929.17
Disallowance under Section 43B	(6.56)	(3.00)	(9.56)	(6.56)
			552.37	922.61

Schedules to the Accounts

6. FIXED ASSETS

(Amount in Rs. Lacs)

Description	At Cost or Valuation				Depreciation				Net Block	
	As At 01.07.2004	Additions During the Year	Deductions During the Year	Balance As At 30.06.2005	Up to 01.07.2004	For the Year	Adjustment On Deductions	Balance As at 30.06.2005	30th June, 2005	30th June, 2004
Land	871.31	249.95	15.42	1105.84	-	-	-	-	1105.8	871.31
Buildings	874.74	105.49	-	980.23	61.51	15.55	-	77.06	903.17	813.23
Vehicles	1119.25	38.58	144.91	1012.92	518.26	136.33	89.72	564.87	448.05	600.99
Plant & Machinery	227.53	569.75	-	797.28	44.70	21.05	-	65.75	731.53	182.83
Computers	2948.30	195.42	38.65	3105.07	1257.69	429.14	37.07	1649.76	1455.31	1690.61
Ships	1419.36	-	-	1419.36	120.72	70.97	-	191.69	1227.67	1298.64
Furniture & Fittings	486.03	129.62	0.03	615.62	220.68	38.61	0.03	259.26	356.36	265.35
Office Equipments	370.19	26.76	0.42	396.53	90.21	19.29	0.13	109.37	287.16	279.98
Total	8316.71	1315.57	199.43	9432.85	2313.77	730.94	126.95	2917.76	6515.09	6002.93
Previous Year	7166.60	2841.42	1691.31	8316.71	1920.44	782.59	389.26	2313.77	-	6002.93
Capital Work-in-Progress								Total	1251.66	723.15
									7766.75	6726.08

a) A part of Land & Buildings were revalued on 31st December, 1997, 29th June, 1999, and 31st March, 2000 and the resultant increase in the value of assets by Rs.45.96 lacs, Rs. 141.31 lacs, and Rs.148.35 lacs respectively and aggregating to Rs. 335.62 lacs was transferred to Revaluation Reserve.

b) Depreciation for the Year includes Rs.1.27 lacs in respect of the above revaluations.

c) Capital Work-in-Progress represents Building under construction and Capital Advances.

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(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
Unquoted		
Government Securities		
1 11% PSIDC Bond of Rs.1 lac each	1.00	1.00
3 11.50% PSEB-2010 Bonds of Rs. 5 lacs each	15.74	15.74
5 12.20% HPRIDC Bonds of Rs.1 lac each	4.51	5.23
3 13.25% WBIDFC Bonds of Rs.1 lac each	-	3.14
3 11% GEB Bonds of Rs.1 lac each	2.97	2.97
	24.22	28.08
Share Application Money		
2,500,000 of Gati Infrastructure Ltd. of Rs.10/- each. (Paid during the year)	250.00	-
	418.11	171.97
Market Value of Quoted Investments	323.26	88.02
(8) INVENTORIES (As taken, valued and certified by the Management)		
Diesel, Petrol etc. (at lower of cost and net realisable value)	50.93	41.49
Stores & Spare Parts (at cost)	56.03	32.74
	106.96	74.23
(9) SUNDRY DEBTORS (Unsecured - Considered Good)		
Outstanding for more than six months	47.72	108.43
Others	4,147.07	3,953.11
	4,194.79	4,061.54
(10) CASH AND BANK BALANCES		
Cash in Hand	60.76	89.34
Remittance in Transit	362.53	247.23
With Scheduled Banks:		
In Current Accounts (a)	99.45	149.88
In Deposit Accounts (b)	130.65	146.96
In Unpaid Dividends Accounts	89.75	53.26
	743.14	686.67

a) Includes with Non-Scheduled Banks
 Bhutan National Bank - Rs.448 (Maximum balance during the year Rs.1.46 lacs)
 Everest Bank Limited - Rs.23,289 (Maximum balance during the year Rs.4.54 lacs)

b) Some of the Fixed Deposit Receipts are deposited with banks against guarantees issued

