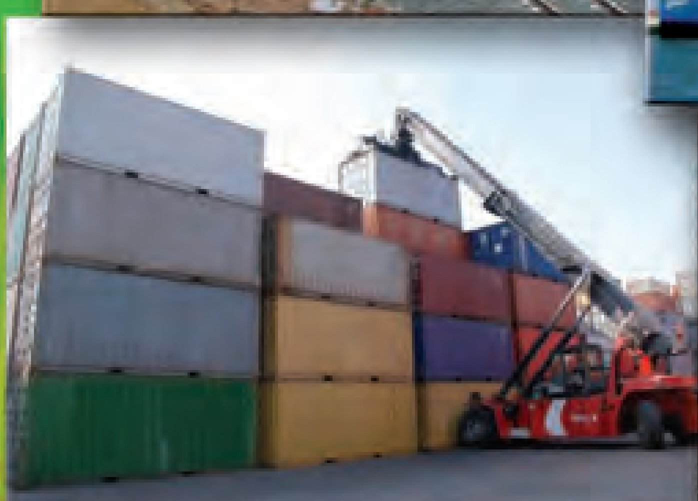
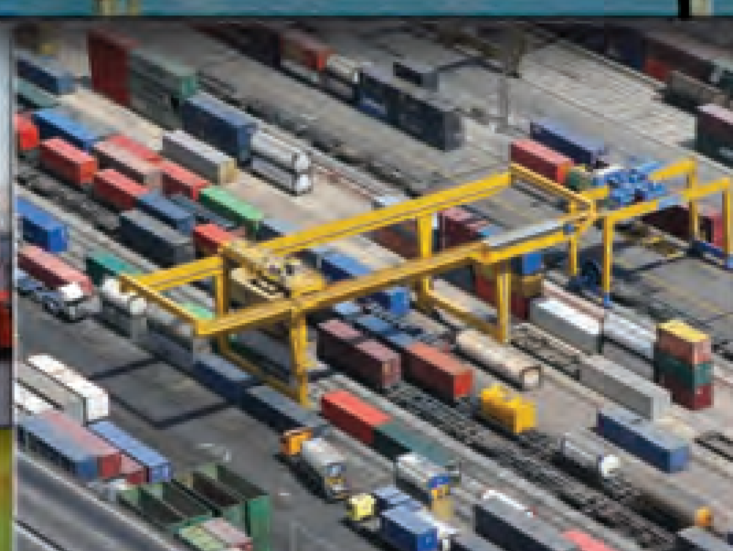
GATEWAY
DISTRIPARKS LTD

# Annual Report
# 2007-2008

# Total Logistics





# Chairman's Statement

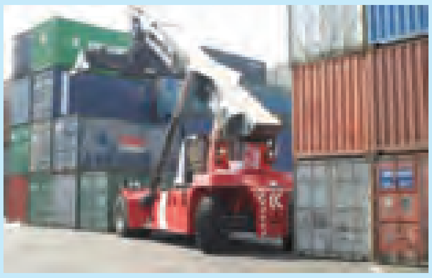
## Performance in FY 2008

FY 2008 has been a year of rapid growth and consolidation for our various businesses. Our consolidated revenues grew by 54% from Rs.1.86 billion in the preceding year to Rs.2.86 billion in the year under consideration.

During the year, two major initiatives were taken to diversify into a new high growth area and to expand existing CFS business :

- The company, through its subsidiary, Gateway Rail Freight Limited (GRFL), commenced container rail operations with the acquisition and deployment of container rakes on the Indian Railways network.
- Upgrading of the Punjab Conware CFS was completed giving GDL two large CFS facilities at JNPT, India's premier container port.

**a) CFS business:**



CFS business achieved robust growth of 48% from 223,413 TEUs to 330,834 TEUs, despite increased competition and slowdown in EXIM trade in second half of FY 2008. All our CFSs at JNPT, Chennai and Visakhapatnam recorded strong growth in performance. Punjab Conware CFS commenced operations from July 2007, after completion of the upgrading. We are now in the process of expanding capacity at our CFS at Visakhapatnam and setting up a new CFS at Kochi.

**b) Container Rail business:**

During FY 2008, GDL's subsidiary, GRFL commenced container rail operations with the acquisition and deployment of 8 container trains on the Indian Railways network. Each train can carry upto 90 TEUs in a single trip. Our Container trains made 70 trips and carried over 6,000 TEUs on the domestic route in FY 2008. Currently, GRFL has commissioned 12 container trains, out of which 6 are deployed in the domestic route while 3 each are deployed in the reefer route and EXIM routes. We have placed orders for 10 more trains, which will be delivered in a phased manner during FY 2009. The company also operates a fleet of almost 300 trailers which provides the last mile connectivity.

**c) Cold Chain Logistics business:**

Snowman Frozen Foods Ltd., which is a joint venture company with Mitsubishi Corporation, Mitsubishi Logistics Corporation and Nichirei Logistics Group Inc., Japan, is the only organized Pan India Cold Chain Logistics player in this growing business. We are in the process of consolidating the cold stores network and the refrigerated transport fleet across the country. The operations of the company have been revitalized and it has achieved cash surplus in FY 2008. The company is drawing up plans to expand a few of its key locations.



## Future

Container traffic in Indian ports continues to register impressive growth of 15% per annum over the past decade. Government has invited private participation in setting up new container ports and new terminals in existing container ports. We intend to set up CFSs at the new ports and also expand capacity at existing ports, which show good potential for growth.

EXIM Container traffic on Indian Railways network continues to register high growth rate of 15% per annum. Government has taken initiatives to set up dedicated freight corridors, which will boost rail traffic. Road traffic and domestic bulk movement are increasingly being containerized due to the potential for savings in cost and time. We will augment our container train fleet to become a dominant player in the container rail business. Our Inland Container Depots (ICD) at Ludhiana and Faridabad, are expected to be operational in FY 2009/2010 which, together with the ICD near Gurgaon will comprehensively cater to the North Indian hinterland and provide connectivity to west coast ports.

There is increasing demand for cold chain facilities due to increase in consumption of perishable products and entry of large retail chains, which require extensive network of cold chain stores and refrigerated transport to manage their supply chain. Our cold chain logistics business has attracted interest from large FMCG companies and organized retail chains. We will set up cold stores at new locations and also increase capacity at our existing locations. We will also increase the size and reach of our refrigerated transport network across the country.

The external environment continues to pose challenges due to volatility in the World Economic environment & foreign exchange rates, increase in cost of raising capital and increase in cost of commodities particularly fuel, which directly impacts EXIM trade and the logistics business. There are additional challenges in India due to inadequate infrastructure and smaller scale of operations. Despite these challenges, during FY 2008, the Indian economy grew by 8.7% and merchandize exports grew by 23%, reflecting the inherent strengths of Indian economy, which is expected to grow at around 8% in FY 2009.

With the various initiatives to expand existing businesses and add new lines of business, we look to the future with optimism.

GDL group has laid the foundation for a pan-India integrated logistics business through our network of CFSs, ICDs, cold stores, container trains, fleet of trailers and strategic alliances & joint ventures, which should give us a strong position in the businesses we are in.

## Bonus Shares & Dividends

During FY 2008, the Company issued bonus shares in the ratio of 1 equity share for every 4 shares held in the company. The Company has paid interim dividends totaling 30% (Rs. 3 per equity share) and the Board has recommended final dividend of 5% (Rs. 0.50 per equity share), taking the total dividend for FY 2008 to 35% (Rs. 3.50 per equity share) on the expanded equity capital of the company.

## Buy Back of Shares

In July 2008, the Board of Directors approved Buyback of Company's fully paid up equity shares of Rs. 10 each from the open market through stock exchanges, at a price not exceeding Rs.110 per share payable in cash for an aggregate amount not exceeding Rs.64 crores. The offer size represents 10% of the aggregate of the Company's paid up equity capital and free reserves as on March 31, 2008.

## Acknowledgement

GDL continues to strive to be a model corporate citizen setting standards of innovation, efficiency and reliability.

I place on record my sincere thanks to the various stakeholders, my fellow Directors, our partners in various businesses, our customers who patronize our facilities, our dedicated employees and our esteemed shareholders for their continuing support.

**Gopinath Pillai**



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GATEWAY DISTRIPARKS LTD

# CONTENTS SUMMARY



## BOARD OF DIRECTORS

| | | |
|---|---|---|
| 1. | Mr. Gopinath Pillai | *Chairman* |
| 2. | Mr. Prem Kishan Gupta | *Deputy Chairman & Managing Director* |
| 3. | Mr. Shabbir Hassanbhai | |
| 4. | Mr. Karan Singh Thakral | |
| 5. | Mr. Sat Pal Khattar | |
| 6. | Mr. Kirpa Ram Vij | |
| 7. | Mr. K.J.M. Shetty | |
| 8. | Mr. M.P. Pinto | |
| 9. | Mr. Saroosh Dinshaw | |
| 10. | Mr. Arun Agarwal | |

## COMMITTEES OF THE BOARD OF DIRECTORS

### A) AUDIT AND INVESTORS RELATIONS COMMITTEE

| | | |
|---|---|---|
| 1. | Mr. K.J.M. Shetty | *Chairman of the Committee* |
| 2. | Mr. M.P. Pinto | |
| 3. | Mr. Saroosh Dinshaw | |
| 4. | Mr. Gopinath Pillai | |

### B) REMUNERATION AND ESOP COMMITTEE

| | | |
|---|---|---|
| 1. | Mr. M.P. Pinto | *Chairman of the Committee* |
| 2. | Mr. Sat Pal Khattar | |
| 3. | Mr. Karan Singh Thakral | |
| 4. | Mr. Kirpa Ram Vij | |
| 5. | Mr. Saroosh Dinshaw | |

### C) EXECUTIVE COMMITTEE

| | | |
|---|---|---|
| 1. | Mr. Gopinath Pillai | *Chairman of the Committee* |
| 2. | Mr. Prem Kishan Gupta | |
| 3. | Mr. Shabbir Hassanbhai | |
| 4. | Mr. Karan Singh Thakral | |



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## REGISTERED OFFICE

Sector 6, Dronagiri, Taluka Uran, District Raigad, Navi Mumbai - 400 707

## CONTAINER FREIGHT STATION (CFS)

a) Sector 6, Dronagiri, Taluka Uran, District Raigad, Navi Mumbai - 400 707

b) Punjab State Container & Warehousing Corpn. Ltd.
Plot No. 2, Sector-2, Dronagiri Node, Uran, Navi Mumbai - 400 707

## SUBSIDIARIES

Gateway East India Private Limited, Visakhapatnam-530 003

Gateway Distriparks (South) Private Limited, New Manali, Chennai-600 103

Gateway Rail Freight Limited, New Delhi-110 048.

Gateway Distriparks (Kerala) Ltd., Kochi - 682 003.

Snowman Frozen Foods Ltd., Bangalore - 560 043.

## BANKERS

1. HDFC Bank Limited
2. ICICI Bank Limited
3. DBS Bank Limited

## INTERNAL AUDITORS

Sahni Natarajan & Bahl, Chartered Accountants, Mumbai

## AUDITORS

Price Waterhouse, Chartered Accountants, Mumbai

## REGISTRAR AND TRANSFER AGENTS

Intime Spectrum Registry Limited, Mumbai



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# DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 2008.

## A. Financial Results

| Sl. No | Particulars | 2007-08 (Rs. Million) | 2006-07 (Rs Million) |
|---|---|---|---|
| 1 | Income from Operations and Other Income | **1,758.47** | 1,604.46 |
| 2 | Profit before Interest, Depreciation and taxes | **1,001.74** | 996.77 |
| 3 | Interest | **0.62** | 7.40 |
| 4 | Depreciation | **133.47** | 93.92 |
| 5 | Profit before Exceptional items & taxation | **867.65** | 895.45 |
| 6 | Provision for taxes | **115.52** | 122.29 |
| 7 | Profit after tax | **752.13** | 773.16 |
| 8 | Profit brought forward from previous year | **959.65** | 632.48 |
| 9 | Dividend | **404.56** | 323.26 |
| 10 | Tax on Dividend | **68.75** | 45.33 |
| 11 | Transfer to General Reserve | **75.30** | 77.40 |
| 12 | Profit carried to Balance Sheet | **1,163.17** | 959.65 |

## B. Dividend

The Company has paid two Interim dividends of 15% each, totaling 30% (Rs. 3 per share) of the equity share capital of the company amounting to Rs.346.76 million for the financial year 2007-08. Your Directors recommend Final Dividend of 5% (Rs.0.50 per share) amounting to Rs.57.80 million of the equity share capital of the company for financial year 2007-08. The Dividend Distribution Tax borne by the Company on the Interim and Final Dividends amounts to Rs.68.75 million.

## C. Management Discussion & Analysis:

### a) Industry structure and developments

Containerised movement of cargo grew by 19% in 2007-08, as compared to the overall growth in export Import trade of 9.5% per annum in recent years. Containerised cargo represents only 30% of India's Export Import Trade, as compared to the global average of over 70%.

JNPT accounted for more than 50% of the total containerized traffic handled out of India, by handling over 4 million Teus. In 2007-08, the country's second biggest container port at Chennai handled over 1 million TEUs.

### b) Opportunities and threats

Growth of containerisation in both Export Import and domestic trade, private sector participation in ports and movement of containers by rail, liberalization of Government policies and continuous increase in the country's foreign trade, present the company with new opportunities for expansion and increase in profitability. The Company commenced operations from July 2007 at its second CFS at JNPT, which has been taken from Punjab State Container and Warehousing Corporation Limited, under an Operations and management agreement for a period of 15 years from February 2007. The CFS has been revitalised and renovated, adding to the Company's capacity at JNPT, which is India's premier container port. The Company continues to prune costs and augment its equipment for handling and transporting containers, which are operated by contractors. The Company is in the process of setting up a CFS at the fast growing port of Kochi in a joint venture

with Chakiat Agencies Private Ltd. The Company's rail subsidiary, Gateway Rail Freight Limited (GRFL) has commenced operating container trains on the Indian railways network. GRFL has put in place a fleet of railway rakes and trailers to provide end-to-end solution to customers across the country. The Company's cold chain logistics subsidiary Snowman Frozen Foods Ltd. continues to be a premier player in this emerging business.

Competition from existing and new entrants and managing the geographical / capacity expansion present the company with new challenges.

**c) Segment-wise / Product-wise performance**

The Company's entire business is from CFS & ICD operations. There are no other primary / secondary segments in the Company's business.

**d) Outlook**

The strong growth in container traffic during 2007-08 is expected to continue during 2008-2009. The expanded capacity of CFS at JNPT, increase in the business of rail movement of containers and growth in the emerging cold chain logistics business are expected to have positive impact on the Company's business and profitability.

**e) Risks and concerns**

Increase in fuel costs could result in increase in Company's major costs of transport and handling. Increase in container traffic vis-à-vis creation of capacity at the ports could lead to congestion at ports which would result in decline / delay in the throughput handled by the Company. The revenues of the Company are concentrated on the container volume handled by major shipping lines and consolidators, who use its CFSs at various locations.

**f) Internal Control systems and adequacy**

The Company makes use of IT enabled solutions in its operations, accounting and for communication within its facilities and with customers and vendors. Financial and Operating guidelines are put in place to regulate the internal management. The Company's accounts and operations are subject to internal audit and review by the Audit Committee of the Board of Directors.

**g) Financial / Operational performance**

**Operations:**

The Company's income from operations & other income grew by 10% from Rs. 1,604.46 million in 2006-2007 to Rs.1,758.47 million in 2007-2008. The company's throughput grew by 34% from 188,357 TEUs in 2006-2007 to 251,728 TEUs in 2007-2008. The Profit before tax decreased from Rs.895.45 million in 2006-07 to Rs.867.65 million in 2007-08 after providing for interest Rs.0.62 million (2006-07: Rs.7.40 million) and depreciation Rs.133.47 million (2006-07: Rs.93.92 million).

**Finance:**

The company has repaid the loans availed from banks for purchase of transport and handling equipment. HDFC Bank Limited has sanctioned credit facilities comprising of term loan Rs.250 million, overdraft limit Rs.100 million and non-funded limit Rs.400 million, which will be availed based on requirements.

During the year, the Company issued bonus shares in the ratio of 1 equity share for every 4 shares held in the company by capitalizing securities premium amounting to Rs.230.92 million.

The income from interest on fixed deposits with banks and investments reduced from Rs.204.89 million in 2006-07 to Rs.89.41 million in 2007-08, as the available funds were deployed for capital expenditure during 2007-08.

**Deployment of GDR Funds:**

The Company had raised Rs. 3,846.34 million by Global Offering of 16.66 million Equity Shares of Rs. 10 each at a premium of Rs. 220.87 per share in the form of Global Depository Receipts

(GDRs) each representing one Share at an Offer price of USD 5.10 per GDR in December, 2005. The purpose of issue of Equity Shares and actual utilisation of funds till March 31, 2008 is given below:

| Particulars | Purpose for GDR Issue | Actual utilisation of funds |
|---|---|---|
| Expand, upgrade and enhance the existing facilities, to acquire or construct CFS or ICD facilities in other strategic locations in India, to expand the scope of services to include other logistics-related solutions and for general corporate purposes | 3,680.38 | 3,680.38 |
| Offer Expenses (as specified in Prospectus) | 165.96 | 165.96 |
| **Total** | **3,846.34** | **3,846.34** |

**h) Human Resources**

The Company continued to have cordial and harmonious relations with its employees. Human relations policies were reviewed and upgraded in line with the Company's plans for geographical expansion. Initiatives on training and development of human resources were undertaken. The Company had staff strength of 136 as on 31st March 2008, including staff at Punjab Conware CFS, as compared to 108 employees as on 31st March 2007.

**i) Cautionary statement**

Statements made in this report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might vary materially from those either expressed or implied.

**D. Subsidiaries:**

❐ **GATEWAY EAST INDIA PRIVATE LIMITED (GEIPL)**

The Company has 74% equity shareholding in GEIPL, which is engaged in the business of running a CFS at Visakhapatnam. GEIPL's Income grew by 42% to Rs 46.73 million in 2007-08 from Rs. 32.96 million in 2006-07. Loss for the financial year 2007-08 was Rs.4.00 million as against Rs.9.89 million for 2006-07. During 2007-08, GEIPL had interest cost Rs.2.87 million (Rs.4.03 million in 2006-07) and depreciation Rs.4.11 million (Rs.3.95 million in 2006-07). The operations are expected to stabilize in 2007-08 leading to increased throughput and higher profitability.

❐ **GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED (GDSPL)**

The Company has 100% equity shareholding in GDSPL, which is engaged in the business of running a CFS at Chennai. GDSPL's Income grew by 68% to Rs 245.67 million in 2007-08 from Rs. 146.30 million in 2006-07. Profit after tax for the financial year 2007-08 was Rs.87.76 million as against Rs.35.39 million for 2006-07.

❐ **GATEWAY RAIL FREIGHT LIMITED (GRFL)**

The Company has 82.97% equity shareholding in GRFL, which is engaged in the business of operating container trains and rail linked ICD at Garhi Harsaru. In its first year of operations in 2007-08, GRFL's Income was Rs.521.97 million. Loss for the financial year 2007-08 was Rs.82.72 million after providing for depreciation / amortisation Rs. 82.73 million on rakes, trailers and railway registration fees and interest on loans Rs.15.84 million. GRFL plans to construct Rail linked Inland Container Depot (ICD) on the plots of land acquired at Faridabad in Haryana and Ludhiana in Punjab and increase its rolling stock of rakes to carry containers for both domestic and export import trade on Indian Railways network.

❐ **GATEWAY DISTRIPARKS (KERALA) LIMITED (GDKL)**

The Company has 60% equity shareholding in GDKL, which is in the process of setting up a CFS at Kochi. Chakiat Agencies Pvt. Ltd. hold 40% shareholding in this Joint venture company. GDKL has entered into a Joint venture with a CFS at Cochin to handle export import of containers at the



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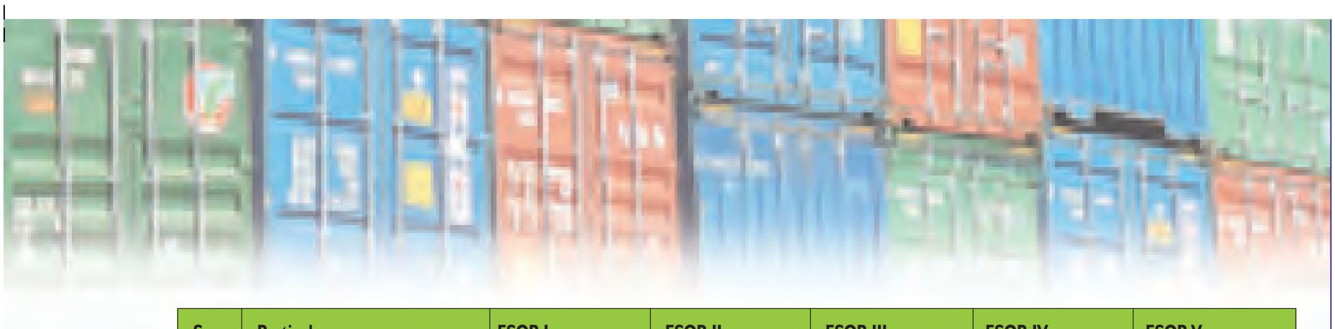
fast growing port of Kochi. GDKL's income from the joint venture was Rs.0.38 million and loss for the year was Rs.1.03 million, after providing for tax Rs.0.49 million.

