

ANNUAL REPORT
2009-10



SCHEDULES TO THE ACCOUNTS

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

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

(Rs. in Lakhs)

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

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

Auditors' Report

TO THE BOARD OF DIRECTORS OF GATI LIMITED

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

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

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

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

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

Camp : Secunderabad
Date : August 18, 2010

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

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2010

(Rs. in Lakhs)

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

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

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

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

Camp: Secunderabad
August 18, 2010

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

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

N Srinivasan
Director

Secunderabad
August 18, 2010

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

(Rs. in Lakhs)

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

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

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

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

Camp: Secunderabad
 August 18, 2010

Saurav Banerjee
 Chief Finance Officer

VSN Raju
 Company Secretary

For and on behalf of the Board
K.L.Chugh
 Chairman

Mahendra Agarwal
 Managing Director & CEO

N Srinivasan
 Director

Secunderabad
 August 18, 2010

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

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

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

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

(b) On vesting of stock options.

(c) Provision for pro-rata premium on redemption of Foreign Currency Convertible Bonds.

(d) In respect of options granted under the Companies Stock Options Scheme and in accordance with the guidelines issued by Securities and Exchange Board of India the accounting value of options (based on market value of share on the date of grant of options minus the option price) is accounted as deferred employees compensation which is amortised on a straight line basis over the vesting period. Rs. 81.09 lakhs represents options refunded / lapsed net of amortization.

(e) Transferred to Securities Premium on vesting of 278,850 options during the year

(f) In respect of translation of Foreign Currency into Indian Rupees.

(g) Transferred from profit and loss account

(h) Fully utilised in earlier years.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

		(Rs. in Lakhs)	
		30th June, 2010	30th June, 2009
(3) SECURED LOANS			
TERM LOANS :			
FROM BANKS			
Against first charge by way of Mortgage/ Hypothecation of specified fixed assets and other assets acquired there against *	(Repayable within one year - Rs. 4,237 Lakhs ; previous year - Rs.4,427 lakhs)	11,554.37	16,511.69
Secured by hypothecation of Motor Trucks and Motor Cars acquired there against	(Repayable within one year - Rs.93.93 Lakhs; previous year - Rs.225.80 lakhs)	451.98	560.73
Secured by hypothecation of specified immovable asset	(Repayable within one year - Rs.3.60 Lakhs; previous year - Rs.2.76 lakhs)	81.66	85.26
FROM OTHERS			
Secured by subservient charge on all the movable assets including current assets *	(Repayable within one year - Rs.5,000 Lakhs)	5,000.00	3,847.33
Finance Lease (Note 11 on Schedule 22)	(Secured by assets acquired under lease arrangements)	6,531.45	6,921.12
WORKING CAPITAL LOANS			
From Banks		6,240.16	5,907.95
Secured against first charge by way of hypothecation of all current assets including book debts, stocks and equitable mortgage of specified immovable assets of the Company and of third parties *			
(* Also guaranteed by the Managing Director (Promoter) of the Company to the extent of Rs.3000 Lakhs)		29,859.62	33,834.08
(4) UNSECURED LOANS			
Fixed Deposits (a)		2,052.03	662.11
Foreign Currency Convertible Bonds		6,990.01	7,180.50
Commercial Paper		3,000.00	-
Finance Lease		11.85	-
(a) Includes Rs.407 Lakhs from Directors, Rs.144.23 Lakhs from Subsidiaries and Rs.4.15 Lakhs from a Associate.			
Short Term Loans and Advances			
From Banks *		3,500.00	6,000.00
(* Also guaranteed by the Managing Director (Promoter) of the Company to the extent of Rs.3000 Lakhs)		15,553.88	13,842.61
(5) DEFERRED TAX (Net)			
	At 1st July, 2009	Current year	30th June 2010
Difference between book and tax depreciation	736.92	222.74	959.66
			736.92

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

(6) **FIXED ASSETS (Consolidated)**

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

Note :

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Lakhs)

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. NOTES ON ACCOUNTS (CONTD..)