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(11) LOANS AND ADVANCES (Unsecured - Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	826.96	827.34
Advances and Deposits	384.55	327.67
Tax Deducted at Source	283.04	219.34
	1,494.55	1,374.35
Due from Officers of the Company	-	1.40
Maximum Due During the Year	1.40	2.61
(12) LIABILITIES		
Sundry Creditors	369.02	607.46
Other Liabilities	755.93	665.77
Interest Accrued on Loans	42.84	41.69
Security Deposits	236.16	207.68
Unpaid/Unclaimed Dividends	89.75	53.26
	1,493.70	1,575.86
There are no amounts to be transferred to Investor Education and Protection Fund.		
(13) PROVISIONS		
Taxation (Net of Payments)	215.03	128.09
Gratuity and Leave Encashment	31.17	28.68
Proposed Dividend	250.69	225.62
Tax on Dividend	35.16	29.49
	532.05	411.88
(14) MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Deferred Revenue Expenditure		
Balance at the beginning of the year	-	85.21
Less : Written off during the Year	-	85.21
	-	-
(15) FREIGHT & WAREHOUSING		
Freight, Miscellaneous charges etc (a) (Tax deducted Rs.60.96 lacs, Previous Year Rs.47.55 lacs)	25,561.56	20,853.63
Warehousing Charges	352.04	306.22
Shipping Freight, Charter Hire, Miscellaneous charges (a)	2,713.16	2,444.16
(a) Includes Demurrage of Rs.160.61 lacs, Previous Year Rs.51.37 lacs)		
	28,626.76	23,604.01

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(16) OTHER INCOME		
Rent (Tax deducted Rs.0.79 lacs, Previous Year Rs. 0.59 lacs)	6.24	5.03
Miscellaneous Income	192.83	121.60
Difference in Exchange (Net)	8.97	2.46
Profit on Sale of Ship (Net)	-	174.43
	208.04	303.52

(17) COST OF SALES		
Opening Stock	41.49	24.77
Purchases	7,181.61	6,914.27
	7,223.10	6,939.04
Less : Closing Stock	50.93	41.49
	7,172.17	6,897.55

(18) OPERATING EXPENSES		
Freight	15,138.39	11,915.98
Vehicles' Trip Expenses	470.91	326.99
Tyres & Tubes	16.57	9.19
Other Operating Expenses	738.73	685.67
Claims for Loss & Damages (Net)	49.71	102.54
Commission	25.76	48.86
Vehicles' Taxes	19.46	19.40
Vehicles' and Ships Insurance	77.07	91.44
Power, Fuel and Water Expenses	551.82	566.71
Stores & Spare Parts Consumed	108.29	96.37
Port & Survey Expenses	844.81	588.25
	18,041.52	14,451.40

(19) PERSONNEL EXPENSES		
Salaries, Wages & Bonus	3,418.53	2,950.01
Gratuity	29.93	41.65
Contribution to Provident & Other Funds	169.40	158.16
Contribution to Employees' State Insurance	37.83	32.03
Other Personnel Expenses	339.37	318.49
	3,995.06	3,500.34

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(20) ADMINISTRATIVE EXPENSES		
Rent	569.52	506.64
Rates and Taxes	12.91	7.76
Insurance (includes Rs.5.00 Lacs towards Keyman Insurance Policy)	47.01	45.04
Telephone Expenses	330.11	411.54
Printing and Stationery	303.18	301.19
Travelling Expenses	489.04	482.31
Legal Expenses	36.91	44.11
Advertisement Expenses	332.17	79.95
Office Maintenance and Repairs	354.88	304.69
Miscellaneous Expenses	898.22	928.04
Remuneration to Directors:		
Salaries & Allowances	55.67	38.50
Commission	10.70	6.25
Fees	5.10	2.55
Remuneration to Auditors:		
For Audit	4.07	2.37
For Tax Audit	1.25	0.76
For Certification	1.00	-
Bad Debts and irrecoverable Balances Written Off (Net)	191.45	137.62
Charity & Donations	43.55	4.71
Loss on redemption of Investment in Government Securities	0.14	-
Loss on sale of Fixed Assets (Net)	26.16	15.69
	3,713.04	3,319.72
(21) REPAIRS & MAINTENANCE EXPENSES		
Motor Trucks	64.26	62.24
Other Vehicles	57.68	54.90
Plant & Machinery	13.88	5.01
Buildings	8.33	16.01
Computers	96.73	63.50
Ships	113.78	151.84
Dry Docking Expenses	88.93	208.58
	443.59	562.08
(22) INTEREST		
Fixed Loans	316.07	432.25
Fixed Deposits	102.00	96.35
Others	73.11	67.98
	491.18	596.58
Less: Interest Received (a)	18.59	28.25
(Tax Deducted Rs.1.95 lacs, Previous Year Rs. 5.99 lacs)	472.59	568.33
(a) Includes Rs.3.52 lacs from Investments in Government Securities, Previous Year Rs.1.28 lacs)		