❒ **SNOWMAN FROZEN FOODS LIMITED (SFFL)**

The Company together with a third party has acquired 50.1% shareholding in SFFL, which operates 14 cold stores and a fleet of refrigerated trucks at the various major cities across the country. SFFL has pan India presence and provides total cold chain logistics solutions to its customers for products like seafood, dairy products, ice cream, fruits & vegetables, retail and food service. SFFL's Income grew by 10% to Rs 301.38 million in 2007-08 from Rs. 274.35 million in 2006-07. Profit after tax for the financial year 2007-08 was Rs.0.2 million as against loss of Rs.47.67 million for 2006-07. The Company is in the process of refurbishing its operations and has plans to expand its cold stores to new locations. Mitsubishi Corporation, Mitsubishi Logistics Corporation and Nichirei Logistics Group of Japan are the other major shareholders in this joint venture company.

## E. Employees Stock Option scheme (ESOP)

| Sr. No. | Particulars | ESOP-I (2002-2003) | ESOP-II (2004-2005) | ESOP-III (2005-2006) | ESOP-IV (2006-2007) | ESOP-V (2007-2008) |
|---|---|---|---|---|---|---|
| a. | Options granted (net of cancelled options) | 5,433 options for 100 Equity shares each i.e.543,300 Equity Shares | 1,490 options for 100 Equity shares each i.e.149,000 Equity Shares | Options for 132,798 Equity shares | Options for 277,437 Equity shares | Options for 306,875 Equity shares |
| b. | Pricing Formula | Exercise Price Rs. 10 per Equity Share | Exercise Price Rs. 22.50 per Equity Share | 20% discount on the closing market price prior to the date of the meeting of the Remuneration and ESOP Committee Rs.130.92 per equity share (after adjustment for issue of bonus shares) | 20% discount on the closing market price prior to the date of the meeting of the Remuneration and ESOP Committee Rs. 109.25 per equity share (after adjustment for issue of bonus shares) | 20% discount on the closing market price prior to the date of the meeting of the Remuneration and ESOP Committee Rs. 92.92 per equity share |
| c. | Options vested | 5,433 | 1,490 | 91,730 | 130,625 | – |
| d. | Options exercised | 5,433 | 1,490 | 33,800 | 118,875 | – |
| e. | Total number of shares arising from exercise of options | 543,300 | 149,000 | 33,800 | 118,875 | – |
| f. | Options lapsed | – | – | – | – | – |
| g. | Variation of terms of options | – | – | – | – | – |
| h. | Amount realized by exercise of options | Rs.5. 43 million | Rs.3.35 million | Rs.5.04 million | Rs.11.34 million | – |
| i. | Total number of options in force as on 31-3-2008 | – | – | Options for 98,998 Equity shares | Options for 158,562 Equity shares | Options for 306,875 Equity shares |
| j. | Employee-wise details of options granted (net of cancellation) | | | | | |
| | i. Senior managerial personnel | | | | | |
| | a. Mr. Kirpa Ram Vij, Director | 5,000 options for 100 Equity shares each i.e.500,000 Equity Shares | – | – | – | – |
| | b. Mr. C. S. Verma, Former Chief Executive Officer | – | – | – | Options for 40,000 Equity shares (Cancelled 20,000) | – |
| | c. Mr. Kapil Anand, Former Chief Executive Officer | 200 options for 100 Equity shares each i.e.20,000 Equity Shares | 400 options for 100 Equity shares each i.e.40,000 Equity Shares | – | – | – |
| | d. Mr. R. Kumar, Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary | – | 400 options for 100 Equity shares each i.e.40,000 Equity Shares | Options for 40,000 Equity shares | Options for 40,000 Equity shares | Options for 50,000 Equity shares |
| | e. Mr. Jacob Thomas, Vice-President (Operations) | – | 100 options for 100 Equity shares each i.e.10,000 Equity Shares | Options for 16,000 Equity shares | Options for 16,000 Equity shares | Options for 20,000 Equity shares |





| Sr. No. | Particulars | ESOP-I (2002-2003) | ESOP-II (2004-2005) | ESOP-III (2005-2006) | ESOP-IV (2006-2007) | ESOP-V (2007-2008) |
|---|---|---|---|---|---|---|
| | f. Mr. A.K. Bhattacharjee, Vice-President (Operations) | – | – | – | – | Options for 20,000 Equity shares |
| | ii. Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year (net of cancelled options) | | | | | |
| | a. Mr. Kartik Aiyer, General Manager (Finance & Accounts) | – | – | Options for 16,000 Equity shares | Options for 16,000 Equity shares | Options for 20,000 Equity shares |
| | b. Mr. Ravi Prasad Former Sr. Manager (Operations) | – | – | – | Options for 16,000 Equity shares (Cancelled 8,000) | – |
| | c. Mr. Mahesh Adapa, Deputy General Manager (Operations) | – | – | – | – | Options for 20,000 Equity shares |
| | d. Mr. Subhash Maini, Deputy General Manager (Operations) | – | – | – | – | Options for 20,000 Equity shares |
| | e. Mr. Himangsu Roy, Senior Manager (Operations) | – | – | – | – | Options for 20,000 Equity shares |
| | iii. Identified employees who were granted options during any 1 year equal to or exceeding 1% of issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant | – | – | – | – | – |
| k. | Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings per share" | Rs.6.50 per Equity Share | | | | |
| l. | Difference between employee compensation cost based on intrinsic value & fair value | The shares of the company were unlisted at the time of the grant of these options. No additional amount of employee compensation costs results from difference between the fair value and intrinsic value of the stock options. | | Additional Employee Compensation costs for 2007-2008: Rs. 3.88 million | | |
| | Impact on PAT Rs. million | – | | Reduction in PAT by Rs. 3.44 million | | |
| | Impact on EPS (Rs./ Share) | – | | Basic EPS would reduce from Rs.6.51 per share to Rs.6.48 per Equity share<br>Diluted EPS would reduce from Rs.6.50 per share to Rs.6.47 per Equity share | | |
| m. (i) | Weighted Average Exercise Price | Rs.59.58 per Equity Share | | | | |
| m. (ii) | Weighted Average Fair Value | The shares of the company were unlisted at the time of the grant of these options. No additional amount of employee compensation costs results from difference between the fair value and intrinsic value of the stock options. | | Rs. 48.85 per Equity Share | | |
| n. | Assumptions used to estimate fair value using Black Scholes option pricing model | | | | | |
| | (i) Risk free interest rate | | | 8% | | |
| | (ii) Expected life | | | 5.5 years | | |
| | (iii) Expected volatility | | | 21.03% | | |
| | (iv) Expected dividend | | | Rs.3.50 per Equity share | | |
| | | | | ESOP-III (2005-2006) | ESOP-IV (2006-2007) | ESOP-V (2007-2008) |
| | (v) Market Price of share at the time of grant of option | | | Rs.204.55 | Rs.170.70 | Rs.116.15 |

**F. Directors**

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. Karan Singh Thakral, Mr. Kirpa Ram Vij and Mr. K.J.M. Shetty, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

**G. Responsibility Statement**

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

i. that in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii. that such accounting policies as mentioned in Note 1 of Schedule "R" of the Annual Accounts have been applied consistently and judgments and estimates that are reasonable and prudent made, so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March 2008 and of the profit or loss of the Company for that period.

iii. that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. that the annual accounts for the year ended 31st March 2008 have been prepared on a going concern basis.

**H. Corporate Governance**

As a listed Company, necessary measures are taken to comply with the listing agreements with the Stock Exchanges. A report on corporate governance and certificate of compliance from the Auditors are given as Annexure A of this Report.

**I. Listing of Equity Shares**

The Company's Equity shares are listed on the Bombay Stock Exchange, Mumbai situated at Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001 and the National Stock Exchange of India Ltd. situated at Exchange Towers, Bandra Kurla Complex, Mumbai. The Global Depository Receipts of the Company are listed on Bourse de Luxembourg, 11, Avenue de la Porte-Neuve, B.P. 165, Luxembourg, Grand Duchy of Luxembourg and are admitted for trading on London Stock Exchange plc, 10, Paternoster Square, London EC4M 7LS. The Company has made up-to-date payment of the listing fees.

**J. Auditors**

M/s. Price Waterhouse, Chartered Accountants, Mumbai, Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for reappointment. The Company has received letter from M/s. Price Waterhouse, Chartered Accountants, confirming that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Their comments on the accounts and notes to the accounts are self-explanatory.

**K. Statutory Information**

**Disclosure under Section 217 (1) (e)**

**Conservation of Energy**

The Company continues to give the highest priority for conservation of energy by using a mix of technology changes, process optimization methods and other conventional methods, on an on going basis.

**Technology Absorption**

The Company continues to lay emphasis on development and innovation of in-house technological and technical skills to meet the specific customer requirements. Efforts are also being made to upgrade the existing standards and to keep pace with the advances in technological innovations.



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**Foreign Exchange Earnings and Outgo**

| | | |
|---|---|---|
| i) | Expenditure in foreign currency : (including Capital items) | Rs. 43.72 million (2006-07: Rs.40.55 million) |
| ii) | Earnings in foreign currency : | Nil |

**Disclosure under Section 217 (2A)**

Information in accordance with the provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended regarding employees forms part of this Report.

However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and 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.

For and on behalf of the Board of Directors

Place : Mumbai
Date : June 26, 2008

**Gopinath Pillai**
*Chairman*



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# REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy of Corporate Governance

The Company is committed to adopt best Corporate Governance practices and endeavour continuously to implement the code of Corporate Governance in its true spirit. The philosophy of the company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholders value without compromising in any way in compliance with laws and regulations. The Company has made Corporate Governance a practice and a process of development right across the Company.

## 2. Board of Directors

(i) Composition

The Board of Directors comprises of ten Directors. Apart from the Managing Director, all the other nine Directors are Non-Executive Directors. Of the ten Directors, six Directors represent the Promoters group viz. Windmill International Pte. Ltd., Parameswara Holdings Ltd., Thakral Corporation Ltd. and Prism International Pvt. Ltd., the other four Directors are Independent Directors.

(ii) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

| Name of Director | Category of Directorship | No. of Board Meetings attended | Attendance at the last AGM |
|---|---|---|---|
| Mr. Gopinath Pillai | Chairman - NED | 6 | YES |
| Mr. Prem Kishan Gupta | Deputy Chairman and MD | 6 | YES |
| Mr. Arun Agarwal | NED | 3 | YES |
| Mr. Shabbir Hassanbhai | NED | 6 | YES |
| Mr. Karan Singh Thakral | NED | 4 | YES |
| Mr. Sat Pal Khattar | NED | 5 | YES |
| Mr. K.J.M. Shetty | NED (I) | 6 | YES |
| Mr. M. P. Pinto | NED (I) | 6 | YES |
| Mr. Kirpa Ram Vij | NED (I) | 6 | YES |
| Mr. Saroosh Dinshaw | NED (I) | 6 | YES |

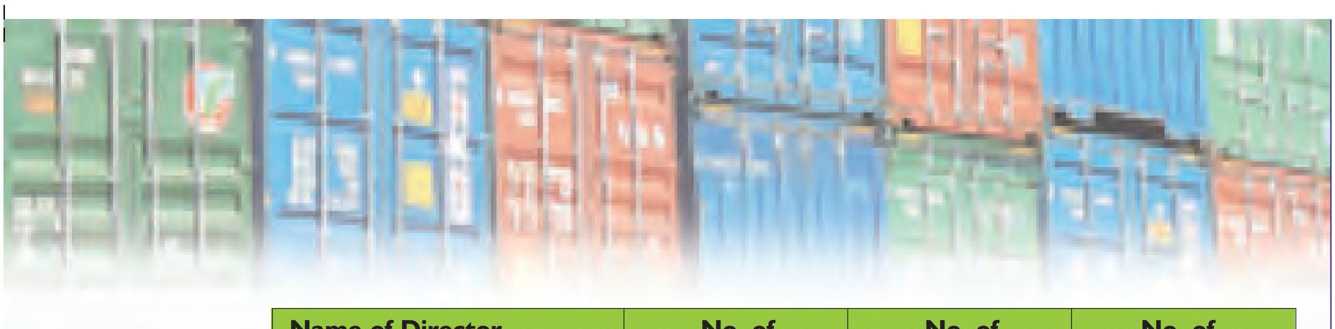
NED (I) - Non Executive Director - Independent

NED - Non-Executive Director

MD - Managing Director

(iii) Number of other Boards of Directors or Board Committees where Directors of the Company are a Director/Member/Chairman

| Name of Director | No. of Directorships in other Boards * | No. of Memberships in otherBoard Committees | No. of Chairmanships in other Board Committees |
|---|---|---|---|
| Mr. Gopinath Pillai | 5 | 1 | - |
| Mr. Prem Kishan Gupta | 3 | 1 | 1 |
| Mr. Arun Agarwal | 1 | - | - |
| Mr. Shabbir Hassanbhai | 3 | 1 | 1 |



| Name of Director | No. of Directorships in other Boards * | No. of Memberships in otherBoard Committees | No. of Chairmanships in other Board Committees |
|---|---|---|---|
| Mr. Karan Singh Thakral | 5 | - | - |
| Mr. Sat Pal Khattar | 8 | 1 | - |
| Mr. K. J. M. Shetty | 4 | 3 | - |
| Mr. M.P. Pinto | 6 | 3 | - |
| Mr. Kirpa Ram Vij | - | - | - |
| Mr. Saroosh Dinshaw | 2 | 1 | - |

* Directorships in Foreign Companies and Private Limited Companies are not included in the above table.

(iv) Details of Board Meetings held for the year April 1, 2007 to March 31, 2008:

| Sr. No. | Date |
|---|---|
| 1 | April 30, 2007 |
| 2 | June 21, 2007 |
| 3 | July 17, 2007 |
| 4 | Sept 20, 2007 |
| 5 | Oct 17, 2007 |
| 6 | Jan 30, 2008 |

## 3. Audit Committee

i) Composition, number of Meetings and Attendance

The Audit Committee comprises of four Directors, of which three are Independent Directors. Mr. K. J. M. Shetty (Independent director) is the Chairman of the Audit Committee.

Mr. Gopinath Pillai, Mr. M.P. Pinto (Independent Director) and Mr. Saroosh Dinshaw (Independent director) are the other three Members of the Committee.

During the year, five Audit Committee Meetings were held on April 30, 2007, June 21, 2007, July 17, 2007, October 17, 2007 and January 29, 2008. Attendance of each Audit Committee Member at the Audit Committee Meetings was as under:

| Sr.No. | Name of Directors who are/ were members of the Audit Committee during 2007-2008 | No. of Meetings attended |
|---|---|---|
| 1. | Mr. K.J.M. Shetty | 5 |
| 2. | Mr. Gopinath Pillai | 5 |
| 3. | Mr. M.P. Pinto | 5 |
| 4 | Mr. Saroosh Dinshaw | 5 |

All members of the Audit Committee are Non-Executive Directors. The Managing Director, Internal Auditors and Statutory Auditors are invitees to the meeting. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

ii) Terms of Reference

The terms of reference of this Committee cover matters specified under the Listing Agreement and the Companies Act, 1956 of India ("the Act").



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4. **Remuneration Committee**

Constitution of Remuneration Committee by listed Public Limited Companies pursuant to the Listing Agreement is voluntary. Presently, the Company does not pay any remuneration to any Non-Executive Director other than commission and sitting fees for attending Board meeting.

Details of remuneration paid to the executive and non-executive directors for the year April 1, 2007 to March 31, 2008.

| Name of the Director | Salary and Benefits | Commission (Rs.) | Perquisites and contribution to Provident Fund/ Superannuation fund | ESOP entitlement | Terms of appointment |
|---|---|---|---|---|---|
| Mr. Prem Kishan Gupta | Nil | 25,00,000 | Nil | Nil | 3 years w. e. f. July 20, 2006 |
| Mr. Gopinath Pillai | Nil | 25,00,000 | Nil | Nil | N.A. |
| Mr. Shabbir Hassanbhai | Nil | 18,00,000 | Nil | Nil | N.A. |
| Mr. Karan Singh Thakral | Nil | 5,00,000 | Nil | Nil | N.A. |
| Mr. Sat Pal Khattar | Nil | 5,00,000 | Nil | Nil | N.A. |
| Mr. K.J.M. Shetty | Nil | 8,50,000 | Nil | Nil | N.A. |
| Mr. M. P. Pinto | Nil | 8,50,000 | Nil | Nil | N.A. |
| Mr. Kirpa Ram Vij | Nil | 5,00,000 | Nil | Nil | N.A. |
| Mr. Saroosh Dinshaw | Nil | 5,00,000 | Nil | Nil | N.A. |
| Mr. Arun Agarwal | Nil | 5,00,000 | Nil | Nil | N.A. |

5. **Investors' Relations Committee**

i) Composition

This committee comprises of four Directors. Mr. K. J. M. Shetty is the Chairman of the Committee and Mr. Gopinath Pillai, Mr. M. P. Pinto and Mr. Saroosh Dinshaw, are the other members. All members of the Investors' Relations Committee are Non Executive Directors.

During the year, five Investors' Relations Committee Meetings were held on April 30, 2007, June 21, 2007, July 17, 2007, October 17, 2007 and January 29, 2008. Attendance of each Investor's Relations Committee Member at the Investors' Relations Committee Meetings was as under:

| Sr. No. | Name of Directors who are/ were members of the Investors' Relations Committee during 2007-2008 | No. of Meetings attended |
|---|---|---|
| 1. | Mr. K.J.M. Shetty | 5 |
| 2. | Mr. Gopinath Pillai | 5 |
| 3. | Mr. M.P. Pinto | 5 |
| 4 | Mr. Saroosh Dinshaw | 5 |

ii) Compliance Officer

Mr. R. Kumar, Dy. Chief Executive Officer & Chief Finance Officer cum Company Secretary.

iii) Complaints

73 Complaints were received during the year under review. All the complaints have been generally resolved to the satisfaction of the share/debenture holders. There were no Share Transfers pending as on March 31, 2008.

**6. General Body Meetings**

i) Location and time where last three Annual General Meetings were held :

| Financial Year | Date | Time | Venue | No. of special resolutions passed |
|---|---|---|---|---|
| 2004-2005 | September 14, 2005 | 3.30 p.m. | Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi - 110 010 | 4 |
| 2005-2006 | September 28, 2006 | 11.30 a.m. | Vishnudas Bhave Natyagruha, Sector 16A, Vashi, Navi Mumbai - 400 705 | Nil |
| 2006-2007 | September 20, 2007 | 11.30 a.m. | Vishnudas Bhave Natyagruha, Sector 16A, Vashi, Navi Mumbai - 400 705 | Nil |

ii) No special resolution was put through Postal Ballot from the last AGM.

**7. Disclosures**

i) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/ strictures have been imposed against it in the last three years.

ii) There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in Note no. 8 of Schedule "R" to the accounts in the Annual Report.

**8. Means of Communication**

Quarterly results are published in one English daily newspaper (The Economic Times) circulating in the country and one Marathi newspaper (Maharashtra Times) published from Mumbai. During the financial year, the Company has not made any presentation to the institutional investors or analysts. The financial results are displayed on the Company's website www.gateway-distriparks.com and are also available on SEBI's website http://sebiedifar.nic.in.

Since the quarterly/ half year results are published in leading newspapers as well as displayed on website, the same are not sent to the Shareholders of the Company.

The company has designated an email ID: investor@gateway-distriparks.com for the purpose of registering complaints by investors.