(Rs. in Lakhs)

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

12. REMUNERATION TO DIRECTORS

Managing Director

Salaries & Allowances

119.60 24.00

Money value of Perquisites

0.96 1.41

Contribution to Provident /Superannuation Funds

21.06 19.17

Whole-Time Director

Salaries & Allowances

63.47 -

Contribution to Provident Fund

2.39 -

Other Directors

Commission

15.00 -

Fees

13.80 10.30

236.28 54.88

30th June, 2010 30th June, 2009

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

Profit / (Loss) before tax

1,914.55 (1,376.40)

Add: Remuneration paid to Directors

236.28 54.88

Provision for doubtful debts

164.47 -

Loss on sale of fixed assets (Net)

27.61 18.81

Depreciation as per accounts

2,386.82 2,300.70

4,729.73 997.99

Less: Depreciation under section 350

2,386.82 2,300.70

Brought forward losses

749.06 -

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

1,593.85 (1,302.71)

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

159.39 -

Remuneration paid

207.48 44.58

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

15.94 -

Restricted to

15.00 -

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

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

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

15. Earning per share

30th June, 2010 30th June, 2009

(i) Net profit / (loss) after tax available for equity shareholders - for Basic and Diluted EPS (Rs.)

949.77 (1,866.48)

(ii) Weighted average no. of ordinary shares for Basic EPS (Nos.)

85,020,441 84,752,689

Add : Adjustments for foreign currency convertible bonds and stock options (Nos.)

8,450,927 6,690,675

Weighted average no. of ordinary shares for Diluted EPS (Nos.)

93,471,367 91,443,364

(iii) Nominal value of Ordinary Shares (Rs.)

2.00 2.00

(iv) Basic Earning per Ordinary Share (Rs.)

1.12 (2.20)

(v) Diluted Earning per Ordinary Share (Rs.)

1.02 (2.04)

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. NOTES ON ACCOUNTS (CONTD..)

16. Related Party Disclosures

Related parties with whom transactions have taken place during the year

i. Directors / Key Management Personnel:

Mr. Mahendra Agarwal (Managing Director & CEO)

Mr. Himmat Singh Lagad (Whole-Time Director)

ii. Relative of Key Management Personnel:

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

iii. Associates

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

(Rs. in Lakhs)

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. NOTES ON ACCOUNTS (CONTD..)

(Rs. in Lakhs)