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(23) NOTES ON ACCOUNTS		
1. REMUNERATION TO DIRECTORS		
Managing Director		
Salaries & Allowances	46.67	26.13
Money value of Perquisites	1.61	1.51
Contribution to Provident /Superannuation Funds	8.10	8.03
Wholetime Director		
Salaries & Allowances	9.00	12.38
Medical Reimbursement	2.21	19.57
Contribution to Provident /Superannuation Funds	1.62	1.70
Other Directors		
Commission	10.70	6.25
Fees	5.10	2.55
	85.01	78.12
Computation of net profit in accordance with Section 309(5) of the Companies Act, 1956		
Profit before Tax	1,559.15	837.79
Add :		
Depreciation as per accounts	729.67	781.33
Loss on redemption of investment in government securities	0.14	-
Directors' Remuneration/Commission	85.01	78.12
Sub-total	2,373.97	1,697.24
Less :		
Profit on sale of assets	1.11	188.87
Depreciation under Section 350	729.67	781.33
Net profit computed in accordance with Section 309(5)	1,643.19	727.04
Commission payable to Directors - 1%	16.43	7.27
Restricted to	10.70	6.25
The above does not include contribution to Gratuity Fund and provision for encashable leave which is actuarially calculated on an overall basis.		
2. THE NET DEPRECIATION CHARGED FOR THE YEAR IS ARRIVED AT AS FOLLOWS:		
Depreciation for the year	730.94	782.60
Deduct : Transfer from Capital Reserve being depreciation provided on revalued amount	1.27	1.27
Net Depreciation charged in Profit and Loss Account	729.67	781.33
3. Tax provision in these accounts has been made considering the working results for the year ended 30th June, 2005. The actual tax liability will be determined on the basis of tax accounting year ended 31st March 2005 (Assessment Year 2005-06).		
4. With the introduction of Tonnage Tax scheme by the Finance Act, 2004 to which the Company has opted, the Deferred tax liability relating to Shipping Division amounting to Rs.412.24 lacs is no longer required and has been reversed.		

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(23) NOTES ON ACCOUNTS (contd...)		
5. Earning per share		
No of equity shares outstanding (Nos. in Lacs)	83.57	83.57
Net profit after tax available for equity shareholders (Rs.)	1,449.39	555.18
Basic earnings (In Rupees) per share of Rs. 10/- each (Rs.)	17.34	6.64
Diluted earnings (In Rupees) per share of Rs. 10/- each (Rs.)	16.84	6.57
6. Capital work in Progress includes advances given in earlier years to Associate Companies namely Giri Roadlines Pvt. Ltd. Rs. 400 lacs. (Maximum balance during the year Rs.400 Lacs) and TCI Industries Ltd. Rs.120.50 lacs (Maximum balance during the year Rs.120.50 lacs)		
7. Loans & Advances includes advance given to Associate Companies namely Jubilee Commercials & Trading Pvt. Ltd. Rs. Nil (Maximum balance during the year Rs.65.00 lacs) and Gati Infrastructure Ltd. Rs. Nil (Maximum balance during the year (Rs.33.83 lacs).		
8. Estimated amount of contracts remaining to be executed on capital account and not provided for	147.06	15.47
9. Previous year's figures have been regrouped/rearranged wherever necessary.		
10. Contingent Liability not provided for in respect of		
ESI, Nepal Income Tax etc. Demands under dispute	28.80	28.80
Guarantees and Counter Guarantees outstanding	351.40	301.99
Claims against the company in respect of which the company has made counter claim and the matter is pending before the court. The ultimate liability if any cannot be presently ascertained.		
11. Related Party Disclosures		
Related parties with whom transactions have taken place during the year		
i Directors/Key Management Personnel:		
Mr. Mahendra Agarwal (Managing Director)		
Mr. Manoj Todi (Wholetime Director - Infrastructure)		
ii Associates		
Gati Intellect Systems Ltd.		
TCI Finance Ltd.		
Giri Roadlines & Commercial Trading Pvt. Ltd.		
Jubilee Commercials & Trading Pvt. Ltd.		
Gati Infrastructure Ltd.		
Gati Shipping Ltd.		
Gati Cargo Management Services Ltd.		
TCI Hi-ways Pvt. Ltd.		
TCI Industries Ltd.		
Mahendra Kumar Agarwal & Sons (HUF)		

Schedules to the Accounts

(Amount in Rs. Lacs)