**9. General Shareholder Information**

| | |
|---|---|
| AGM: Date, Time and Venue | Monday, September 22, 2008 at 10.30 a.m. at Silver Jubilee Hall, Second Floor, Navi Mumbai Sports Association, Near MGM Hospital, Sector 1A, Vashi, Navi Mumbai - 400 703. |
| Financial calendar | i) Financial Year - April 1 to March 31<br>ii) First Quarter Results - Last Week July, 2008<br>iii) Half Yearly Results - Last Week of October, 2008<br>iv) Third Quarter Results - Last Week of January 2009<br>v) Audited Results for the year 2008-2009 - Last Week of May/ June, 2009 |
| Date of Book Closure | Friday, September 12, 2008 to Monday, September 22, 2008 (both days inclusive) |
| Dividend Payment date | On or after October 01, 2008 |



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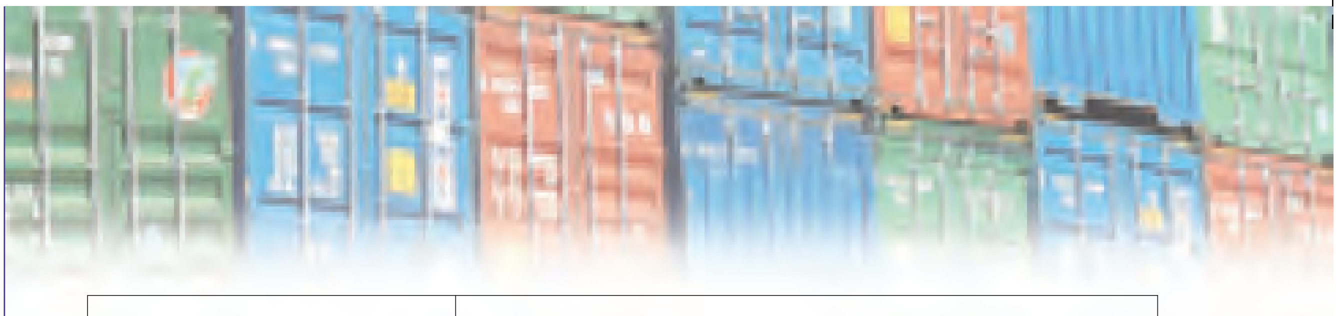

| | |
|---|---|
| Listing of Stock Exchange | **The Stock Exchange** Mumbai — **Code** 532622<br>**National Stock Exchange India Limited, Mumbai** — **Symbol** GDL |
| ISIN Number for NSDL and CDSL | INE852F01015 |
| Market Price Data High, Low during each month in last Financial Year | Please see Annexure 'A' |
| Stock Performance | Please see Annexure 'B' |
| Registrar and Transfer Agents | M/s. Intime Spectrum Registry Limited<br>C-13, Pannalal Silk Mills Compound<br>L.B.S. Marg, Bhandup (West)<br>Mumbai - 400 078<br>Contact Person : Mr. Mahadevan<br>Telephone No. : 2596 3838<br>Fax No. : 2594 6969<br>Email id: rnt.helpdesk@intimespectrum.com |
| Share Transfer System | The Company's shares being in the compulsory dematerialised list are transferable through the depository system. All the Shares are dematerialised except 14 folios. |
| Distribution of shareholding and shareholding pattern as on March 31, 2008 | Please see Annexure 'C' |
| Dematerialisation of shares and liquidity | 96.81% per cent of the paid-up Share Capital has been dematerialised as on March 31, 2008. |
| Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity | 1,440,250 GDR's are outstanding as on 31 March 2008 |
| CFS / ICD Location: | Mumbai :<br>Container Freight Station<br>Sector 6, Dronagiri,Taluka: Uran, District : Raigad<br>Navi Mumbai - 400 707 |
| Address for correspondence | Shareholders correspondence should be addressed to<br>M/s. Intime Spectrum Registry Limited<br>C-13, Pannalal Silk Mills Compound<br>L.B.S Marg, Bhandup (West)<br>Mumbai - 400 078<br>Contact Person : Mr. Mahadevan<br>Telephone No. : 2596 3838<br>Fax No. : 2594 6969<br>Email id: rnt.helpdesk@intimespectrum.com |


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**Annexure 'A'**

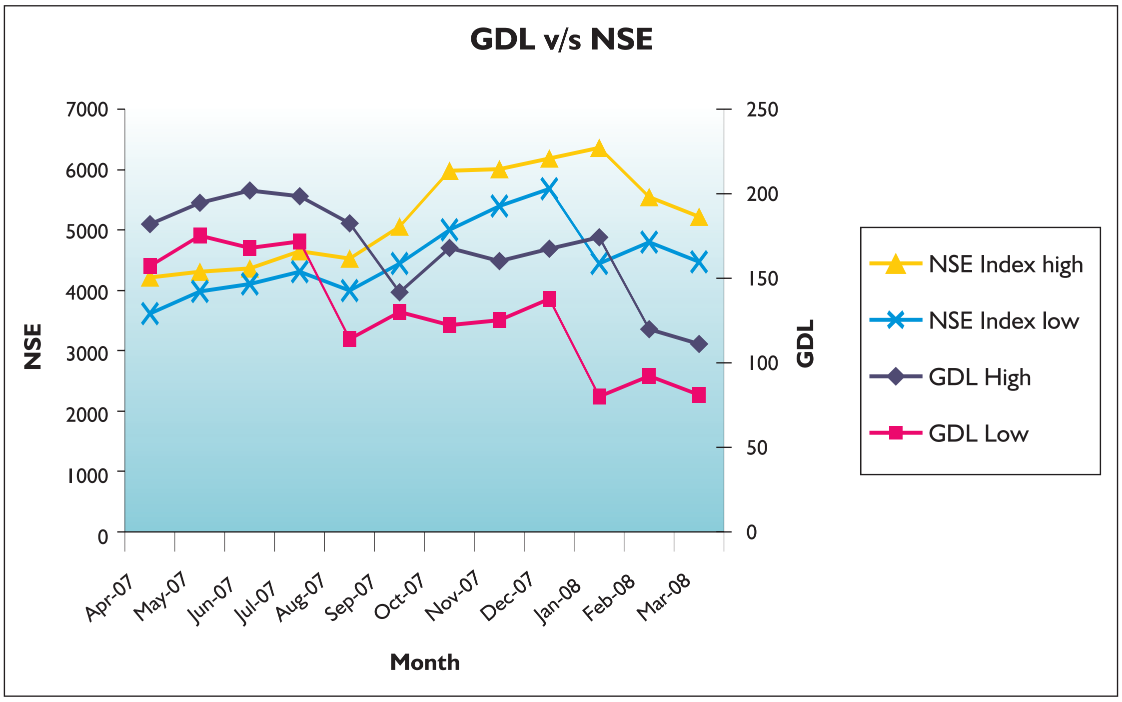
**Market price data- High/Low during each month on NSE**

| Month | High (Rs.) | Low (Rs.) |
|---|---|---|
| Apr-07 | 182.00 | 157.15 |
| May-07 | 194.80 | 175.10 |
| Jun-07 | 201.80 | 168.10 |
| Jul-07 | 198.70 | 171.75 |
| Aug-07 | 182.50 | 113.85 |
| Sep-07 | 141.95 | 129.90 |
| Oct-07 | 168.00 | 122.40 |
| Nov-07 | 160.10 | 125.40 |
| Dec-07 | 167.30 | 138.00 |
| Jan-08 | 174.40 | 80.00 |
| Feb-08 | 120.00 | 92.00 |
| Mar-08 | 110.95 | 81.00 |

On Aug. 07, 2007, the Allotment Committee allotted 23,091,775 equity shares of Rs. 10 as fully paid up bonus shares to the members of the company as on the Record Date (03 Aug. 2007). The ratio of bonus issue was one equity share for every 4 equity shares held in the company as on Record Date.

**Annexure 'B'**

**Stock performance of the Company in comparison to NSE**



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## Annexure 'C'

### i) Distribution Schedule as on March 31, 2008

| Shares Held | No. of Holders | Per cent | No. of Shares | Per cent |
|---|---|---|---|---|
| 1-5000 | 55779 | 91.41 | 6832948 | 5.91 |
| 5001-10000 | 2879 | 4.72 | 2185359 | 1.89 |
| 10001-20000 | 1289 | 2.11 | 1849829 | 1.60 |
| 20001-30000 | 384 | 0.63 | 964831 | 0.84 |
| 30001-40000 | 157 | 0.25 | 557791 | 0.48 |
| 40001-50000 | 144 | 0.24 | 671596 | 0.58 |
| 50001-100000 | 160 | 0.26 | 1190149 | 1.03 |
| Above 100001 | 230 | 0.38 | 101344247 | 87.67 |
| **Total** | **61022** | **100.00** | **115596750** | **100.00** |

### ii) Shareholding Pattern As On March 31, 2008

| Sr. No. | Category | No. of Shares Held | Percentage of Shareholding |
|---|---|---|---|
| 1 | Indian Promoters | 21,500,000 | 18.60 |
| 2 | Foreign Promoters | 24,753,687 | 21.41 |
| 3 | Persons acting in concert# | 1,575,000 | 1.35 |
| 4 | Mutual Funds & UTI | 4,630,555 | 4.01 |
| 5 | Banks, Financial Institutions, Insurance Co.'s | 9,091,360 | 7.86 |
| 6 | FIIS (including GDRs) | 27,774,616 | 24.03 |
| 7 | Private Corporate Bodies | 7,351,294 | 6.36 |
| 8 | Indian Public | 13,815,677 | 11.95 |
| 9 | NRI/OCB's | 912,813 | 0.79 |
| 10 | Trusts | 2,679,060 | 2.32 |
| 11 | Any other | | |
| | - Directors & Their Relatives | 885,813 | 0.77 |
| | - Clearing members | 477,875 | 0.41 |
| | - ESOP | 149,000 | 0.13 |
| **TOTAL** | | **115,596,750** | **100** |

# includes shares held by Non-executive Directors, as per list given below:

| Sr. No. | Name of Director | Number of Shares held |
|---|---|---|
| 1 | Gopinath Pillai | 300,000 |
| 2 | Shabbir Hassanbhai | 300,000 |
| 3 | Karan Singh Thakral | 300,000 |
| 4 | Sat Pal Khattar | 300,000 |
| 5 | Arun Agarwal | 125,000 |



**Declaration:**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Team have complied with the Code of Conduct for the financial year ended March 31, 2008

For and on behalf of the Board of Directors of
**Gateway Distriparks Limited**

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

Place : Mumbai
Dated : June 26, 2008



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## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE.

To the Members of Gateway Distriparks Limited

1. We have examined the compliance of conditions of Corporate Governance by Gateway Distriparks Limited (the Company) for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

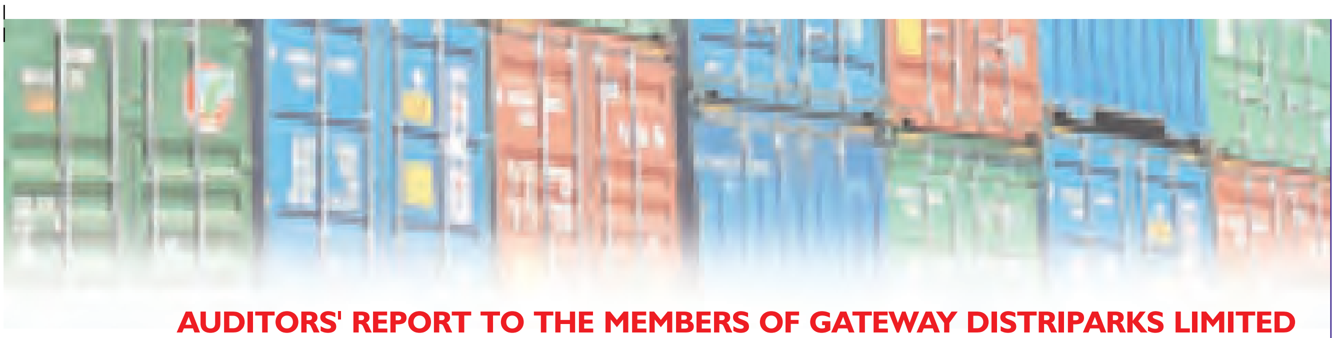
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

4. We 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.

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place: Mumbai
Date: June 26, 2008





# AUDITORS' REPORT TO THE MEMBERS OF GATEWAY DISTRIPARKS LIMITED

1. We have audited the attached Balance Sheet of Gateway Distriparks Limited ("the Company"), as at March 31, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India ("the Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
   (e) On the basis of written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the Notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place: Mumbai
Date: June 26, 2008



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# ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gateway Distriparks Limited on the financial statements for the year ended March 31, 2008]

1 (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company are physically verified by the Management according to a phased programme, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2 (a) The Company has granted unsecured loans to two companies covered in the register maintained under Section 301 of the Companies Act, 1956 of India ("the Act"). The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 648,561,065 and Rs. 49,995,347, respectively.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not *prima-facie* prejudicial to the interest of the Company.

(c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest.

(d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.

(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company for the year.

3 In our opinion and according to the information and explanations given to us, having regard to explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

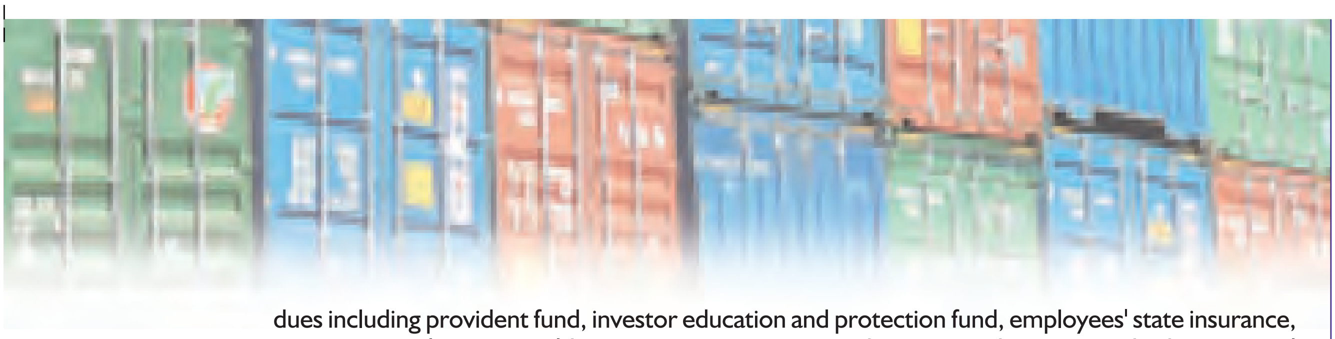
4 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain services rendered are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs 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.

5 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

6 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

7 (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 undisputed statutory





dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there were no dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

8 The Company has no accumulated losses as at March 31, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

9 According to the records of the Company examined by us and the information and explanations given by the Management, the Company has not defaulted in repayment of dues to any bank as at the Balance Sheet date. Further, there were no dues payable to financial institution and debenture holders during the year.

10 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

11 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.

12 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

13 In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks during the year, are not prejudicial to the interest of the Company.

14 The Company has not obtained any term loans.

15 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

16 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

17 The Company has not issued any debentures during the year.

18 The Management has disclosed the end use of money raised during the year ended March 31, 2006 by Global offering of shares (Refer Note 11 on Schedule "R") and the same has been verified by us.

19 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

20 The other clauses (ii) and (viii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion, there is no matter which arises to be reported in the aforesaid order.

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place: Mumbai
Date: June 26, 2008



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GATEWAY DISTRIPARKS LTD

# BALANCE SHEET AS AT MARCH 31, 2008

| | Schedule Reference | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Capital | A | 1,155,967,500 | 923,671,000 |
| Reserves and Surplus | B | 5,323,101,695 | 5,259,676,152 |
| | | 6,479,069,195 | 6,183,347,152 |
| **Loan Funds** | | | |
| Secured Loans | C | – | 23,767,330 |
| **Deferred Tax Liabilities (Net)** | D | 153,437,970 | 135,321,636 |
| **TOTAL** | | **6,632,507,165** | **6,342,436,118** |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | E | | |
| Gross Block | | 3,037,771,012 | 2,241,300,511 |
| Less: Depreciation | | 520,461,853 | 388,336,386 |
| Net Block | | 2,517,309,159 | 1,852,964,125 |
| Capital Work-in-Progress | | 56,273,781 | 366,900,000 |
| | | 2,573,582,940 | 2,219,864,125 |
| **Pre-operative expenses pending capitalisation/allocation** | F | – | 14,101,557 |
| **Investments** | G | 1,677,934,445 | 1,647,934,445 |
| **Current Assets, Loans and Advances** | | | |
| Sundry Debtors | H | 60,098,445 | 77,460,704 |
| Cash and Bank Balances | I | 564,992,545 | 1,678,711,349 |
| Other Current Assets | J | 32,176,031 | 27,011,902 |
| Loans and Advances | K | 2,132,816,411 | 822,756,291 |
| | | 2,790,083,432 | 2,605,940,246 |
| **Less: Current Liabilities and Provisions** | L | | |
| Liabilities | | 132,572,885 | 141,782,115 |
| Provisions | | 276,520,767 | 3,622,140 |
| | | 409,093,652 | 145,404,255 |
| **Net Current Assets** | | 2,380,989,780 | 2,460,535,991 |
| **TOTAL** | | **6,632,507,165** | **6,342,436,118** |
| **Notes to Accounts** | R | | |

The Schedules referred to herein above form an integral part of the Accounts.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

**Uday Shah**
*Partner*
*Membership No.: F-46061*
For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

**Gopinath Pillai**
*Chairman*

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**Karan Singh Thakral**
*Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary*

Place: Mumbai
Date: June 26, 2008

Place: Mumbai
Date: June 26, 2008



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

| | Schedule Reference | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Income from Operations | **M** | 1,650,226,599 | 1,363,497,986 |
| Other Income | **N** | 108,239,322 | 240,957,711 |
| | | **1,758,465,921** | **1,604,455,697** |
| **EXPENDITURE** | | | |
| Employee Costs | **O** | 69,142,291 | 62,769,581 |
| Operating Expenses | **P** | 687,583,707 | 544,919,665 |
| Depreciation/ Amortisation | | 133,472,525 | 93,917,072 |
| Interest | **Q** | 614,412 | 7,397,356 |
| | | **890,812,935** | **709,003,674** |
| **Profit Before Taxation** | | **867,652,986** | **895,452,023** |
| Provision for Taxation (Refer Note 5 - Schedule "R") | | | |
| Income Tax – Current Year | | 100,000,000 | 101,700,000 |
| – Earlier Years | | (5,380,620) | 1,249,635 |
| Fringe Benefit Tax | | 2,784,213 | 1,415,283 |
| Deferred Tax | | 18,116,334 | 17,926,854 |
| **Profit After Taxation** | | **752,133,059** | **773,160,251** |
| Profit and Loss Account Balance Brought Forward | | 959,652,181 | 632,483,616 |
| | | 1,711,785,240 | 1,405,643,867 |
| Transfer to General Reserve | | 75,300,000 | 77,400,000 |
| Interim Dividend paid | | 173,368,050 | 323,255,150 |
| Proposed Interim Dividend | | 173,395,125 | – |
| Proposed Final Dividend | | 57,798,375 | – |
| Tax on Dividend | | 68,755,237 | 45,336,536 |
| **Profit and Loss Account Balance Carried to Balance Sheet** | | **1,163,168,453** | **959,652,181** |
| Earnings Per Share (Refer Note 10 - Schedule "R") | | | |
| – Basic | | 6.51 | 6.70 |
| – Diluted | | 6.50 | 6.69 |
| **Notes to Accounts** | **R** | | |

The Schedules referred to herein above
form an integral part of the Accounts.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place: Mumbai
Date: June 26, 2008

**Gopinath Pillai**
*Chairman*

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**Karan Singh Thakral**
*Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary*

Place: Mumbai
Date: June 26, 2008

GATEWAY DISTRIPARKS LTD

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

| | | | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|---|---|
| **A.** | **Cash flow from operating activities :** | | | |
| | Profit Before Taxation | | 867,652,986 | 895,452,023 |
| | **Adjustment for :** | | | |
| | Depreciation | | 133,472,525 | 93,917,072 |
| | Provision for Doubtful Debts | | 6,856,303 | 7,792,438 |
| | Provision for ESOP Expenses | | 1,864,876 | 6,869,335 |
| | Interest Expense | | 614,412 | 7,397,356 |
| | Interest Income | | (88,386,211) | (174,765,474) |
| | Gain on redemption of Current Investments | | (7,815,733) | (41,199,002) |
| | Loss / (Profit) on Sale/ Disposal of Fixed Assets | | 138,117 | (8,018,919) |
| | Provision for Retirement Benefits | | 2,510,653 | (775,372) |
| | Provision for Doubtful Ground Rent | | 666,200 | 769,000 |
| | Liabilities no Longer Required Written Back | | (4,127,339) | (9,873,070) |
| | **Operating profit before working capital changes** | | **913,446,789** | **777,565,387** |
| | **Adjustments for change in working capital:** | | | |
| | – Decrease/ (Increase) in Sundry Debtors | | 10,505,956 | (25,137,100) |
| | – Decrease/ (Increase) in Loans and Advances | | (16,772,980) | 489,384,269 |
| | – Increase/ (Decrease) in Trade and Other Payables | | (759,616) | 60,835,013 |
| | **Cash generated from operations** | | **906,420,149** | **1,302,647,569** |
| | – Taxes Paid | | 98,918,963 | 67,925,373 |
| | **Net cash from operating activities** | **(A)** | **807,501,186** | **1,234,722,196** |
| **B.** | **Cash flow from investing activities :** | | | |
| | Purchase of Fixed Assets | | (487,352,958) | (553,901,925) |
| | Sale of Fixed Assets | | 23,501 | 35,780,791 |
| | Decrease/ (Increase) in Preliminary/ Pre-operative Expenses | | 14,101,557 | (14,101,557) |
| | Purchase of Investments | | (810,000,000) | (3,560,000,000) |
| | Purchase of Shares in Subsidiary Companies | | (30,000,000) | (1,498,653,678) |
| | Sale of Investments | | 817,815,733 | 3,745,657,845 |
| | Share Application Money | | (1,902,254,906) | (120,971,564) |
| | Loan recovered/ (given) from/ to Subsidiary Companies | | 598,565,718 | (501,351,599) |
| | Interest Received | | 94,396,438 | 155,621,193 |
| | **Net cash used in investing activities** | **(B)** | **(1,704,704,917)** | **(2,311,920,494)** |
| **C.** | **Cash flow from financing activities :** | | | |
| | Proceeds from fresh Issue of Shares (net of issue expenses) | | 15,040,895 | 19,519,304 |
| | Repayment of Secured Loans | | (23,767,330) | (235,069,422) |
| | Interest Paid | | (654,359) | (9,196,334) |
| | Payment of Dividend | | (177,670,378) | (456,419,664) |
| | Payment of Dividend Tax | | (29,463,901) | (64,764,100) |
| | **Net cash used in financing activities** | **(C)** | **(216,515,073)** | **(745,930,216)** |
| | **Net Increase/ (Decrease) in Cash and Cash Equivalents** | **(A+B+C)** | **(1,113,718,804)** | **(1,823,128,514)** |
| | Cash and Cash Equivalents at the beginning of the year | | 1,678,711,349 | 3,501,839,863 |
| | Cash and Cash Equivalents at the year end | | 564,992,545 | 1,678,711,349 |
| | **Net Increase/ (Decrease) in Cash and Cash Equivalents** | | **(1,113,718,804)** | **(1,823,128,514)** |