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Segment Liabilities				(Rs. in Lakhs)	
a)	India		55,149.80		55,379.42
b)	International		828.47		676.44
Total Liabilities			55,978.27		56,055.86
Capital employed			26,876.55		25,209.26
18. Additional Information pursuant to the Provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956					
I. Value of Imported and Indigeneous Stores & Spare Parts Consumed during the year					
		%	Value	%	Value
	Imported	53.00	144.10	44.78	133.92
	Indigeneous	47.00	127.24	55.22	165.16
		100.00	271.34	100.00	299.08
II. Expenditure in Foreign Currency					
	Travelling Expenses		146.69		94.55
	Insurance		73.00		97.74
	Port Expenses		194.48		124.18
	Charter Hire		271.37		585.81
	Dry docking expenses and Repairs		520.70		256.98
	Profesional Fee		322.55		509.72
	Miscellaneous		718.41		370.54
III. Value of Imports on C.I.F. Basis					
	Spare Parts		144.10		133.92
	Capital Goods		-		8,101.52
IV. Earnings in Foreign Currency					
	Freight		6,206.13		3,966.60
19. The Consolidated Financial statements include results of all the subsidiaries of Gati Ltd.					
	Name of the Company	Country of origin	% of share holding	Consolidated as	
	Gati Holdings Ltd (GHL)	Mauritius	100% held by Parent	Subsidiary	
	Gati Asia Pacific Pte Ltd	Singapore	100% held by GHL	Subsidiary	
	Gati Hong Kong Ltd	Hongkong	100% held by GHL	Subsidiary	
	Gati China Holdings Ltd (GCHL)	Mauritius	100% held by GHL	Subsidiary	
	Gati Middle East FZE Ltd	UAE	100% held by GHL	Subsidiary	
	Gati Cargo Express(Shanghai) Co.Ltd.	China	100% held by GCHL	Subsidiary	
	Gati Japan Ltd	Japan	100% held by GHL	Subsidiary	
	Newatia Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary	
	Trymbak Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary	
	Ocimum Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary	
	Sumeru Commercial & Trading Pvt. Ltd	India	100% held by Parent	Subsidiary	
	Kausar India Ltd.	India	99.76% held by parent	Subsidiary	
	Gati Import Export Trading Ltd.	India	100% held by Parent	Subsidiary	
	Zen Cargo Movers Pvt. Ltd	India	97.24% held by Parent	Subsidiary	
	REDSUN Supply Chain Solutions Ltd. (Formerly known as Gati Skyways Ltd.)	India	100% held by Parent	Subsidiary	
1)	The accounts of the Subsidiary companies have been audited by the respective statutory auditors and the financial statements of these Companies have been considered in the consolidation.				
2)	The consolidated financial statements have been prepared on the following principles:				
a)	In respect of Subsidiary company , the financial statements have been consolidated on a line by line basis by adding together the book values of like items of Assets , Liabilities, Income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on Intragroup transactions as per Accounting Standard "Consolidated Financial Statement".				
b)	In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as "Translation Reserve / Asset".				
c)	The excess of cost to the company of its investment in Subsidiary and associate is recognised in the financial statements as goodwill, which is tested for impairment on every Balance Sheet date.				
d)	The excess of company's share of equity and reserves of the Subsidiary and associate companies over the cost of acquisition is treated as capital reserve.				
20.	Previous year's figures have been regrouped/rearranged wherever necessary.				
21. ACCOUNTING POLICIES					
Recognition of Income & Expenditure					
a)	Income and expenditure are generally recognised on accrual basis in accordance with the applicable accounting standards and provision is made for all known losses and liabilities.				
b)	In Express Distribution & Supply Chain Division, Freight Income is accounted when goods are delivered by the Company to customers. In Coast-to-Coast Division, Freight Income is accounted when ships sail.				
c)	Freight expenses are accounted when hired vehicles deliver goods to the Company at destination.				
d)	Having regard to the size of operations and the nature and complexities of the company's business, freight received/paid in advance is accounted as income/expenses on payment and interdivisional transfers are eliminated.				
e)	Year-end liability in respect of claims for loss and damages is provided as calculated by claims recovery agents.				

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Gratuity and Leave Encashment

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

Provident Fund

Provident fund contribution is remitted to appropriate authority.

Superannuation Fund

Superannuation fund contribution is remitted to approved trust fund.

Fixed Assets

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

Depreciation

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

Investments

Investments are stated at cost.

Foreign Exchange Transaction

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

Taxation

Income Tax

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

Impairment of Assets

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

Accounting policies of Subsidiaries

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

Gati Holdings Ltd.

a) Depreciation :

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

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

b) Basis of preparation

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

Signatures to Schedules "I" to "22"

In terms of our Report of even date attached

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

R. S. Agarwala
Partner

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

Saurav Banerjee
Chief Finance Officer

VSN Raju
Company Secretary

For and on behalf of the Board

K.L.Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

N Srinivasan
Director

Secunderabad
August 18, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in Lakhs)

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

Notes :

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

In terms of our Report of even date attached

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

Saurav Banerjee
Chief Finance Officer

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

VSN Raju
Company Secretary

Camp: Secunderabad
August 18, 2010

For and on behalf of the Board

K.L.Chugh
Chairman

Mahendra Agarwal
Managing Director & CEO

N Srinivasan
Director

Secunderabad
August 18, 2010

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