SL	Nature of Transaction	30 th June 2005	30 th June 2004
(23)	NOTES ON ACCOUNTS (contd...)		
A	Expenditure		
i	Associates		
	Rent	9.03	15.92
	Freight Charges	468.43	178.83
	Port Expenses	56.24	48.96
	Interest	-	3.23
ii	Key Management Personnel		
	Remuneration	69.21	69.32
B	Receipts		
	Associates		
	Interest	3.32	11.13
	Other Charges	63.10	48.52
C	Finance & Investment		
	Associates		
	Advances towards Fixed Assets - Given	22.00	78.50
	Share Application Money	250.00	-
	Loans - Repaid	65.20	542.50
	Loans - Given	65.20	392.50
D	Balance at the year end		
	Associates		
	Share Application Money	250.00	-
	Loans and Advances	-	58.67
	Advances towards Fixed Assets	520.50	498.50
	Corporate Guarantees	351.40	301.99

12 Segment Information

Primary Business Segment

Express Distribution & Supply Chain : Covers integrated cargo services – Road, Rail & Air Transportation.

Coast-to-Coast (Shipping) : Covers Sea Transportation

Fuel Stations : Covers fuel stations dealing in petrol, diesel and lubricants etc.

	Year ended	30th June, 2005	30th June, 2004
1. Segment Revenue (net sale/income)			
a) Express Distribution & Supply Chain		25,914	21,160
b) Coast-to-Coast (Shipping)		2,713	2,444
c) Fuel Stations		7,292	7,011
Net sales/income from operations		35,919	30,615
2. Segment Results			
Profit before tax and interest from each Segment			
a) Express Distribution & Supply Chain		2,525	1,691
b) Coast-to-Coast (Shipping)		245	193
c) Fuel Stations		68	74
Total		2,838	1,958
Less : i Interest (Net of Income)		472	568
ii Other un-allocable expenditure net of un-allocable income		807	552
Total Profit Before Tax		1,559	838

Schedules to the Accounts

(Amount in Rs. Lacs)

	30th June, 2005	30th June, 2004
(23) NOTES ON ACCOUNTS (contd...)		
3. Other Information		
Segment Assets		
a) Express Distribution & Supply Chain	11,521	10,502
b) Coast-to-Coast (Shipping)	2,577	2,242
c) Fuel Stations	208	179
Unallocated Corporate Assets	418	172
Total Assets	14,724	13,095
Segment Liabilities		
a) Express Distribution & Supply Chain	7,827	7,212
b) Coast-to-Coast (Shipping)	1,126	1,276
c) Fuel Stations	14	26
Total Liabilities	8,967	8,514

The company operates mainly in India and therefore there are no separate geographical segments.

13. Additional Information pursuant to the Provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956

	Unit	Quantity	30th June, 2005 Rupees in Lacs	Quantity	30th June, 2004 Rupees in Lacs
I. Sales					
Diesel & Petrol	KL	24052	7,236.77	28276	6,955.25
Motor Parts and Lubricants		-	55.22	-	55.76
			7,291.99		7,011.01
II. Purchases					
Diesel & Petrol	KL	24078	7,135.75	28342	6,863.26
Motor Parts and Lubricants		-	45.86	-	51.01
			7,181.61		6,914.27
III. Opening Stock					
Diesel & Petrol	KL	99	27.68	61	15.86
Motor Parts and Lubricants		-	13.81	-	8.91
			41.49		24.77
IV. Closing Stock					
Diesel & Petrol	KL	107	35.69	99	27.68
Motor Parts and Lubricants		-	15.24	-	13.81
			50.93		41.49
V. Value of Imported and Indigeneous Stores & Spare Parts Consumed during the year					
		%	Rupees in lacs	%	Rupees in lacs
Imported		69.27	75.01	54.18	52.21
Indigeneous		30.73	33.28	45.82	44.16
		100.00	108.29	100.00	96.37

Schedules to the Accounts

(23) NOTES ON ACCOUNTS (contd...)

VI. Expenditure in Foreign Currency		
Travelling Expenses	92.25	53.31
P & I Insurance	56.78	63.11
Repairs	0.43	86.20
Miscellaneous	687.56	464.56
VII. Value of Imports on C.I.F. Basis		
Spare Parts	75.01	52.21
Capital Goods	11.53	949.71
VIII. Earnings in Foreign Currency		
Freight	1,260.06	951.34

14. 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 (Shipping) 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

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

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

- Fixed assets are stated at cost and / or at revaluation.
- 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 capital 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.

Inventories

Petroleum products are valued at lower of cost and net realisable value. Stores & Spare parts are valued at cost.