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008 *(Contd.)*

| | Rs. | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|---|
| **Cash and Cash Equivalents comprise :** | | | |
| Cash on Hand | | 237,046 | 1,330,965 |
| Cheques on Hand | | 9,105,301 | 2,635,135 |
| Balances with Scheduled Banks on: | | | |
| – in Current Accounts | 89,105,795 | | 89,081,918 |
| – in Unpaid Dividend Accounts | 1,615,707 | | 5,918,035 |
| – in Unpaid Share Application Accounts | 805,652 | | 870,452 |
| – in Unpaid Franctional Bonus Shares Account | 90,685 | | – |
| – in Deposit Account | 464,032,359 | | 1,578,874,844 |
| | | 555,650,198 | 1,674,745,249 |
| Cash and Cash equivalents as at year-end | | **564,992,545** | **1,678,711,349** |

**Notes:**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on "Cash Flow Statements" notified under Section 211(3C) of the Companies Act, 1956, of India.
2. Previous year's figures have been regrouped/ rearranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place: Mumbai
Date: June 26, 2008

**Gopinath Pillai**
*Chairman*

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**Karan Singh Thakral**
*Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary*

Place: Mumbai
Date: June 26, 2008



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## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"A" SHARE CAPITAL** | | |
| **Authorised:** | | |
| 125,000,000 (Previous year: 110,000,000) Equity Shares of Rs. 10 each | **1,250,000,000** | **1,100,000,000** |
| During the year, the Authorised Share Capital has been increased to Rs. 1,250,000,000 by creating 15,000,000 Equity Shares of Rs. 10 each pursuant to a resolution passed by the Shareholders through postal ballot on June 28, 2007. | | |
| **Issued and Subscribed:** | | |
| 115,596,750 (Previous year: 92,367,100) Equity Shares of Rs. 10 each, fully paid-up | 1,155,967,500 | 923,671,000 |
| | **1,155,967,500** | **923,671,000** |

**Notes:**

1. Of the above, 39,091,775 (Previous year: 16,000,000) Equity Shares of Rs. 10 each were allotted as fully paid bonus shares by capitalisation of Securities Premium and surplus in Profit and Loss Account.
2. During the year, the Company has allotted 103,825 Equity Shares on August 11, 2007, 12,000 Equity Shares on October 17, 2007 and 3,050 Equity Shares on November 29, 2007, pursuant to ESOP Plan, 2005, at a premium of Rs. 99.25 per equity share.
3. During the year, the Company has allotted 4,000 Equity Shares on October 17, 2007, pursuant to ESOP Plan, 2001, at a premium of Rs. 12.50 per equity share.
4. During the year, the Company has allotted 15,000 Equity Shares on November 29, 2007, pursuant to ESOP Plan, 2005, at a premium of Rs. 120.92 per equity share.
5. For Employee Stock Option Plan, 2001 and Employee Stock Option Plan 2005 - Refer Notes 1(ix) and 4 - Schedule "R".

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"B" RESERVES AND SURPLUS** | | |
| **Securities Premium Account** | | |
| Opening Balance | 4,085,964,203 | 4,067,313,791 |
| Received during the year (Refer Notes 2, 3 and 4 - Schedule "A" above) | 13,662,145 | 17,881,304 |
| Transferred from Employees Stock Options Outstanding on exercise of ESOP | 3,737,427 | 769,108 |
| | 4,103,363,775 | 4,085,964,203 |
| Less: Utilised for allotment of fully paid bonus shares (Refer Note 1 - Schedule "A" above) | 230,917,750 | – |
| | 3,872,446,025 | 4,085,964,203 |
| **General Reserve** | | |
| Opening Balance | 204,400,000 | 127,000,000 |
| Add: Transfer from Profit and Loss Account | 75,300,000 | 77,400,000 |
| | 279,700,000 | 204,400,000 |
| Profit and Loss Account Balance | 1,163,168,453 | 959,652,181 |
| Employees Stock Options Outstanding (Refer Notes 1(ix) and 4 - Schedule "R") | | |
| Opening Balance | 9,659,768 | 3,559,541 |
| Addition during the year | 1,864,876 | 6,869,335 |
| Less: Transferred to Securities Premium Account on exercise of ESOP | (3,737,427) | (769,108) |
| | 7,787,217 | 9,659,768 |
| | **5,323,101,695** | **5,259,676,152** |



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## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

### "C" SECURED LOANS

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **Term Loans** | | |
| - Vehicle Finance Loan from Banks | – | 23,767,330 |
| [Repayable within one year Rs. Nil (Previous year: Rs. 23,767,330)] | | |
| | **–** | **23,767,330** |

### "D" DEFERRED TAX LIABILITIES (NET)

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| [Refer Note 1(viii) - Schedule "R"] | | |
| Timing difference between book and tax depreciation | 153,437,970 | 135,321,636 |
| | **153,437,970** | **135,321,636** |


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# SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

## "E" FIXED ASSETS

[Refer Notes 1(ii), 1(iii) and 17 - Schedule "R"]

| Particulars | Cost | | | | Depreciation/ Amortisation | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2007 Rs. | Additions/ Adjustments during the year Rs. | Deductions/ Adjustments during the year Rs. | As at 31.03.2008 Rs. | Up to 01.04.2007 Rs. | Depreciation for the year Rs. | Deductions/ Adjustments during the year Rs. | Up to 31.03.2008 Rs. | As at 31.03.2008 Rs. | As at 31.03.2007 Rs. |
| **Intangible Assets** | | | | | | | | | | |
| Punjab Conware's Container Freight Station - Upfront Fees | - | 350,000,000 | - | 350,000,000 | - | 18,000,000 | - | 18,000,000 | 332,000,000 | - |
| **Tangible Assets** | | | | | | | | | | |
| Freehold Land | 300,957,106 | 72,236,270 | - | 373,193,376 | - | - | - | - | 373,193,376 | 300,957,106 |
| Leasehold Land | 268,258,705 | - | - | 268,258,705 | 39,903,391 | 4,470,978 | - | 44,374,369 | 223,884,336 | 228,355,314 |
| Buildings | 1,053,666,594 | 244,398,201 | - | 1,298,064,795 | 200,688,671 | 48,474,769 | - | 249,163,440 | 1,048,901,355 | 852,977,923 |
| Electrical Installations | 26,272,963 | 15,223,521 | - | 41,496,484 | 6,730,263 | 2,113,006 | - | 8,843,269 | 32,653,215 | 19,542,700 |
| Rail Siding (Refer Note 1 below) | 72,863,520 | 12,941,891 | - | 85,805,411 | 8,911,252 | 4,430,244 | - | 13,341,496 | 72,463,915 | 63,952,268 |
| Plant and Machinery | 4,811,801 | - | - | 4,811,801 | 1,244,228 | 228,579 | - | 1,472,807 | 3,338,994 | 3,567,573 |
| Yard Equipments (Refer Notes 2 and 3 below) | 309,089,329 | 81,221,310 | - | 390,310,639 | 50,296,594 | 22,568,250 | - | 72,864,844 | 317,445,795 | 258,792,735 |
| Office Equipments | 8,226,151 | 4,097,248 | 130,758 | 12,192,641 | 2,082,583 | 562,631 | 45,962 | 2,599,252 | 9,593,389 | 6,143,568 |
| Computers | 21,446,838 | 6,655,179 | 1,377,918 | 26,724,099 | 15,738,513 | 3,413,798 | 1,301,096 | 17,851,215 | 8,872,884 | 5,708,325 |
| Furniture and Fixtures | 10,317,089 | 7,736,401 | - | 18,053,490 | 4,129,310 | 2,995,068 | - | 7,124,378 | 10,929,112 | 6,187,779 |
| Vehicles (Refer Note 4 below) | 165,390,415 | 3,469,156 | - | 168,859,571 | 58,611,581 | 26,215,202 | - | 84,826,783 | 84,032,788 | 106,778,834 |
| **TOTAL** | **2,241,300,511** | **797,979,177** | **1,508,676** | **3,037,771,012** | **388,336,386** | **133,472,525** | **1,347,058** | **520,461,853** | **2,517,309,159** | **1,852,964,125** |
| Previous year | 1,992,889,393 | 279,996,487 | 31,585,369 | 2,241,300,511 | 298,242,811 | 93,917,072 | 3,823,497 | 388,336,386 | | |
| Capital Work-in-Progress [including Capital Advances of Rs. 53,273,781 (Previous year: Rs. 16,900,000)] | | | | | | | | | 56,273,781 | 366,900,000 |
| | | | | | | | | | **2,573,582,940** | **2,219,864,125** |

**Notes:**

1. Railway Siding includes Rs. 70,471,534 (Previous year: Rs. 57,529,643) being cost of railway siding constructed on land not owned by the Company.
2. Yard Equipments include Reach Stackers Costing Rs. 339,007,887 (Previous year: Rs. 264,011,355) and having Net Book Value Rs. 277,688,532 (Previous year: Rs. 222,607,983).
3. Additions to Yard Equipments include adjustment on account of net foreign exchange loss of Rs. Nil (Previous year: Rs. 3,980,502).
4. Vehicles include Trailors Costing Rs. 155,623,876 (Previous year: Rs. 155,623,876) and having Net Book Value Rs. 74,284,044 (Previous year: Rs. 99,395,706).



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"F" PRE-OPERATIVE EXPENSES PENDING CAPITALISATION/ ALLOCATION** | | |
| [Refer Note 17 - Schedule "R"] | | |
| Opening Balance | 14,101,557 | – |
| Salaries, Allowances and Bonus | 2,051,955 | 1,288,164 |
| Staff Welfare | 12,809 | 11,606 |
| Transportation | 6,056,348 | 3,122,932 |
| Labour Charges | 10,439,464 | 6,267,875 |
| Fees on Operations and Management of Punjab Conware's Container Freight Station | 26,410,000 | 16,700,000 |
| Sub-Contract Charges | 280,474 | 136,400 |
| Power and Fuel | 1,324,423 | 662,596 |
| Rates and Taxes | 1,181,394 | 835,226 |
| Repairs and Maintenance: | | |
| – Building/ Yard | 414,530 | 402,522 |
| – Plant and Machinery | 85,122 | 69,391 |
| Insurance | 571,772 | 2,692,561 |
| Customs Staff Expenses | 1,400,751 | 887,513 |
| Printing and Stationery | 143,220 | 90,380 |
| Travelling and Conveyance | 251 | 1,860 |
| Motor Car Expenses | 78,291 | 52,954 |
| Communication | 143,895 | 54,543 |
| Advertising Expenses | 47,738 | 7,100 |
| Security Charges | 844,763 | 629,928 |
| Professional Fees | 12,000 | 8,100 |
| Software Expenses | – | 56,625 |
| Auction Expenses | 48,121 | – |
| Bank Charges | 253,163 | – |
| Miscellaneous | 3,266 | 666 |
| Total | 65,905,307 | 33,978,942 |
| Less: Income From Container Handling | (57,267,619) | (19,877,385) |
| Less: Capitalised to Building | (8,637,688) | – |
| | **–** | **14,101,557** |
| **"G" INVESTMENTS** | | |
| [Refer Notes 1(iv) and 18 - Schedule "R"] | | |
| (At Cost - Long Term, Unquoted, Trade) | | |
| **In Subsidiary Companies** | | |
| 1,665,000 (Previous year: 1,665,000) Equity Shares of Rs. 10 each fully paid in | 33,300,000 | 33,300,000 |
| Gateway East India Private Limited | | |
| 99,000 (Previous year: 99,000) Equity Shares of Rs. 100 each fully paid in | 134,280,767 | 134,280,767 |
| Gateway Distriparks (South) Private Limited | | |
| 104,000,000 (Previous year: 101,000,000) Equity Shares of Rs. 10 each fully paid in | 1,040,000,000 | 1,010,000,000 |

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

### "G" INVESTMENTS *(contd.)*

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| Gateway Rail Freight Limited | | |
| 40,298,619 (Previous year: 40,298,619) Equity Shares of Rs. 10 each fully paid in | 470,053,678 | 470,053,678 |
| Snowman Frozen Foods Limited | | |
| 30,000 (Previous year: 30,000) Equity Shares of Rs. 10 each fully paid in | 300,000 | 300,000 |
| Gateway Distriparks (Kerala) Limited | | |
| **Total** | **1,677,934,445** | **1,647,934,445** |

**Note:**

| | Units | Cost (Rs.) |
|---|---|---|
| The following investment was purchased and sold during the year 2007-2008: | | |
| - HDFC Liquid Fund - Premium Plus Plan - Growth | 52,432,029 | 810,000,000 |

### "H" SUNDRY DEBTORS

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| [Unsecured] | | |
| Debts Outstanding for a Period exceeding Six Months | | |
| – Considered Good | 149,970 | 64,572 |
| – Considered Doubtful | 21,997,975 | 18,501,060 |
| | 22,147,945 | 18,565,632 |
| Other Debts | | |
| – Considered Good | 59,948,475 | 77,396,132 |
| – Considered Doubtful | 4,721,810 | 8,135,581 |
| | 86,818,230 | 104,097,345 |
| Less: Provision for Doubtful Debts | 26,719,785 | 26,636,641 |
| | **60,098,445** | **77,460,704** |

### "I" CASH AND BANK BALANCES

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| Cash on Hand | 237,046 | 1,330,965 |
| Cheques on Hand | 9,105,301 | 2,635,135 |
| Balances with Scheduled Banks: | | |
| – in Current Accounts | 89,105,795 | 89,081,918 |
| – in Unpaid Dividend Accounts | 1,615,707 | 5,918,035 |
| – in Unpaid Share Application Accounts | 805,652 | 870,452 |
| – in Unpaid Fractional Bonus Shares Account | 90,685 | - |
| – in Fixed Deposit Accounts | 464,032,359 | 1,578,874,844 |
| [Under lien with banks Rs. 74,032,359 (Previous year: Rs. 348,874,844) towards guarantee issued by them and loans given to subsidiaries] | | |
| [Includes Rs. Nil (Previous year: Rs. 1,573,811,546) out of the proceeds of Global Depository Receipts Issue] | | |
| | **564,992,545** | **1,678,711,349** |



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

### "J" OTHER CURRENT ASSETS

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| (Unsecured) | | |
| Accrued Interest on Fixed Deposits with Banks | 6,563,681 | 12,573,908 |
| Accrued Ground Rent | | |
| – Considered Good | 25,612,350 | 14,437,994 |
| – Considered Doubtful | 10,788,000 | 10,121,800 |
| | 36,400,350 | 24,559,794 |
| Less: Provision for Doubtful Ground Rent | 10,788,000 | 10,121,800 |
| | 25,612,350 | 14,437,994 |
| | **32,176,031** | **27,011,902** |

### "K" LOANS AND ADVANCES

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| (Unsecured and Considered Good) | | |
| Advances Recoverable in Cash or in Kind or for Value to be Received | 16,424,950 | 17,095,183 |
| Balances with Excise and Custom Authorities | 14,564,173 | 8,727,570 |
| Advance to a Subsidiary Company (Gateway Rail Freight Limited) | – | 527,678,925 |
| Share Application in a Subsidiary Company | | |
| – Gateway Rail Freight Limited | 1,872,811,700 | – |
| – Gateway Distriparks (Kerala) Limited | 119,700,000 | 119,700,000 |
| – Gateway East India Private Limited | 49,014,770 | 19,571,564 |
| Loan to a Subsidiary Company (Gateway Distriparks (South) Private Limited) (Refer Note 15 - Schedule "R") | 49,995,347 | 120,882,140 |
| Security Deposits - Others | 3,519,800 | 3,753,746 |
| Tax Deducted at Source and Advance Tax | 6,785,671 | 5,347,163 |
| [Net of Provision for Tax Rs. 201,700,000 (Previous Year Rs. 207,200,000)] | | |
| [Refer Notes 5 and 6 - Schedule "R"] | | |
| | **2,132,816,411** | **822,756,291** |

### "L" CURRENT LIABILITIES AND PROVISIONS

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **Current Liabilities** | | |
| Sundry Creditors (Refer Note 19 - Schedule "R") | | |
| – Due to Micro and Small Enterprises | – | – |
| – Due to Others | 101,745,529 | 116,060,473 |
| Security Deposits Received | 3,287,267 | 1,887,147 |
| Advances from Customers | 18,984,775 | 12,444,327 |
| Auction Surplus [Refer Note 1(vii)(b) - Schedule "R"] | 2,294,853 | 1,672,394 |
| Interest Accrued but not Due on Term Loans and Vehicle Finance Loans | – | 39,947 |
| Unpaid Dividend * | 1,615,707 | 5,918,035 |
| Unpaid Share Application Accounts * | 805,652 | 870,452 |
| Unpaid Fractional Bonus Shares * | 90,685 | – |
| Other Liabilities | 3,748,417 | 2,889,340 |
| | **132,572,885** | **141,782,115** |

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

GATEWAY DISTRIPARKS LTD

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

| "L" CURRENT LIABILITIES AND PROVISIONS *(contd.)* | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **Provisions** | | |
| Wealth Tax | 70,000 | 49,362 |
| Fringe Benefit Tax [Net of Advance Tax Rs. 2,651,713 (Previous year: Rs. 1,185,283)] | 112,500 | 230,000 |
| Proposed Interim Dividend | 173,395,125 | – |
| Proposed Final Dividend | 57,798,375 | – |
| Tax on Dividend | 39,291,336 | – |
| Retirement Benefits [Refer Notes 1 (vi) and 16 - Schedule "R"] | | |
| – Leave Encashment | 2,515,562 | 1,568,999 |
| – Gratuity | 3,337,869 | 1,773,779 |
| | **276,520,767** | **3,622,140** |
| **TOTAL** | **409,093,652** | **145,404,255** |



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# SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

| | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|
| **"M" INCOME FROM OPERATIONS** | | |
| [Refer Note 1(vii) - Schedule "R"] | | |
| Ground Rent - Gross | 539,032,216 | 444,197,518 |
| [Tax Deducted at Source: Rs. 11,934,761; (Previous year: Rs. 9,961,055)] | | |
| Container Storage, Handling and Repair - Gross | 1,024,482,037 | 855,174,863 |
| [Tax Deducted at Source Rs. 11,341,574; (Previous year: Rs. 8,099,759)] | | |
| Service Charges | 60,607,581 | 38,161,855 |
| Auction Sales | 26,104,765 | 25,963,750 |
| | **1,650,226,599** | **1,363,497,986** |
| **"N" OTHER INCOME** | | |
| Rent - Gross | 7,440,039 | 6,747,417 |
| [Tax Deducted at Source Rs. 1,121,972; (Previous year: Rs. 670,826)] | | |
| Interest on Fixed Deposits with Banks - Gross | 81,599,823 | 163,694,787 |
| [Tax Deducted at Source Rs. 18,083,068; (Previous year: Rs. 36,740,943)] | | |
| Interest on Loan to Subsidiary - Gross | 6,786,388 | 11,070,687 |
| [Tax Deducted at Source Rs. 1,537,796; (Previous year: Rs. 2,484,262)] | | |
| Gain on redemption of Investments (Net) | 7,815,733 | 41,199,002 |
| Profit on Sale of Fixed Assets (Net) | - | 8,018,919 |
| Liabilities no longer Required Written Back | 2,608,395 | 2,993,488 |
| Write back of Auction Surplus | 1,518,944 | 6,879,582 |
| Miscellanous Income | 470,000 | 353,829 |
| | **108,239,322** | **240,957,711** |
| **"O" EMPLOYEE COSTS** | | |
| Salaries, Allowances and Bonus | 56,896,532 | 47,604,487 |
| Contribution to Provident and Other Funds | 3,665,773 | 3,094,695 |
| Leave Encashment | 2,710,594 | 1,617,404 |
| Gratuity | 2,374,360 | 1,791,455 |
| Staff Welfare | 1,630,156 | 1,792,205 |
| Employees Stock Options Expense [Refer Note 4 - Schedule "R"] | 1,864,876 | 6,869,335 |
| | **69,142,291** | **62,769,581** |



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF GATEWAY DISTRIPARKS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Gateway Distriparks Limited ("the Company") and its subsidiaries as at March 31, 2008, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report (together comprising the "Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the Management of Gateway Distriparks Limited. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 520,914,212 as at March 31, 2008 and total revenues of Rs. 292,786,130 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Gateway Distriparks Limited and its subsidiaries included in the Consolidated Financial Statements.
5. On the basis of information and according to the explanations given to us and on the consideration of the separate audit reports on individual audited Financial Statements of Gateway Distriparks Limited and its aforesaid subsidiaries, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of Gateway Distriparks Limited and its subsidiaries as at March 31, 2008;
   (b) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Gateway Distriparks Limited and its subsidiaries for the year ended on that date; and
   (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Gateway Distriparks Limited and its subsidiaries for the year ended on that date.