Foreign Exchange Transaction

Any exchange difference in foreign currency transaction is adjusted to the cost of fixed assets where applicable; In other cases, it is accounted in the Profit and Loss Account.

Taxation

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognised in the year in which the change is effected.

Signatures to Schedules "1" to "23"

In terms of our Report of
even date attached

For and on behalf of the Board

For **R S Agarwala & Co.**
Chartered Accountants

V T Pawar
Chief Finance Controller

K L Chugh
Chairman

Mahendra Agarwal
Managing Director

R S Agarwala
Partner

A S Sandhu
Chief Business Accounts & Finance
Officer & Company Secretary

N Srinivasan
Director

Camp: Secunderabad
August 2, 2005

Secunderabad
August 2, 2005

Cash Flow Statement for the year ended 30th June, 2005

(Amount in Rs. Lacs)

For the year ended	30th June, 2005	30th June, 2004
A. Cash Flow from Operating Activities :		
Net Profit before Tax	1559.16	837.79
Depreciation	729.67	781.33
Loss on redemption of Investments in Government Securities	0.14	-
Loss on Sale of Fixed Assets	26.15	15.69
Profit on Sale of Ship	-	(174.43)
Effect of exchange difference	(10.20)	(2.45)
Interest Payments	491.17	596.57
Interest Received	(18.58)	(28.25)
Operating Profit before Working Capital Changes	2777.51	2026.25
Adjustment for:		
Increase/Decrease in Trade and other Receivables	(133.25)	(556.56)
Increase/Decrease in Trade Payables and other Liabilities	(79.67)	40.82
Increase/Decrease in Inventories	(32.72)	6.84
Loans & Advances	(120.21)	(127.55)
Interest on Borrowings	(491.17)	(596.57)
Increase/Decrease in Miscellaneous Expenditure not written off	-	85.21
Tax Paid	(393.05)	(49.40)
Net Cash from Operating Activities	1527.44	829.04
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital Advances)	(2836.83)	(2923.35)
Sale of Assets	1039.07	2255.03
Increase in Investments	(250.00)	(28.08)
Redemption of Investments in Government Securities	3.71	
Interest Received	18.58	28.25
Net Cash from Investing Activities	(2025.47)	(668.15)
C. Cash Flow from Financing Activities		
Receipt/Repayment of Secured Loans	274.37	177.54
Receipt/repayment of Short term Unsecured Loans	510.85	175.47
Increase in Employee Stock Option	14.19	8.69
Dividend Paid (Including Tax)	(255.11)	(235.68)
Net Cash from Financing Activities	544.30	126.02
Effect of exchange difference	10.20	2.45
Net Increase in Cash & Cash Equivalent (A+B+C)	56.47	289.36
Cash & Cash Equivalent as on 01.07.2004	686.67	397.31
Cash & Cash Equivalent as on 30.06.2005	743.14	686.67

This is the Consolidated Cash Flow Statement referred to in my report of even date

In terms of our Report of
even date attached

For and on behalf of the Board

For **R S Agarwala & Co.**
Chartered Accountants**R S Agarwala**
Partner**V T Pawar**
Chief Finance Controller**A S Sandhu**
Chief Business Accounts & Finance
Officer & Company Secretary**K L Chugh**
Chairman**Mahendra Agarwal**
Managing Director**N Srinivasan**
DirectorCamp: Secunderabad
August 2, 2005Secunderabad
August 2, 2005

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. State Code No.

Balance Sheet Date

II Capital raised during the year (Rs. In thousand)

Public Issue Bonus Issue Rights Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Rs. In thousands)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital

Reserves & Surplus

Secured loans

Unsecured loans

Deferred Tax Liability

Application of Funds

Fixed Assets

Investments

Net Current Assets

Misc Expenditure

Accumulated losses

IV. Performance of the Company (Rs. In thousands)

Turnover

Total Expenditure

Profit before Tax

Profit After Tax

Earning Per Share in Rs.

Dividend%

V Generic Names of the Three Principal Products of the Company

Item Code No. (ITC Code) : NIL

Product Description : Logistics, Express Cargo and Shipping Services

In terms of our Report of even date attached

For and on behalf of the Board

For **R S Agarwala & Co.**
Chartered Accountants

V T Pawar
Chief Finance Controller

K L Chugh
Chairman

Mahendra Agarwal
Managing Director

R S Agarwala
Partner

A S Sandhu
Chief Business Accounts
& Finance Officer &
Company Secretary

N Srinivasan
Director

TS Rao
Director

Camp: Secunderabad
August 2, 2005



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