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place: Mumbai
Date: June 26, 2008



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## GATEWAY DISTRIPARKS LIMITED

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

| | Schedule Reference | 31.03.2008 Rs. | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | |
| **Shareholders' Funds** | | | | |
| Capital | A | 1,155,967,500 | | 923,671,000 |
| Reserves and Surplus | B | 5,310,975,761 | | 5,264,087,900 |
| | | | 6,466,943,261 | 6,187,758,900 |
| **Loan Funds** | | | | |
| Secured Loans | C | | 215,410,695 | 74,861,996 |
| **Minority Interest** | D | | 635,735,542 | 482,926,796 |
| **Deferred Tax Liabilities (Net)** | E | | 168,800,726 | 150,118,081 |
| **TOTAL** | | | **7,486,890,224** | **6,895,665,773** |
| **APPLICATION OF FUNDS** | | | | |
| **Fixed Assets** | F | | | |
| Gross Block | | 7,185,983,671 | | 4,373,449,801 |
| Less: Depreciation | | 1,000,958,173 | | 713,524,627 |
| Net Block | | 6,185,025,498 | | 3,659,925,174 |
| Capital Work-in-Progress | | 465,839,264 | | 1,055,304,501 |
| | | | 6,650,864,762 | 4,715,229,675 |
| **Pre-operative expenses pending capitalisation/allocation** | G | | 86,569 | 47,427,482 |
| **Investments** | H | | 22,000 | 22,000 |
| **Current Assets, Loans and Advances** | | | | |
| Sundry Debtors | I | 317,409,733 | | 182,142,973 |
| Cash and Bank Balances | J | 956,904,025 | | 2,068,094,724 |
| Other Current Assets | K | 35,397,418 | | 28,826,749 |
| Loans and Advances | L | 162,266,164 | | 80,455,868 |
| | | 1,471,977,340 | | 2,359,520,314 |
| **Less: Current Liabilities and Provisions** | M | | | |
| Liabilities | | 363,008,811 | | 220,009,124 |
| Provisions | | 282,331,685 | | 6,714,391 |
| | | 645,340,496 | | 226,723,515 |
| **Net Current Assets** | | | 826,636,844 | 2,132,796,799 |
| **Miscellaneous Expenditure** | N | | 9,280,049 | 189,817 |
| **TOTAL** | | | **7,486,890,224** | **6,895,665,773** |
| **Notes to the Accounts** | T | | | |

The Schedules referred to herein above form an integral part of the Accounts.

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place : Mumbai
Date : June 26, 2008

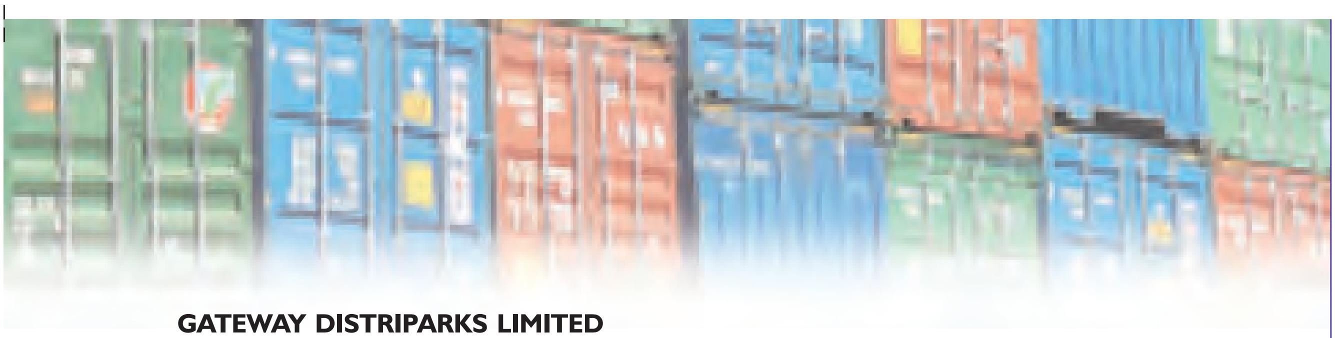
**Gopinath Pillai**
*Chairman*

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**Karan Singh Thakral**
*Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary*

Place : Mumbai
Date : June 26, 2008





**GATEWAY DISTRIPARKS LIMITED**

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

| | Schedule Reference | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Income from Operations | O | 2,713,883,296 | 1,609,617,673 |
| Other Income | P | 144,022,249 | 249,660,889 |
| | | **2,857,905,545** | **1,859,278,562** |
| **EXPENDITURE** | | | |
| Employee Costs | Q | 162,526,912 | 91,152,505 |
| Operating Expenses | R | 1,526,944,577 | 706,294,690 |
| Depreciation/ Amortisation | | 291,961,907 | 138,611,908 |
| Interest | S | 20,020,216 | 13,670,083 |
| | | **2,001,453,612** | **949,729,186** |
| **Profit before Taxation** | | **856,451,933** | **909,549,376** |
| Provision for Taxation | | | |
| Income Tax (Refer Note 5 - Schedule "T") - Current Year | | 111,560,000 | 107,700,000 |
| – Earlier Years | | (5,380,620) | 1,249,635 |
| Fringe Benefit Tax | | 11,437,485 | 1,899,048 |
| Deferred Tax (Refer Note 1(x) - Schedule "T" and Schedule "E") | | 18,682,645 | 27,914,908 |
| **Profit After Taxation** | | **720,152,423** | **770,785,785** |
| Minority Interest | | 15,442,954 | 7,448,633 |
| **Net Profit** | | **735,595,377** | **778,234,418** |
| Profit and Loss Account Balance Brought Forward | | 959,559,192 | 627,316,460 |
| | | 1,695,154,569 | 1,405,550,878 |
| Transfer to General Reserve | | 75,300,000 | 77,400,000 |
| Interim Dividend paid | | 173,368,050 | 323,255,150 |
| Proposed Interim Dividend | | 173,395,125 | – |
| Proposed Final Dividend | | 57,798,375 | – |
| Tax on Dividend | | 68,755,237 | 45,336,536 |
| **Profit and Loss Account Balance Carried to Balance Sheet** | | **1,146,537,782** | **959,559,192** |
| Earnings Per Share (Refer Note 10 - Schedule "T") | | | |
| – Basic | | 6.37 | 6.74 |
| – Diluted | | 6.36 | 6.73 |
| **Notes to the Accounts** | T | | |

The Schedules referred to herein above form an integral part of the Accounts.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place : Mumbai
Date : June 26, 2008

**Gopinath Pillai**
*Chairman*

**Karan Singh Thakral**
*Director*

Place : Mumbai
Date : June 26, 2008

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary*



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GATEWAY DISTRIPARKS LTD

**GATEWAY DISTRIPARKS LIMITED**

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

| | | | 2007-08 Rs. | 2006-07 Rs. |
|---|---|---|---|---|
| **A.** | **Cash flow from operating activities:** | | | |
| | Profit Before Taxation | | 856,451,933 | 909,549,376 |
| | **Adjustment for :** | | | |
| | Depreciation | | 291,961,907 | 138,611,908 |
| | Provision for Doubtful Debts | | 16,825,502 | 9,201,771 |
| | Provision for ESOP Expenses | | 1,864,876 | 6,869,335 |
| | Interest Expense | | 20,020,216 | 13,670,083 |
| | Interest Income | | (109,996,658) | (173,867,188) |
| | Loss on Sale/ Discard of Fixed Assets | | 413,078 | – |
| | Provision for Retirement Benefits | | 5,398,428 | 1,197,770 |
| | Provision for Doubtful Ground Rent | | 1,734,900 | 1,339,000 |
| | Bad Debts written off | | 9,143,246 | 1,052,228 |
| | Gain on redemption of investments (Net) | | (7,815,733) | (41,199,002) |
| | Profit on sale of Fixed Assets (Net) | | – | (7,910,408) |
| | Liabilities no Longer Required Written Back | | (6,732,395) | (14,094,200) |
| | **Operating profit before working capital changes** | | **1,079,269,300** | **844,420,673** |
| | **Adjustments for change in working capital:** | | | |
| | – Decrease/ (Increase) in Sundry Debtors | | (161,235,508) | (122,398,803) |
| | – Decrease/ (Increase) in Loans and Advances | | (76,465,119) | 445,871,649 |
| | – Increase/ (Decrease) in Trade and Other Payables | | 152,976,632 | 122,564,678 |
| | **Cash generated from operations** | | **994,545,305** | **1,290,458,197** |
| | – Taxes Paid | | 112,463,210 | 75,189,668 |
| | **Net cash from operating activities** | **(A)** | **882,082,095** | **1,215,268,529** |
| **B.** | **Cash flow from investing activities:** | | | |
| | Purchase of Fixed Assets | | (2,229,758,572) | (2,599,865,919) |
| | Purchase of Investments | | (810,000,000) | (3,560,022,000) |
| | Decrease/(Increase) in pre-operative Expenses pending capitalisation | | 47,340,913 | (42,992,930) |
| | Increase in Minority Interest | | 168,251,700 | – |
| | Increase in Miscellaneous Expenses | | (9,090,232) | – |
| | Assets Acquired/ Goodwill on acquisition of subsidiaries | | – | 347,429,914 |
| | Sale of Investments | | 817,815,733 | 3,745,657,845 |
| | Sale of Fixed Assets | | 1,748,500 | 40,212,543 |
| | Interest Received | | 90,926,287 | 157,333,568 |
| | **Net cash used in investing activities** | **(B)** | **(1,922,765,671)** | **(1,912,246,979)** |
| **C.** | **Cash flow from financing activities:** | | | |
| | Proceeds of fresh issue of shares (Net of share issue expenses) | | 15,040,895 | 19,516,504 |
| | Borrowings/ (Repayment) of Secured Loans | | 140,548,699 | (243,974,756) |
| | Interest Paid | | (18,962,438) | (15,458,957) |
| | Payment of Dividend | | (177,670,378) | (456,419,664) |
| | Payment of Dividend Tax | | (29,463,901) | (64,764,100) |
| | **Net cash used in financing activities** | **(C)** | **(70,507,123)** | **(761,100,973)** |
| | **Net Increase/ (Decrease) in Cash and Cash Equivalents** | **(A+B+C)** | **(1,111,190,699)** | **(1,458,079,423)** |
| | Cash and Cash Equivalents at the beginning of the year | | 2,068,094,724 | 3,526,174,147 |
| | Cash and Cash Equivalents at the end of the year | | 956,904,025 | 2,068,094,724 |
| | **Net Increase/ (Decrease) in Cash and Cash Equivalents** | | **(1,111,190,699)** | **(1,458,079,423)** |



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008 *(Contd.)*

| | Rs. | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|---|
| **Cash and Cash Equivalents comprise:** | | | |
| Cash on Hand | | 814,507 | 2,675,024 |
| Stamps on Hand | | 2,712,000 | – |
| Cheques on Hand | | 10,273,447 | 5,185,344 |
| Balances with Scheduled Banks on: | | | |
| – in Current Accounts | 209,960,112 | | 137,770,024 |
| – in Unpaid Dividend Accounts | 1,615,707 | | 5,918,035 |
| – in Unpaid Share Application Accounts | 805,652 | | 870,452 |
| – in Unpaid Fractional Bonus Shares Account | 90,685 | | – |
| – in Fixed Deposit Account | 730,631,915 | | 1,915,675,845 |
| | | 943,104,071 | 2,060,234,356 |
| **Cash and Cash equivalents as at year-end** | | **956,904,025** | **2,068,094,724** |

**Notes:**

1. The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" notified under Section 211(3C) of the Companies Act, 1956, of India.
2. Previous year's figures have been regrouped/ rearranged wherever necessary.

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

For and on behalf of the Board of Directors

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place : Mumbai
Date : June 26, 2008

**Gopinath Pillai**
*Chairman*

**Karan Singh Thakral**
*Director*

Place : Mumbai
Date : June 26, 2008

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary*



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GATEWAY DISTRIPARKS LIMITED

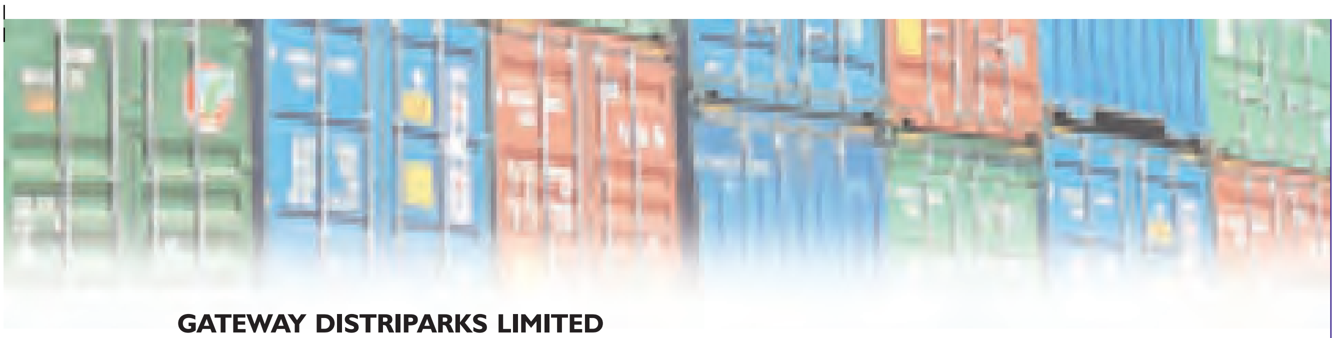
## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"A" SHARE CAPITAL** | | |
| **Authorised:** | | |
| 125,000,000 (Previous year: 110,000,000) Equity Shares of Rs. 10 each | **1,250,000,000** | **1,100,000,000** |
| During the year, the Authorised Share Capital has been increased to Rs. 1,250,000,000 by creating 15,000,000 Equity Shares of Rs. 10 each pursuant to a resolution passed by the Shareholders through postal ballot on June 28, 2007. | | |
| **Issued and Subscribed:** | | |
| 115,596,750 (Previous year: 92,367,100) Equity Shares of Rs. 10 each, fully paid-up | 1,155,967,500 | 923,671,000 |
| | **1,155,967,500** | **923,671,000** |

**Notes:**

1. Of the above, 39,091,775 (Previous year: 16,000,000) Equity Shares of Rs. 10 each were allotted as fully paid bonus shares by capitalisation of Securities Premium and surplus in Profit and Loss.
2. During the year, the Company has allotted 103,825 Equity Shares on August 11, 2007, 12,000 Equity Shares on October 17, 2007 and 3,050 Equity Shares on November 29, 2007, pursuant to ESOP Plan, 2005, at a premium of Rs. 99.25 per equity share.
3. During the year, the Company has allotted 4,000 Equity Shares on October 17, 2007, pursuant to ESOP Plan, 2001, at a premium of Rs. 12.50 per equity share.
4. During the year, the Company has allotted 15,000 Equity Shares on November 29, 2007 pursuant to ESOP Plan, 2005, at a premium of Rs. 120.92 per equity share.
5. For Employee Stock Option Plan, 2001 and Employee Stock Option Plan 2005 - Refer Notes 1(xi) and 4 - Schedule "T".

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"B" RESERVES AND SURPLUS** | | |
| **Securities Premium Account** | | |
| Opening Balance | 4,090,464,203 | 4,071,813,791 |
| Received during the year (Refer Notes 2, 3 and 4 - Schedule "A" above) | 13,662,145 | 17,881,304 |
| Transferred from Employees Stock Options Outstanding on exercise of ESOP | 3,737,427 | 769,108 |
| | 4,107,863,775 | 4,090,464,203 |
| Less: Utilised for allotment of fully paid bonus shares (Refer Note 1 - Schedule "A" above) | 230,917,750 | – |
| | 3,876,946,025 | 4,090,464,203 |
| Capital Reserve on consolidation | 4,737 | 4,737 |
| General Reserve | | |
| Opening Balance | 204,400,000 | 127,000,000 |
| Add: Transfer from Profit and Loss Account | 75,300,000 | 77,400,000 |
| | 279,700,000 | 204,400,000 |
| Profit and Loss Account Balance | 1,146,537,782 | 959,559,192 |
| Employees Stock Options Outstanding (Refer Notes 1(xi) and 4 - Schedule "T") | | |
| Opening Balance | 9,659,768 | 3,559,541 |
| Addition during the year | 1,864,876 | 6,869,335 |
| Transferred to Securities Premium Account on exercise of ESOP | (3,737,427) | (769,108) |
| | 7,787,217 | 9,659,768 |
| | **5,310,975,761** | **5,264,087,900** |





**GATEWAY DISTRIPARKS LIMITED**

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"C" SECURED LOANS** | | |
| Cash Credit | 2,756 | - |
| (Secured by lien on fixed deposit balance with bank) | | |
| **Term Loans** | | |
| – From Bank (Refer Note 1 below) | 30,000,000 | 45,000,000 |
| Buyer's Credit from Bank (Refer Note 2 Below) | 36,906,538 | - |
| Hire Purchase/ Vehicle Finance Loan from Banks (Refer Note 3 below) | 2,531,650 | 28,587,809 |
| Vehicle Finance Loan from Others (Refer Note 4 below) | 145,775,951 | - |
| Hire Purchase Loan from Others (Refer Note 5 below) | 193,800 | 1,274,187 |

**Notes:**

1. Term Loan of Rs. 30,000,000 (Previous year : Rs. 45,000,000) from a bank is secured by mortgage of moveable and immovable assets of the Subsidiary Company. (Term Loan Repayable within one year Rs. 15,000,000 (Previous year: Rs. 15,000,000)).
2. Buyer's Credit of Rs. 36,906,538 (Previous Year: Rs. Nil) is secured by creation of first pari passu charge on all the fixed assets, both present and future of Gateway Rail Freight Limited (Buyer's Credit Repayable within one year Rs. 36,906,538 (Previous year: Rs. Nil)
3. Hire Purchase/ Vehicle Finance Loan from Banks of Rs. 2,531,650 (Previous Year: 28,587,809) are secured by way of hypothecation of the companies commercial vehicles (trailors) (Vehicle Loan Repayable within one year Rs. 1,528,247 (Previous Year Rs. 26,056,159))
4. Vehicle Finance Loan from others of Rs. 145,775,951 (Previous Year: Rs. Nil) is secured by way of hypothecation of trailors purchased against the same and Corporate Guarantee of Gateway Distriparks Limited, the Holding Company. (Vehicle Finance Loan Repayable within one year Rs. 35,386,615 (Previous Year Rs. Nil))
5. Hire Purchase Finance from others of Rs. 193,800 (Previous Year: Rs. 1,274,187) is secured by Hypothecation of Trailors and Vehicles purchased. (Hire Purchase Finance Repayable within one year Rs. 193,800 (Previous year: Rs. 1,080,387)

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| | **215,410,695** | **74,861,996** |
| **"D" MINORITY INTEREST** | | |
| Share Capital | 639,933,810 | 506,433,810 |
| Share Application Money | 84,161,700 | 49,410,000 |
| Reserves and Surplus: | | |
| Subsidy from National Horticulture Board | 926,675 | 926,675 |
| Securities Premium | 33,093,130 | 33,093,130 |
| Profit and Loss Account | (122,379,773) | (106,936,819) |
| | **635,735,542** | **482,926,796** |
| **"E" DEFERRED TAX LIABILITIES (NET)** | | |
| [Refer Note 1(x) - Schedule "T"] | | |
| Deferred Tax Liabilities | | |
| Timing difference between book and tax depreciation | 240,243,186 | 155,318,142 |
| Utility upgradation expenses | 474,051 | – |
| **(A)** | **240,717,237** | **155,318,142** |
| Deferred Tax Assets | | |
| Accrual for expenses allowable as tax deduction only on payment | 67,329,306 | 2,177,724 |
| Unabsorbed Depreciation | 4,587,205 | 3,022,337 |
| **(B)** | **71,916,511** | **5,200,061** |
| **(A) - (B)** | **168,800,726** | **150,118,081** |

## GATEWAY DISTRIPARKS LIMITED

# SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

## "F" FIXED ASSETS

[Refer Notes 1(iii), 1(iv), 1(vi), 1(vii) and 11- Schedule "T"]

| Particulars | Cost | | | | | Depreciation/ Amortisation | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2007 | Additions/ Adjustments during the year | On Acquisitions | Deductions/ Adjustments during the year | As at 31.03.2008 | Up to 01.04.2007 | Depreciation For the year | On Acquisitions | Deductions/ Adjustments For the year | Up to 31.03.2007 | As at 31.03.2008 | As at 31.03.2007 |
| **Intangible Assets** | | | | | | | | | | | | |
| Goodwill on Consolidation | 291,590,625 | – | – | – | 291,590,625 | 42,339,191 | 29,189,128 | – | – | 71,528,319 | 220,062,306 | 249,251,434 |
| Upfront Fees - Punjab Conware's Container Freight Station | – | 350,000,000 | – | – | 350,000,000 | – | 18,000,000 | – | – | 18,000,000 | 332,000,000 | – |
| Rail Licence Fees (Refer Note 1 below) | – | 500,000,000 | – | – | 500,000,000 | – | 20,833,333 | – | – | 20,833,333 | 479,166,667 | – |
| Technical Know-how | – | 97,000,000 | – | – | 97,000,000 | – | 15,612,483 | – | – | 15,612,483 | 81,387,517 | – |
| **Tangible Assets** | | | | | | | | | | | | |
| Freehold Land | 1,245,414,959 | 315,924,357 | – | – | 1,561,339,316 | – | – | – | – | - | 1,561,339,316 | 1,245,414,959 |
| Leasehold Land | 273,267,505 | – | – | – | 273,267,505 | 39,903,391 | 4,470,978 | – | – | 44,374,369 | 228,893,136 | 233,364,114 |
| Buildings | 1,321,472,069 | 248,661,285 | – | – | 1,570,133,354 | 250,169,277 | 58,707,849 | – | – | 308,877,126 | 1,261,256,228 | 1,071,302,792 |
| Electrical Installations | 44,330,787 | 16,842,415 | – | – | 61,173,202 | 9,223,638 | 3,003,085 | – | – | 12,226,723 | 48,946,479 | 35,107,149 |
| Rail Siding (Refer Note 2 below) | 72,863,520 | 14,085,360 | – | – | 86,948,880 | 8,911,252 | 4,447,608 | – | – | 13,358,860 | 73,590,020 | 63,952,268 |
| Plant and Machineries | 398,594,293 | 5,719,253 | – | – | 404,313,546 | 162,439,822 | 21,196,602 | – | – | 183,636,424 | 220,677,122 | 236,154,471 |
| Container and Reefer Power Packs | – | 75,835,649 | – | – | 75,835,649 | – | 1,348,021 | – | – | 1,348,021 | 74,487,628 | – |
| Yard Equipments (Refer Note 3 and 4 below) | 361,249,237 | 111,899,743 | – | 1,480,220 | 471,668,760 | 64,706,732 | 25,505,634 | – | 613,046 | 89,599,320 | 382,069,440 | 296,542,505 |
| Rakes | – | 723,271,656 | – | – | 723,271,656 | – | 16,298,850 | – | – | 16,298,850 | 706,972,806 | – |
| Office Equipments | 13,283,859 | 5,818,749 | – | 130,758 | 18,971,850 | 2,979,269 | 1,290,622 | – | 45,962 | 4,223,929 | 14,747,921 | 10,304,590 |
| Computers | 35,261,738 | 10,329,200 | – | 1,377,918 | 44,213,020 | 24,577,373 | 5,607,235 | – | 1,301,096 | 28,883,512 | 15,329,508 | 10,684,365 |
| Furniture and Fixtures | 25,710,808 | 12,551,314 | – | – | 38,262,122 | 7,725,557 | 5,071,360 | – | – | 12,796,917 | 25,465,205 | 17,985,251 |
| Vehicles (Refer Notes 5 and 6 below) | 290,410,401 | 331,284,828 | – | 3,701,043 | 617,994,186 | 100,549,125 | 61,379,119 | – | 2,568,257 | 159,359,987 | 458,634,199 | 189,861,276 |
| **TOTAL** | **4,373,449,801** | **2,819,223,809** | **–** | **6,689,939** | **7,185,983,671** | **713,524,627** | **291,961,907** | **–** | **4,528,361** | **1,000,958,173** | **6,185,025,498** | **3,659,925,174** |
| Previous Year | 2,387,235,022 | 1,467,538,122 | 550,446,766 | 31,770,109 | 4,373,449,801 | 365,081,017 | 138,611,908 | 213,731,428 | 3,899,726 | 713,524,627 | | |
| Capital Work-in-Progress (including advances of Rs. 212,976,619 (Previous year: Rs. 622,980,306) | | | | | | | | | | | 465,839,264 | 1,055,304,501 |
| | | | | | | | | | | | **6,650,864,762** | **4,715,229,675** |

**Notes:**

1. Rail License Fees aggregating Rs. 50 Crores paid to Railway Administration towards concession agreement will be amortised over the period of contract (i.e. 20 years) from the date of commencement of commercial operations.
2. Railway Siding includes Rs. 70,471,534 (Previous year: Rs. 57,529,643) being cost of railway siding constructed on land not owned by the Company.
3. Yard Equipments include Reach Stackers Costing Rs. 394,644,312 (Previous year: Rs. 303,578,940) and having Net Book Value Rs. 320,480,901 (Previous year: Rs. 251,392,905).
4. Additions to Yard Equipments include adjustment on account of net foreign exchange loss of Rs. Nil (Previous year: Rs. 3,980,502).
5. Vehicles include Trailors Costing Rs. 597,601,311 (Previous year: Rs. 274,159,542) and having Net Book Value Rs. 442,232,545 (Previous year: Rs. 177,117,248).
6. Vehicles include Trailors costing Rs. 170,591,573 (Previous Year Rs. Nil) and having Net Book Value Rs. 166,953,990 (Previous Year Rs. Nil) have been hypothecated to Reliance Capital Limited against Vehicle Finance Loan.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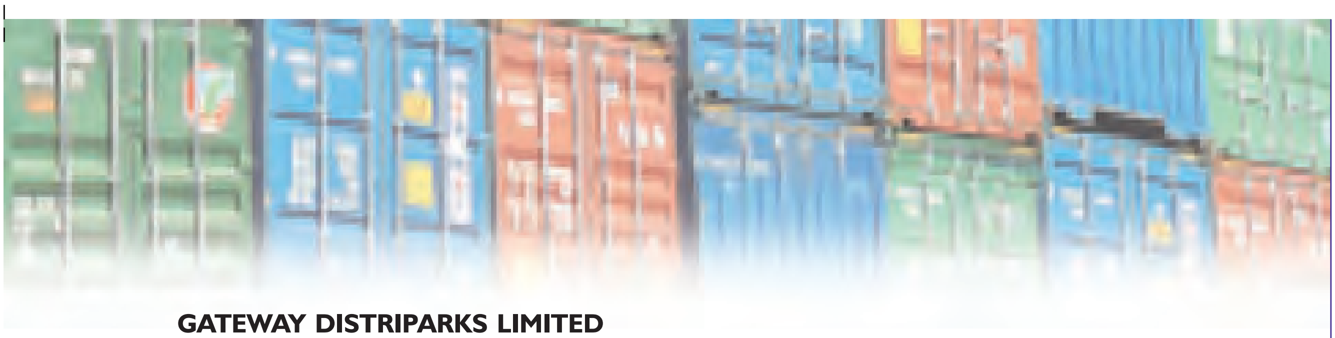



**GATEWAY DISTRIPARKS LIMITED**

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"G" PRE-OPERATIVE EXPENSES PENDING CAPITALISATION/ALLOCATION** | | |
| [Refer Notes 1(iv) and 11 - Schedule "T"] | | |
| Opening Balance | 47,427,482 | – |
| Salaries, Allowances and Bonus | 2,197,608 | 11,167,172 |
| Staff Welfare | 12,809 | 11,606 |
| Transportation | 6,056,348 | 3,122,932 |
| Labour Charges | 10,439,464 | 6,267,875 |
| Operation and Management Fees | 26,410,000 | 16,700,000 |
| Sub-Contract Charges | 280,474 | 136,400 |
| Power and Fuel | 1,324,423 | 714,543 |
| Rates and Taxes | 1,184,200 | 837,226 |
| Rent | – | 1,540,300 |
| Repairs and Maintenance: | | |
| – Building/ Yard | 414,530 | 402,522 |
| – Plant and Machinery | 85,122 | 69,391 |
| Insurance | 571,772 | 2,692,561 |
| Customs Staff Expenses | 1,400,751 | 887,513 |
| Printing and Stationery | 147,310 | 161,293 |
| Travelling and Conveyance | 113,056 | 2,281,244 |
| Motor Car Expenses | 78,291 | 363,509 |
| Communication | 143,895 | 177,939 |
| Advertising Expenses | 47,738 | 400,904 |
| Security Charges | 844,763 | 629,928 |
| Professional Fees | 79,609 | 1,974,461 |
| Auction Expenses | 48,121 | – |
| Bank Charges | 253,163 | 16,231 |
| Software Expenses | – | 56,625 |
| Preliminary Expenses Written off | – | 2,800 |
| Depreciation | – | 4,431,752 |
| Fringe Benefit Tax | – | 140,316 |
| Share Issue Expenses | – | 10,955,175 |
| Miscellaneous | 271,193 | 975,510 |
| | 99,832,122 | 67,117,728 |
| Less: Interest on Fixed Deposits | (805,582) | (1,015,861) |
| Less: Income from Container Handling | (57,267,619) | (18,674,385) |
| | 41,758,921 | 47,427,482 |
| Less: | | |
| Capitalised during the year | (30,717,177) | – |
| Transferred to Miscellaneous Expenditure | (10,955,175) | – |
| | **86,569** | **47,427,482** |
| **"H" INVESTMENTS** | | |
| [Refer Note 1(v) - Schedule "T"] | | |
| Current and Unquoted (at lower of Cost and Net Asset Value) | | |
| National Savings Certificates | 22,000 | 22,000 |
| (Lodged with Government Authorities) | | |
| | **22,000** | **22,000** |

**Note:**

| | Units | Cost (Rs.) |
|---|---|---|
| The following investment was purchased and sold during the year 2007-2008: | | |
| - HDFC Liquid Fund - Premium Plus Plan - Growth | 52,432,029 | 810,000,000 |



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GATEWAY DISTRIPARKS LTD

**GATEWAY DISTRIPARKS LIMITED**

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

### "I" SUNDRY DEBTORS

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| [Unsecured] | | |
| Debts Outstanding for a Period exceeding Six Months | | |
| – Considered Good | 30,329,807 | 5,944,979 |
| – Considered Doubtful | 67,699,173 | 45,474,150 |
| | 98,028,980 | 51,419,129 |
| Other Debts - Considered Good | 287,079,926 | 176,197,994 |
| – Considered Doubtful | 9,166,627 | 14,566,148 |
| | 394,275,533 | 242,183,271 |
| Less: Provision for Doubtful Debts | 76,865,800 | 60,040,298 |
| | **317,409,733** | **182,142,973** |

### "J" CASH AND BANK BALANCES

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| Cash on Hand | 814,507 | 2,675,024 |
| Stamps in Hand | 2,712,000 | - |
| Cheques on Hand | 10,273,447 | 5,185,344 |
| Balances with Scheduled Banks: | | |
| – in Current Accounts | 209,960,112 | 137,770,024 |
| – in Unpaid Dividend Accounts | 1,615,707 | 5,918,035 |
| – in Unpaid Share Application Accounts | 805,652 | 870,452 |
| – in Unpaid Fractional Bonus Shares Account | 90,685 | - |
| – in Fixed Deposit Accounts | 730,631,915 | 1,915,675,845 |
| [Under lien with banks Rs. 99,032,359 (Previous year: Rs. 348,874,844) towards guarantee issued by them and loans, cash credit facility given to subsidiaries] | | |
| [Includes Nil (Previous year: Rs. 1,573,811,546) out of the proceeds of Global Depository Receipts Issue] | | |
| | **956,904,025** | **2,068,094,724** |

### "K" OTHER CURRENT ASSETS

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| (Unsecured) | | |
| Accrued Interest on Fixed Deposits with Banks | 6,563,681 | 12,658,055 |
| Accrued interest on Deposits | 148,665 | – |
| Accrued interest on Loan given | 174,247 | – |
| Claims Receivable | 732,100 | – |
| Accrued Ground Rent | | |
| – Considered Good | 27,778,725 | 16,168,694 |
| – Considered Doubtful | 13,521,700 | 12,242,200 |
| | 41,300,425 | 28,410,894 |
| Less: Provision for Doubtful Ground Rent | 13,521,700 | 12,242,200 |
| | 27,778,725 | 16,168,694 |
| | **35,397,418** | **28,826,749** |



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# SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 *(Contd.)*

| | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|
| **"P" OPERATING AND OTHER EXPENSES** | | |
| Transportation | 211,201,836 | 219,376,472 |
| Labour Charges | 78,601,883 | 44,194,786 |
| Equipment Hire Charges | 18,981,158 | 17,460,291 |
| Surveyors' Fees | 11,729,705 | 13,068,384 |
| Sub-Contract Charges | 114,093,433 | 73,192,590 |
| Auction Expenses [Refer Note 1(vii)(b) - Schedule "R"] | 10,378,295 | 13,834,558 |
| Purchase of Pallets | 16,046,571 | 13,310,261 |
| Fees on Operations and Management of Punjab Conware's Container Freight Station | 79,230,000 | – |
| Power and Fuel | 23,058,961 | 14,460,137 |
| Rent | – | 1,957,632 |
| Licensing fees | 14,845,454 | – |
| Rates and Taxes | 6,835,434 | 5,532,622 |
| Repairs and Maintenance: | | |
| – Building/ Yard | 7,910,428 | 4,532,392 |
| – Plant and Machinery | 2,491,030 | 2,368,192 |
| – Containers | 671,416 | 1,332,551 |
| – Others | 1,922,843 | 4,302,243 |
| Insurance | 7,579,036 | 8,344,430 |
| Directors' Sitting Fees | 757,628 | 990,380 |
| Customs Staff Expenses | 12,200,174 | 8,969,504 |
| Printing and Stationery | 5,389,683 | 3,817,266 |
| Travelling and Conveyance | 12,357,209 | 18,449,540 |
| Motor Car Expenses | 3,329,143 | 3,081,817 |
| Communication | 4,207,798 | 4,335,952 |
| Advertising Expenses | 4,991,595 | 5,448,484 |
| Security Charges | 13,887,739 | 11,277,584 |
| Professional Fees | 5,810,582 | 31,916,758 |
| Auditors' Remuneration: | | |
| – As Auditors | 2,450,000 | 2,000,000 |
| – As Advisors, or in any other capacity, in respect of Other Services | 150,000 | 150,000 |
| – Reimbursement of Out-of-Pocket Expenses | 36,852 | 10,785 |
| Provision for Doubtful Debts [Refer Note 1(x) - Schedule "R"] | 6,856,303 | 7,792,438 |
| Provision for Doubtful Ground Rent | 666,200 | 769,000 |
| Software Expenses | 98,394 | 1,914,025 |
| Loss on Sale/ Disposal of Fixed Assets | 138,117 | – |
| Stamp Duty and Share Issue Expenses | 1,324,814 | 106,121 |
| Foreign Exchange Loss (Net) [Refer Note 1(v) - Schedule "R"] | – | 2,160 |
| Bank Charges | 4,418,577 | 2,326,230 |
| Miscellaneous | 2,935,416 | 4,294,080 |
| | **687,583,707** | **544,919,665** |
| **"Q" INTEREST** | | |
| Term Loan | – | 5,185,494 |
| Vehicle Finance Loan | 154,377 | 2,211,862 |
| Cash Credit | 460,035 | – |
| | **614,412** | **7,397,356** |



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## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED

### "R" NOTES TO THE ACCOUNTS

**1. Significant Accounting Policies:**

**(i) Basis of Accounting:**

The financial statements have been prepared under historical cost convention, on an accrual basis of accounting and comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, of India ("the Act") and the relevant provisions of the Act.

**(ii) Fixed Assets and Depreciation/ Amortisation:**

(a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation/ amortisation. The Company capitalises all costs relating to the acquisition, installation and construction of fixed assets, including interest on borrowed funds used to finance the construction and acquisition of fixed assets, up to the date when the assets are ready for commercial use.

(b) Depreciation on additions/ deletions to fixed assets is calculated on pro-rata basis from the month of such additions/ deletions. The Company provides depreciation on straight-line method at the rates specified under Schedule XIV (revised) to the Act or based on useful life whichever is higher, except for:

- Leasehold land, which is being amortised over the lease period;
- Rail Siding, which is being amortised over a period of twenty years based on useful life estimated by the Management;
- Reach Stackers (included in Yard Equipments), to be transferred to maintenance operator, are being depreciated over a period of seven years;
- Upfront fees of Punjab Conware's Container Freight Station ("CFS"), is being amortised over the balance period of the Operations and Management agreement of the CFS with effect from July 1, 2007; and
- Additions / construction of Building, Electrical Installations, Furniture and Fixtures and Office Equipments at Punjab Conware CFS is being amortised over the balance period of the Operations and Management Agreement of the CFS with effect from July 1, 2007.

(c) Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition/ construction.

(d) Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

**(iii) Borrowing Cost:**

Borrowing costs directly attributable to the acquisition/ construction of an asset are apportioned to the cost of the fixed assets up to the date on which the asset is put to use/ commissioned.

**(iv) Investments:**

Investments are classified into long-term and current investments. Long-term investments are stated at cost, except where there is a dimunition in value other then temporary in which case the carrying value is reduced to recognise the decline. Current Investments are stated at the lower of cost and fair value.

**(v) Foreign Currency Transactions:**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction date. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss Account. Foreign currency assets and liabilities at the year-end are translated



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at the year-end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss Account.

**(vi) Retirement Benefits:**

**(a) Defined Contribution Plan**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Pension Scheme which are recognised by the income tax authorities and administered through appropriate authorities.

The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Company's contribution to the above fund is charged to revenue every year.

**(b) Defined Benefit Plan**

The Company has a Defined Benefit Plan comprising of Gratuity Fund. The liability for the Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

The gratuity scheme is funded through Comprehensive Gratuity Policy - cum - Group Term Life Insurance Policy from Tata AIG Life Insurance Company Limited, except for employees of Punjab Conware's CFS, the operations wherein are taken over by the Company under Operations and Management agreement.

Termination benefits are recognised as an expense as and when incurred.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

**(c) Other Employee Benefits**

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the Balance Sheet date.

**(vii) Revenue Recognition:**

(a) Income from Container Handling and Repair and Service Charges is recognised on delivery of the container/ cargo. Income from Ground Rent is recognised for the period the container is lying in the Container Freight Station/ Inland Container Depot. However, in case of long standing containers, the Income from Ground Rent is not accrued for a period beyond 60 days on a consistent basis as per the prevailing business practice.

(b) Income from auction sales is generated when the Company auctions long-standing cargo that has not been cleared by customs. Revenue and expenses for Auction Sales are recognised when auction is completed after necessary approvals from appropriate authorities are obtained. Auction Sales include recovery of the cost incurred in conducting auctions, custom duties on long-standing cargo and accrued ground rent and handling charges relating to long-standing cargo. Surplus, out of auctions, if any, after meeting all expenses and the actual ground rent, is credited to a separate account 'Auction Surplus' and is shown under the head 'Current Liabilities and Provisions'. Unclaimed Auction Surplus, if any, in excess of one year is written back as 'Income' in the following financial year.

**(viii) Deferred Taxation:**

Deferred Tax is recognised, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Deferred Tax is not recognised on timing differences, which would arise and expected to be reversed during the period of tax holiday.

**(ix) Employees' Stock Option Scheme:**

Stock Options granted to the employees under stock option schemes are evaluated as per the accounting treatment prescribed by Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of the fair value of the stock option as on the date of grant of options is charged to the Profit and Loss Account on straight-line-method over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

**(x) Provision for doubtful debts**

The provision for doubtful debts reflects the Management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries.

**2. Contingent Liabilities:**

(Rs.)

| **Particulars** | **2007-2008** | **2006-2007** |
|---|---|---|
| Bank Guarantees and Continuity Bonds executed in favour of The President of India through the Commissioners of Customs and in favour of Sales Tax Authorities. | 3,566,137,359 | 2,901,484,844 |
| Bank Guarantee issued by Bank in favour of Punjab State Container and Warehousing Corporation Limited in respect of Operations and Management Contract of their CFS at Dronagiri Node, Nhava Sheva. | 52,400,000 | 50,000,000 |
| Counter indemnity for guarantees issued by bank for loans taken by subsidiaries and for guarantees given by banks to Commissioner of Customs and to State Pollution Control Board for Subsidiaries. | 535,166,035 | 75,100,000 |
| **Total** | **4,153,703,394** | **3,026,584,844** |

**3. Capital Commitments:**

Estimated amount of contracts (net of advances of Rs. 53,273,781; Previous Year Rs. 16,900,000) remaining to be executed on capital account and not provided for is Rs. 20,220,008 (Previous Year Rs. 72,393,628).

**4. Employee Stock Option Plan**

**a) Employee Stock Option Plan, 2001 (ESOP)**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on August 28, 2001, the Company had introduced ESOP for its employees.

The Board of Directors in its meeting held on April 24, 2004 granted share warrants entitling options for 167,500 Equity Shares to the eligible employees of the Company at an exercise price of Rs. 22.50 per share (at a premium of Rs. 12.50 per share). The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares after a Minimum Exercise Period of 2 years from May 1, 2004 i.e., the date as specified in the warrant at the time of allotment.



Of these, options for 18,500 Equity Shares (Previous year 18,500) have lapsed on termination of employment of employees. The Company had allotted 144,000 Equity Shares on May 3, 2006, 1,000 Equity Shares on November 22, 2006 and 4,000 Equity Shares on October 17, 2007, to employees under the Employee Stock Option Plan, 2001.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. On listing of its shares on March 31, 2005, the Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (calculated as per erstwhile Capital Issues (controls) Act, 1947 Guidelines and duly certified by an independent Accountant) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**b) Employee Stock Option Plan, 2005 - I**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on September 14, 2005, the Company had introduced new ESOP scheme for its Directors and employees.

The Employee Stock Option Committee formed for the implementation of the plan, at its meeting held on September 15, 2005, granted share warrants entitling options for 240,000 Equity Shares to the eligible employees of the Company at Rs. 163.64 per share of face value Rs. 10 per share. The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares on graded basis after a Minimum Exercise Period of 1 year from September 16, 2005 i.e., the date as specified in the warrant at the time of allotment. With effect from August 4, 2007, consequent to the issue of bonus shares in the ratio of 1 new equity share for every existing 4 equity shares held in the company, the exercise price was reduced by 20% to Rs. 130.92 per share of face value Rs. 10 per share and the warrant holders became eligible to exercise options for additional 25% equity shares, increasing their entitlement to subscribe for additional 24,798 Equity Shares of Rs. 10 each per share.

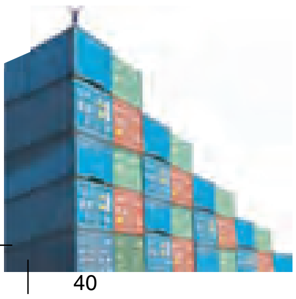
Of these, options for 132,000 Equity Shares (Previous year 111,000) have lapsed on termination of employment of employees. The Company had allotted 18,800 and 15,000 Equity shares on January 31, 2007 and on November 29, 2007, respectively to employees under Employees Stock Option Plan, 2005. The options for 98,998 Equity Shares (Previous year 110,200) at an exercise price of Rs. 130.92 per equity share were outstanding as on March 31, 2008. The rights under the options would be exercisable for a period of 3 years on graded basis commencing between September 16, 2006 and August 3, 2007 at a price of Rs. 163.64 per share (at premium of Rs. 153.64 per equity share) and between August 4, 2007 and April 1, 2008, at a price of Rs. 130.92 per share (at premium of Rs. 120.92 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. The Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (Closing Market Price on National Stock Exchange as on September 14, 2005) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**c) Employee Stock Option Plan, 2005 - II**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on September 14, 2005, the Company had introduced new ESOP scheme for its Directors and employees.

The Employee Stock Option Committee at its meeting held on July 20, 2006, granted share warrants entitling options for 311,750 Equity Shares to the eligible employees of the Company



and its Subsidiary Companies at an exercise price of Rs. 136.56 per share of face value Rs. 10 per share. The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares on graded basis after a Minimum Exercise Period of 1 year from July 21, 2006 i.e., the date as specified in the warrant at the time of allotment. With effect from August 4, 2007, consequent to the issue of bonus shares in the ratio of 1 new equity share for every existing 4 equity shares held in the company, the exercise price was reduced by 20% to Rs. 109.25 per share of face value Rs. 10 per share and the warrant holders became eligible to exercise options for additional 25% equity shares, increasing their entitlement to subscribe for additional 65,812 Equity Shares of Rs. 10 each per share.

Of these, options for 100,125 Equity Shares (Previous year 27,000) have lapsed on termination of employment of employees. The Company has allotted 103,825 Equity Shares on August 11, 2007, 12,000 Equity Shares on October 17, 2007 and 3,050 Equity Shares on November 29, 2007, to employees under Employees Stock Option Plan, 2005. The options for 158,562 Equity Shares (Previous year 284,750) at an exercise price of Rs. 109.25 per equity share were outstanding as on March 31, 2008. The rights under the options would be exercisable for a period of 3 years on graded basis commencing between July 21, 2007 and August 3, 2007 at a price of Rs. 136.56 per share (at premium of Rs. 126.56 per equity share) and between August 4, 2007 to April 1, 2009, at a price of Rs. 109.25 per share (at premium of Rs. 99.25 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. The Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (Closing Market Price on National Stock Exchange as on July 19, 2006) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**d) Employee Stock Option Plan, 2005 - III**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on September 14, 2005, the Company had introduced new ESOP scheme for its Directors and employees.

The Employee Stock Option Committee at its meeting held on January 30, 2008, granted share warrants entitling options for 306,875 Equity Shares to the eligible employees of the Company and its Subsidiary Companies at an exercise price of Rs. 92.92 per share of face value Rs. 10 per share. The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares on graded basis after a Minimum Exercise Period of 1 year from January 31, 2008 i.e., the date as specified in the warrant at the time of allotment.

The options for 306,875 Equity Shares at Rs. 92.92 per equity share were outstanding as on March 31, 2008. The rights under the options would be exercisable for a period of 3 years on graded basis commencing between January 31, 2009 and April 1, 2010 at a price of Rs. 92.92 per share (at premium of Rs. 82.92 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. The Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (Closing Market Price on National Stock Exchange as on January 29, 2008) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**5.** Based on opinions obtained from lawyer and tax consultant, the Management has taken a view that provisions of Section 80-IA (4)(i) of the Income Tax Act, 1961, of India ("the Income Tax Act") have

## "R" NOTES TO THE ACCOUNTS *(Contd.)*

been fulfilled and the Company is eligible for tax holiday under the Income Tax Act in respect of the Container Freight Station activities.

Consequently, the income-tax liability for the current financial year has been determined under "Minimum Alternate Tax" pursuant to Section 115JB of the Income Tax Act.

**6.** Certificates for tax deducted at source aggregating Rs. 21,405,072 (Previous Year Rs. 16,588,128) are in the process of being collected from customers and banks. The Management expects to collect these certificates prior to filing of income-tax return and hence, no provision has been considered necessary by the Management.

**7. Segment Reporting**

**Primary Segment:**

In accordance with Accounting Standard 17 - "Segment Reporting" notified under Section 211(3C) of the Act, the Company has determined its business segment as "Container Freight Station". Since 100% of the Company's business is from Container Freight Station, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is as reflected in the Financial Statement as of and for the year April 1, 2007 to March 31, 2008.

**Secondary Segment**

There is no secondary reportable segment relating to the Company's business.

**8. Disclosure of Related Party transactions**

Related Party Disclosures, as required by Accounting Standard 18 - 'Related Party Disclosures', notified under Section 211(3C) of the Act are given below:

**Subsidiary Companies :**

i. Gateway East India Private Limited (GEIPL)

ii. Gateway Distriparks (South) Private Limited (GDSPL)

iii. Gateway Rail Freight Limited (GRFL)

iv. Gateway Distriparks (Kerala) Limited (GDKL)

v. Snowman Frozen Foods Limited (SFFL)

**Key Management Personnel:** Mr. Prem Kishan Gupta,
Deputy Chairman and Managing Director

**(Rs.)**

| Sr. No. | Particulars | Subsidiary Companies | | Key Managerial Personnel | |
|---|---|---|---|---|---|
| | | **2007-2008** | **2006-2007** | **2007-2008** | **2006-2007** |
| | **Transactions during the year:** | | | | |
| 1. | Handling Income-GDSPL | 4,886,000 | 4,886,000 | – | – |
| 2. | Handling Expenses-GDSPL | - | 1,257,000 | – | – |
| 3. | Interest Income-GDSPL | 6,786,388 | 11,070,687 | – | – |
| 4. | Handling Income-GEIPL | 2,025,000 | – | | |
| 5. | Management Fees-GEIPL | 900,000 | 667,907 | – | – |
| 6. | Commission | – | – | 2,500,000 | 2,500,000 |
| 7. | Transport Expenses-GRFL | – | 3,000,000 | – | – |
| 8. | i. Share Application Money-GEIPL | 29,443,206 | 19,571,564 | – | – |



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## "R" NOTES TO THE ACCOUNTS *(Contd.)*

(Rs.)

| Sr. No. | Particulars | Subsidiary Companies 2007-2008 | Subsidiary Companies 2006-2007 | Key Managerial Personnel 2007-2008 | Key Managerial Personnel 2006-2007 |
|---|---|---|---|---|---|
| | ii. Share Application Money-GRFL | 1,872,811,700 | – | – | – |
| 9. | i. Loan given-GDSPL | – | 25,047,082 | – | – |
| | ii. Loan given-GRFL | – | 527,678,925 | – | – |
| 10. | i. Recovery of Loan given-GDSPL | 70,886,793 | 51,374,408 | – | – |
| | ii. Recovery of Loan given-GRFL | 527,678,925 | – | | |
| 11. | Investment in Equity Shares: | | | | |
| | i. GEIPL | – | 18,300,000 | – | – |
| | ii. GRFL | 30,000,000 | 1,010,000,000 | – | – |
| | iii. GDKL | – | 300,000 | – | – |
| | iv. SFFL | – | 481,162,500 | – | - |
| 12. | Sale of Equity shares | | | | |
| | i. SFFL | – | 10,000,000 | – | – |
| | **Closing Balances:** | | | | |
| 1. | Investment in Equity Shares: | | | | |
| | i. GEIPL | 33,300,000 | 33,300,000 | – | – |
| | ii. GDSPL | 134,280,767 | 134,280,767 | – | – |
| | iii. GRFL | 1,040,000,000 | 1,010,000,000 | – | – |
| | iv. GDKL | 300,000 | 300,000 | – | – |
| | v. SFFL | 470,053,678 | 470,053,678 | – | – |
| 2. | Share Application Money | | | | |
| | i. GEIPL | 49,014,770 | 19,571,564 | – | – |
| | ii. GDKL | 119,700,000 | 119,700,000 | – | – |
| | iii. GRFL | 1,872,811,700 | – | – | – |
| 3. | Advances given: | | | | |
| | i. GRFL | – | 527,678,925 | – | – |
| 4. | Creditors: | | | | |
| | i. GRFL | – | 2,932,680 | – | – |
| 5. | Loan given: GDSPL | 49,995,347 | 120,882,140 | – | – |

**9A. Directors' Remuneration:**

(Rs.)

| Particulars | 2007-2008 | 2006-2007 |
|---|---|---|
| Commission to Deputy Chairman and Managing Director | 2,500,000 | 2,500,000 |
| Commission to Non Whole-time Directors | 8,500,000 | 8,500,000 |
| Directors' Sitting Fees | 757,628 | 990,380 |
| **Total** | **11,757,628** | **11,990,380** |

## "R" NOTES TO THE ACCOUNTS *(Contd.)*

**9B. Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956:**

(Rs.)

| Particulars | 2007-2008 | 2006-2007 |
|---|---|---|
| Net Profit before Tax | 867,652,986 | 895,452,023 |
| Add: | | |
| Depreciation provided in the Profit and Loss Account | 133,472,525 | 93,917,072 |
| Directors' Remuneration | 11,000,000 | 11,000,000 |
| Directors' Sitting Fees | 757,628 | 990,380 |
| Provision for Doubtful Debts | 6,856,303 | 7,792,438 |
| Provision for Doubtful Ground Rent | 666,200 | 769,000 |
| Loss on Sale/ Disposal of Fixed Assets | 138,117 | - |
| | 1,020,543,759 | 1,009,920,913 |
| Less: | | |
| Depreciation under Section 350 of the Companies Act, 1956 | 133,472,525 | 93,917,072 |
| Loss on Sale/ Disposal of Fixed Assets under Section 350 of the Companies Act, 1956 | 138,117 | - |
| Gain on Redemption of Investment (Net) | 7,815,733 | 41,199,002 |
| Profit on Sale of Fixed Assets | – | 8,018,919 |
| | 141,426,375 | 143,134,993 |
| Net Profit for the purpose of Directors' Commission | 879,117,384 | 866,785,920 |
| Managerial remuneration permissible under the Companies Act, 1956 @ 5% | 43,955,869 | 43,339,296 |
| Commission to non Whole-time Directors @ 1% | 8,791,174 | 8,667,859 |
| **Commission payable for the year restricted to:** | | |
| Managing Director | 2,500,000 | 2,500,000 |
| Non Whole-time Directors | 8,500,000 | 8,500,000 |
| **Total** | **11,000,000** | **11,000,000** |

**10. Computation of Earnings Per Share (Basic and Diluted)**

The number of shares used in computing Basic Earnings Per Share (EPS) is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which would be issued on exercise of options under the Employees Stock Option Plan, 2001 and the Employees Stock Option Plan 2005.



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## "R" NOTES TO THE ACCOUNTS *(Contd.)*

**(Rs.)**

| **Particulars** | **2007-2008** | **2006-2007** |
|---|---|---|
| I. Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 10 each | | |
| Net Profit as per the Profit and Loss Account available for Equity Shareholders (in Rupees) | 752,133,059 | 773,160,251 |
| II. Weighted average number of Equity Shares for Earnings per Share computation | | |
| For Basic Earnings Per Share | 115,538,671 | 115,429,897 |
| Add: Weighted average outstanding employee stock options deemed to be issued for no consideration | 117,984 | 126,540 |
| No. of Shares for Diluted Earnings Per Share | 115,656,655 | 115,556,437 |
| III. Earnings Per Share in Rupees (Weighted Average) | | |
| Basic | 6.51 | 6.70 |
| Diluted | 6.50 | 6.69 |

**11. Utilisation of Global Offerings of Equity Shares:**

The Company had raised Rs. 3,846,342,847 by Global Offering of 16,660,000 Equity Shares of Rs.10 each at a premium of Rs. 220.87 per share in the form of Global Depository Receipts (GDRs) each representing one share at an offer price of USD 5.10 per GDR on December 15, 2005. The purpose of issue of Equity Shares and actual utilisation of funds till March 31, 2008 is given below:

**(Rs.)**

| **Particulars** | **Purpose for GDR issue (as specified in Prospectus)** | **Actual utilisation of Funds** |
|---|---|---|
| Expand, upgade and enhance the existing facilities, to acquire or construct CFS or ICD facilities in other strategic locations in India, to expand the scope of services to include other logistics-related solutions and for general corporate purposes | 3,680,385,847 | 3,680,385,847 |
| Offer Expenses | 165,957,000 | 165,957,000 |
| **Total** | **3,846,342,847** | **3,846,342,847** |

**12. Value of Imports calculated on CIF basis**

**(Rs.)**

| **Particulars** | **2007-2008** | **2006-2007** |
|---|---|---|
| Capital Goods | 34,298,028 | 30,326,140 |

**13. Expenditure in Foreign Currency:**

**(Rs.)**

| **Particulars** | **2007-2008** | **2006-2007** |
|---|---|---|
| Professional Fees | 226,692 | 320,360 |
| Travelling Expenses | 2,549,283 | 3,103,572 |
| Directors' Commission | 5,800,000 | 6,000,000 |
| Others | 841,825 | 803,280 |



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**14. Remittances in Foreign Currency:**

Net Dividends remitted in Foreign Currency to eleven (2006-2007: eleven) non-resident Shareholders:

| For the Year | Nature of Dividend | No. of Equity Shares | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|---|---|
| 2005-2006 | Second Interim | 34,817,901 | – | 52,226,852 |
| 2006-2007 | First Interim | 25,197,801 | – | 37,796,702 |
| 2006-2007 | Second Interim | 25,126,451 | – | 50,252,902 |
| 2007-2008 | First Interim | 28,939,500 | 43,409,250 | – |

**15. Loans and Advances in the nature of Loans to Subsidiaries (pursuant to Clause 32 of the Listing Agreement with Stock Exchanges):**

a. **Loans and Advances to Subsidiary Companies:**

**(Rs.)**

| Name of the Subsidiary Company | Amount Outstanding as at March 31, 2008 | Maximum Amount Outstanding at any time during the year |
|---|---|---|
| Gateway Distriparks (South) Private Limited | 49,995,347 | 120,882,140 |
| Gateway Rail Freight Limited | – | 527,678,925 |

b. There are no loans and advances in the nature of Loans, where there is no repayment Schedule.

c. All loans and advances in the nature of loans are given in term within the limits specified under Section 372 of The Act.

**16. Disclosure for AS 15 (Revised)**

The Company has adopted Accounting Standard 15 "Employee Benefits" with effect from April 1, 2007. Pursuant to adoption, the Company has classified various benefits provided to employees as under:-

**I. Defined Contribution Plans**

a. Provident Fund

b. State Defined Contribution Plan

- Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

- Employers' Contribution to Provident Fund * [Includes EDLI charges and Employers' Contribution to Employee's Pension Scheme 1995] — Rs. 3,665,773

* Included in Contribution to Provident and Other Funds (Refer Schedule "O")

**II. Defined Benefit Plan**

**Gratuity**

In accordance with Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-

| | (% per annum) |
|---|---|
| Discount Rate | 8.25 |
| Rate of increase in Compensation Levels | 8.00 |
| Rate of Return on Plan Assets | 8.25 |



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## "R" NOTES TO THE ACCOUNTS *(Contd.)*

| | Gratuity | |
|---|---|---|
| | **Funded Rs.** | **Non-Funded Rs.** |
| **Change in the Present Value of Obligation** | | |
| Present Value of Obligation as at April 1, 2007 | 3,313,708 | – |
| Interest Cost | 302,084 | 139,278 |
| Current Service Cost | 945,955 | 1,740,977 |
| Past Service Cost | – | – |
| Curtailment Cost/ (Credit) | – | – |
| Settlement Cost/ (Credit) | – | – |
| Benefits Paid | (187,199) | – |
| Actuarial (Gain)/ Loss on Obligations | (194,806) | (218,280) |
| Present Value of Obligation as at March 31, 2008 | **4,179,742** | **1,661,975** |
| **Change in Fair Value of Plan Assets** | | |
| Fair Value of Plan Assets as at April 1, 2007 | 1,756,000 | – |
| Expected Return on Plan Assets | 180,528 | – |
| Actuarial Gain/ (Loss) on Plan Assets | 160,320 | – |
| Contributions | 594,199 | – |
| Benefits paid | (187,199) | – |
| Fair Value of Plan Assets as at March 31, 2008 | **2,503,848** | **–** |

**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2008**

The Plan Assets are administered by Tata AIG Life Insurance Company Limited as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

| | Funded Rs. | Non-Funded Rs. |
|---|---|---|
| **Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets** | | |
| Present Value of Funded Obligation as at March 31, 2008 | 4,179,742 | – |
| Fair Value of Plan Assets as at March 31, 2008 | 2,503,848 | – |
| Funded (Asset)/ Liability recognised in the Balance Sheet | (2,503,848) | – |
| Present Value of Unfunded Obligation as at March 31, 2008 | 1,675,894 | – |
| Unrecognised Past Service Cost | – | – |
| Unrecognised Actuarial (Gain)/ Loss | – | – |
| **Unfunded Net (Asset)/ Liability Recognised in Balance Sheet**** | **1,675,894** | **–** |

** Included under Provisions "Gratuity" (Refer Schedule "L")


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| | Gratuity Funded Rs. | Gratuity Non-Funded Rs. |
|---|---|---|
| **Amount recognised in the Balance Sheet** | | |
| Present Value of Obligation as at March 31, 2008 | 4,179,742 | 1,661,975 |
| Fair Value of Plan Assets as at March 31, 2008 | 2,503,848 | – |
| **(Asset)/ Liability recognized in the Balance Sheet***** | **1,675,894** | **1,661,975** |
| *** Included under Provisions "Gratuity" (Refer Schedule "L") | | |
| **Expenses Recognised in the Profit and Loss Account** | | |
| Current Service Cost | 945,955 | 1,740,977 |
| Past Service Cost | – | – |
| Interest Cost | 302,084 | 139,278 |
| Expected Return on Plan Assets | (180,528) | – |
| Curtailment Cost/ (Credit) | – | – |
| Settlement Cost/ (Credit) | – | – |
| Net actuarial (Gain)/ Loss recognised in the period | (355,126) | (218,280) |
| **Total Expenses recognised in the Profit and Loss Account****** | **712,385** | **1,661,975** |

**** Included in Contribution to Provident and Other Funds (Refer Schedule "O")

The liability for leave encashment and compensated absences as at year end is Rs. 2,515,562.

This being the first year of implementation of revised AS-15, previous year figures have not been given.

**17.** On January 12, 2007, Punjab State Container and Warehousing Corporation Limited ("Punjab Conware") had entered into an agreement with the Company to operate and manage Punjab Conware's Container Freight Station ("CFS") at Dronagiri Node, Nhava Sheva, Navi Mumbai. The agreement is for a period of 15 years effective February 1, 2007. Pursuant to the Agreement, the Company had paid one time upfront fees of Rs. 350,000,000 to Punjab Conware. Further, Annual fees of Rs. 100,000,000 is payable to Punjab Conware, to be escalated annually at the Wholesale Price Index of April 1, every year, of which the Company has paid instalments aggregating Rs. 43,110,000 till June 30, 2007. The facility at Punjab Conware CFS required overall upgradation to improve pavement of yard area, drainage systems, Electronic Data Interchange network and the condition of warehouse. The Company completed work for revitalisation and renovation of the CFS and commenced operations from July 1, 2007. The instalment fees and other expenses incurred at Punjab Conware CFS aggregating Rs. 8,637,688 (net of Income from Container Handling Rs. 57,267,619) were capitalised under Buildings with effect from July 1, 2007.

**18.** The Company holds 40,298,619 equity shares (net of 952,381 equity shares acquired on behalf of another Corporate, who under an agreement will vote with the Company on all matters and will not sell its shareholding without the Company's consent) of Snowman Frozen Foods Limited (SFFL) at aggregate cost of Rs. 470,053,678 (net of Rs. 10,000,000 received on transfer of 952,381 equity shares indicated above). SFFL is engaged in the business of cold chain logistics on a nation-wide basis. The Company entered into share subscription and shareholders agreement with SFFL and its present shareholders include Mitsubishi Corporation, Mitsubishi Logistics Corporation and Nichirei Logistics Group Inc., (who continue as substantial shareholders of SFFL with an aggregate 49.90% post-



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acquisition). The Company holds 48.94% shares in SFFL and has nominated majority of the Directors on the Board of SFFL.

**19.** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The information regarding Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

**20.** Gateway Rail Freight Limited (GRFL), subsidiary of the Company had entered into an agreement with Container Corporation of India Limited to form a Joint Venture Company (JV), which will operate the Company's Inland Container Depot at Garhi Harsaru. Pending formation of the JV, the Company has transferred the operations including receivables and payables under an Operations and Management arrangement to GRFL with effect from April 1, 2007.

**21.** The Company has been legally advised that necessary prior approval of the Central Government of India is not necessary under Section 297 of the Act with respect to providing "Handling Income" services to private limited companies where a Director of the Company is a Director.

**22.** The information required on other matters pursuant to clauses 3, 4C and 4D of Part II of Schedule VI to the Act, are either nil or not applicable to the Company during the year.

**23.** Previous year's figures have been rearranged to conform with current year's presentation, where applicable.

**24.** Refer Annexure for additional information pursuant to Part IV of Schedule VI of the Act.

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Signatures to Schedules "A" to "R" forming part of the Accounts.

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| **Uday Shah**<br>*Partner*<br>*Membership No.: F-46061* | **Gopinath Pillai**<br>*Chairman* | **Prem Kishan Gupta**<br>*Deputy Chairman and Managing Director* |
| For and on behalf of<br>**Price Waterhouse**<br>*Chartered Accountants* | **Karan Singh Thakral**<br>*Director* | **R. Kumar**<br>*Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary* |
| Place: Mumbai<br>Date: June 26, 2008 | Place: Mumbai<br>Date: June 26, 2008 | |

GATEWAY DISTRIPARKS LTD

"Annexure"

## ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE ACT. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

**I Registration Details**

Registration No. 1 6 4 0 2 4 State Code 1 1

Balance Sheet Date 3 1 | 0 3 | 2 0 0 8

Date Month Year

**II Capital Raised During the Year (Amount in Rs. Thousands)**

| Public Issue | Rights Issue |
|---|---|
| NIL | NIL |

| Bonus Issue | Private Placement |
|---|---|
| 230918 | 1379 |

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

| Total Liabilities # | Total Assets |
|---|---|
| 7041601 | 7041601 |

# (includes Shareholders' Funds)

**Sources of Funds**

| Paid-up Capital | Reserves and Surplus |
|---|---|
| 1155968 | 5323102 |

| Secured Loans | Unsecured Loans |
|---|---|
| NIL | NIL |

Deferred Tax Liability

153438

**Application of Funds**

| Net Fixed Assets | Investments |
|---|---|
| 2573583 | 1677935 |

(Please tick approriate box + for Positive, - for Negative)

| + | - | Net Current Assets | Miscellaneous Expenditure |
|---|---|---|---|
| ✔ | | 2380990 | NIL |

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

| Turnover (including Other Income) | Total Expenditure |
|---|---|
| 1758466 | 890813 |

(Please tick approriate box + for Profit, - for Loss) (Please tick approriate box + for Profit, - for Loss)

| + | - | Profit/ Loss Before Tax | + | - | Profit/ Loss After Tax |
|---|---|---|---|---|---|
| ✔ | | 867653 | ✔ | | 752133 |

(Please tick approriate box + for Positive, - for Negative)

| + | - | Earning Per Share (in Rs.) | Dividend Rate % |
|---|---|---|---|
| ✔ | | 6.51 | 35 |

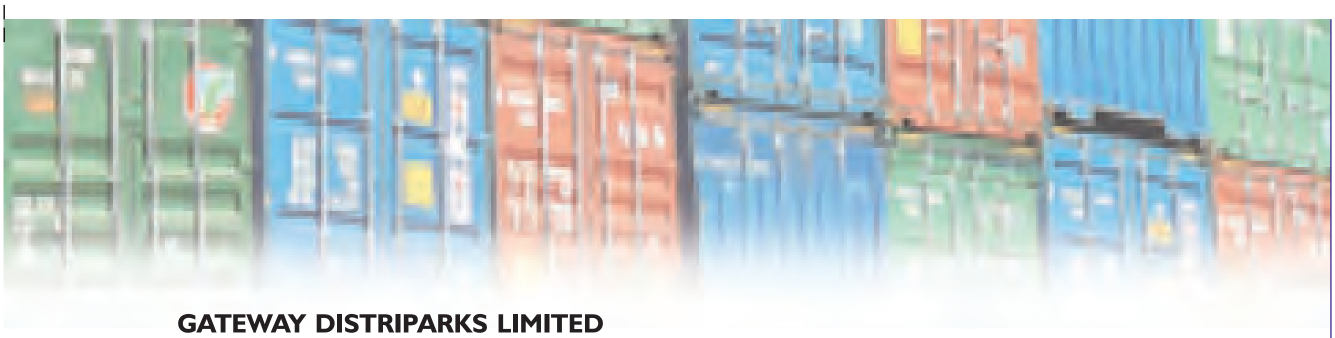
**V Generic Names of Principal Products/ Services of Company (as per monetary terms)**

| | |
|---|---|
| Item Code No. (ITC Code) | Not Applicable |
| Product Description | Not Applicable, since the Company is engaged in service activities relating to Container Freight Station. |

For and on behalf of the Board of Directors

| | | | |
|---|---|---|---|
| **Gopinath Pillai** | **Prem Kishan Gupta** | **Karan Singh Thakral** | **R. Kumar** |
| *Chairman* | *Deputy Chairman and Managing Director* | *Director* | *Deputy Chief Executive Officer and Chief Finance Officer cum Company Secretary* |

Place: Mumbai
Date: June 26, 2008





**GATEWAY DISTRIPARKS LIMITED**

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 *(Contd.)*

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---|---|
| **"L" LOANS AND ADVANCES** | | |
| (Unsecured and Considered Good) | | |
| Advances Recoverable in Cash or in Kind or for Value to be Received | | |
| – Considered Good | 72,480,997 | 48,618,965 |
| – Considered Doubtful | 1,000,000 | 1,000,000 |
| | 73,480,997 | 49,618,965 |
| Less: Provision for Doubtful Advances | 1,000,000 | 1,000,000 |
| | 72,480,997 | 48,618,965 |
| Loan to Max Logistics Private Limited | 5,000,000 | – |
| Balances with Government Authorities | 18,964,911 | 12,256,480 |
| Security Deposits - Others | 40,683,136 | 14,912,813 |
| Fringe Benedfit Tax (Net of Provision Rs. 7,573,978) | 724,390 | – |
| Tax Deducted at Source and Advance Tax | 24,412,730 | 4,667,610 |
| [Net of Provision for Tax Rs. 222,268,361 (Previous year Rs. 207,200,000)] | | |
| | **162,266,164** | **80,455,868** |
| **"M" CURRENT LIABILITIES AND PROVISIONS** | | |
| **Current Liabilities** | | |
| Sundry Creditors (Refer Note 12 - Schedule "T") | | |
| – Due to Micro Enterprises and Small Enterprises | – | – |
| – Due to Others | 304,527,324 | 179,190,010 |
| Security Deposits Received | 4,566,472 | 1,887,147 |
| Advances from Customers | 20,768,624 | 13,108,960 |
| Auction Surplus | 2,294,853 | 1,672,394 |
| Interest Accrued but not Due on Term Loans and Vehicle Finance Loan | 1,107,829 | 50,051 |
| Unpaid Dividend * | 1,615,707 | 5,918,035 |
| Unpaid Share Application Accounts * | 805,652 | 870,452 |
| Unpaid Fractional Bonus Shares * | 90,685 | – |
| Other Liabilities | 27,231,665 | 17,312,075 |
| | **363,008,811** | **220,009,124** |
| * There are no amounts due and outstanding to be credited to Investor Education and Protection Fund. | | |
| **Provisions** | | |
| Wealth Tax | 92,000 | 49,362 |
| Fringe Benefit Tax | – | 308,608 |
| Proposed Interim Dividend | 173,395,125 | – |
| Proposed Final Dividend | 57,798,375 | – |
| Tax on Dividend | 39,291,336 | – |
| Retirement Benefits [Refer Note 1(viii) - Schedule "T"] | | |
| – Leave Encashment | 5,567,329 | 2,764,177 |
| – Gratuity | 6,187,520 | 3,592,244 |
| | **282,331,685** | **6,714,391** |
| **TOTAL** | **645,340,496** | **226,723,515** |
| **"N" MISCELLANEOUS EXPENDITURE** | | |
| [Refer Note 1(xiii) - Schedule "T"] | | |
| (to the extent not written off or adjusted) | | |
| Preliminary and other related expenses | 11,144,992 | 192,617 |
| Less: Amortised during the year | 1,864,943 | 2,800 |
| | **9,280,049** | **189,817** |



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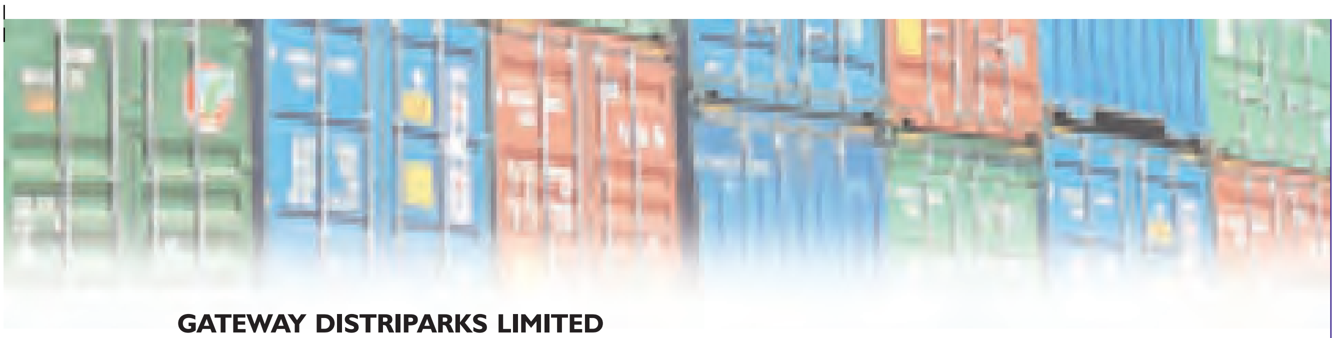
GATEWAY DISTRIPARKS LTD

GATEWAY DISTRIPARKS LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

| | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|
| **"O" INCOME FROM OPERATIONS** | | |
| [Refer Note 1(ix) - Schedule "T"] | | |
| Ground Rent - Gross (Tax Deducted at Source Rs. 11,934,761; Previous year: Rs. 9,961,055) | 628,276,458 | 487,076,027 |
| Container Storage, Handling and Repair - Gross (Tax Deducted at Source Rs. 14,565,006; Previous year: Rs. 9,348,667) | 1,318,302,440 | 979,163,518 |
| Rail Transport (Tax Deducted at Source Rs. 4,751,419; Previous year: Rs. Nil) | 280,869,905 | – |
| Road Transport (Tax Deducted at Source Rs. 1,409,093; Previous year: Rs. Nil) | 256,760,128 | – |
| Income from Cold Chain Logistics | 140,452,784 | 77,623,952 |
| Service Charges | 61,273,225 | 38,922,773 |
| Auction Sales | 27,948,356 | 26,831,403 |
| | **2,713,883,296** | **1,609,617,673** |
| **"P" OTHER INCOME** | | |
| Rent-Gross (Tax Deducted at Source Rs. 1,121,972; Previous year: Rs. 670,826) | 7,469,039 | 6,814,304 |
| Interest on Fixed Deposits with Banks - Gross (Tax Deducted at Source Rs. 25,164,745; Previous year: Rs. 36,924,746) | 109,822,411 | 173,867,188 |
| Commission earned on Consignment Sales | 9,441,269 | 4,480,619 |
| Gain on redemption of investments (Net) | 7,815,733 | 41,199,002 |
| Profit on Sale of Fixed Assets (Net) | – | 7,910,408 |
| Foreign Exchange Gains (Net) [Refer Note 1(vii) - Schedule "T"] | 343,870 | – |
| Interest on Loans given to Max Logistics Private Limited | 174,247 | – |
| Liabilities no longer Required Written Back | 5,213,451 | 7,214,618 |
| Write back of Auction Surplus | 1,518,944 | 6,879,582 |
| Miscellaneous Income | 2,223,285 | 1,295,168 |
| | **144,022,249** | **249,660,889** |
| **"Q" EMPLOYEE COSTS** | | |
| Salaries, Allowances and Bonus | 132,701,820 | 70,853,730 |
| Contribution to Provident and Other Funds | 10,131,915 | 5,137,478 |
| Leave Encashment | 5,684,815 | 1,902,538 |
| Gratuity | 3,497,888 | 2,412,647 |
| Staff Welfare | 8,645,598 | 3,976,777 |
| Employees Stock Options Expense (Refer Note 4 - Schedule "T") | 1,864,876 | 6,869,335 |
| | **162,526,912** | **91,152,505** |





**GATEWAY DISTRIPARKS LIMITED**

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 *(Contd.)*

| | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---:|---:|
| **"R" OPERATING AND OTHER EXPENSES** | | |
| Transportation | 732,820,568 | 296,856,681 |
| Container Storage, Handling and Repairs | 46,186,738 | – |
| Labour Charges | 115,116,349 | 64,188,074 |
| Equipment Hire Charges | 39,886,196 | 17,794,491 |
| Surveyors' Fees | 10,897,643 | 13,869,484 |
| Sub-Contract Charges | 116,187,015 | 71,896,740 |
| Auction Expenses (Refer Note 1(ix) - Schedule "T") | 11,797,338 | 14,175,015 |
| Purchase of Pallets | 16,046,571 | 13,310,261 |
| Fees on Operations & Management of Punjab Conware's Container Freight Station | 79,230,000 | – |
| Power and Fuel | 58,096,074 | 29,810,595 |
| Rent | 32,389,159 | 6,044,554 |
| Licensing fees | 14,845,454 | – |
| Rates and Taxes | 10,029,037 | 7,340,065 |
| Repairs and Maintenance: | | |
| – Building/ Yard | 9,420,275 | 6,600,519 |
| – Plant and Machinery | 15,458,938 | 7,026,989 |
| – Containers | 692,416 | 1,344,218 |
| – Others | 7,057,542 | 9,987,168 |
| Insurance | 15,941,642 | 10,779,900 |
| Directors' Sitting Fees | 757,628 | 990,380 |
| Customs Staff Expenses | 20,174,660 | 13,144,681 |
| Printing and Stationery | 8,733,091 | 4,785,786 |
| Travelling and Conveyance | 33,000,350 | 22,714,720 |
| Motor Car Expenses | 7,633,280 | 5,435,129 |
| Communication | 12,792,876 | 6,834,207 |
| Advertising Expenses | 7,953,621 | 5,478,084 |
| Security Charges | 22,149,309 | 14,783,112 |
| Professional Fees | 22,170,772 | 35,378,836 |
| Auditors' Remuneration: | | |
| – As Auditors | 2,450,000 | 2,000,000 |
| – As advisers, or in any other capacity, in respect of - Other Services | 150,000 | 150,000 |
| – Reimbursement of Out-of-Pocket Expenses | 36,852 | 10,785 |
| Bad Debts Written Off | 9,143,246 | 1,052,228 |
| Provision for Doubtful Debts (Refer Note 1(xii) - Schedule "T") | 16,825,502 | 9,201,771 |
| Provision for Doubtful Ground Rent | 1,734,900 | 1,339,000 |
| Loss on Sale/ Disposal of Fixed Assets | 413,078 | – |
| Software Expenses | 120,234 | 1,914,025 |
| Stamp Duty and Share Issue Expenses | 1,723,057 | 134,641 |
| Foreign Exchange Loss (Net) (Refer Note 1(vii) - Schedule "T") | – | 2,160 |
| Bank Charges | 8,172,887 | 2,808,225 |
| Fruits and Vegetables Project Expenses (Refer Note 14 - Schedule "T") | 220,000 | 1,100,000 |
| Selling and Distribution Expenses | 1,487,084 | 432,098 |
| Miscellaneous | 6,642,209 | 5,580,068 |
| Amortisation of Miscellaneous Expenses | 1,864,943 | – |
| Pre-Operative Expenses Written Off | 8,496,043 | – |
| | **1,526,944,577** | **706,294,690** |
| **"S" INTEREST** | | |
| Term Loan | 16,543,735 | 9,705,345 |
| Vehicle Finance Loan | 2,374,713 | 2,509,670 |
| Others | 1,101,768 | 1,455,068 |
| | **20,020,216** | **13,670,083** |



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## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED

### "T" NOTES TO THE ACCOUNTS

**1. Significant Accounting Policies:**

**(i) Basis of Accounting:**

The Consolidated Financial Statements of Gateway Distriparks Limited ('the Company") and its subsidiary companies, Gateway East India Private Limited, Gateway Distriparks (South) Private Limited, Gateway Rail Freight Limited, Gateway Distriparks (Kerala) Limited and Snowman Frozen Foods Limited (collectively referred to as "the Group") are prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the Accounting Standard 21 on Consolidation of Financial Statements, issued by the Institute of Chartered Accountants of India to the extent possible in the same format as that adopted by the Company for its separate financial statements.

**(ii) Principles of consolidation:**

1. The consolidated financial statements have been prepared on the following basis:

   – The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

   – Intra-group balances and intra-group transactions and resulting profits are eliminated in full.

   – The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

   – The excess cost of the Company of its investment in the subsidiaries is recognised in the financial statements as goodwill, which is amortised over a period of 10 years on pro-rata basis on a monthly rest. The excess of the Company's portion of equity and reserves of the subsidiaries at the time of its investment is treated in the financial statements as capital reserve.

   – The Company consolidates Snowman Frozen Foods Limited as it has majority of directors on the Board.

2. The subsidiary companies considered in the consolidated financial statements are:

| Name of the Company | Country of incorporation | % voting power as at March 31, 2008 | % voting power as at March 31, 2007 |
|---|---|---|---|
| Gateway East India Private Limited (GEIPL) | India | 74% (Shares allotted on November 23, 2004 and on November 22, 2006) | 74% (Shares allotted on November 23, 2004 and on November 22, 2006) |
| Gateway Distriparks (South) Private Limited | India | 100% (Shares acquired on December 1, 2004) | 100% (Shares acquired on December 1, 2004) |
| Gateway Rail Freight Limited (GRFL) | India | 82.97% (Shares allotted on | 92.66% (Shares allotted on |



## "T" NOTES TO THE ACCOUNTS *(Contd.)*

| Name of the Company | Country of incorporation | % voting power as at March 31, 2008 | % voting power as at March 31, 2007 |
|---|---|---|---|
| | | November 21, 2006 and on March 17, 2008 ) | November 21, 2006) |
| Gateway Distriparks (Kerala) Limited (GDKL) | India | 60% (Shares allotted on March 5, 2007) | 60% (Shares allotted on March 5, 2007) |
| Snowman Frozen Foods Limited (SFFL) | India | 48.94% (Shares allotted/ acquired on November 22, 2006) | 48.94% (Shares allotted/ acquired on November 22, 2006) |

**(iii) Fixed Assets and Depreciation/ Amortisation:**

(a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation/ amortisation. The Group capitalises all costs relating to the acquisition, installation and construction of fixed assets, including interest on borrowed funds used to finance the construction and acquisition of fixed assets, up to the date when the assets are ready for commercial use.

(b) Depreciation on additions/ deletions to fixed assets is calculated on pro-rata basis from the month of such additions/ deletions. The Group provides depreciation on straight-line basis method at the rates specified under Schedule XIV (revised) to the Act or based on useful life whichever is higher, except for:

- Leasehold land, which is being amortised over the lease period;
- Building, which is being amortised over a period of twenty four years;
- Rail Siding, which is being amortised over a period of twenty years based on useful life estimated by the Management;
- Reach Stackers (included in Yard Equipments), to be transferred to maintenance operator, are being depreciated over a period of seven years;
- Computer Software, having an enduring benefit is being depreciated over three years based on evaluation of useful life by the Management;
- Upfront fees of Punjab Conware's Container Freight Station ("CFS"), is being amortised over the balance period of the Operations and Management agreement of the CFS with effect from July 1, 2007;
- Technical Know-How, which is being amortised over a period of agreement (i.e. five years) from the date of technology being put to use or over balance period of agreement from the date of commencement of the commercial operations, whichever is later;
- Rail License fees paid towards concession agreement, which is being amortised over the period of agreement (i.e. twenty years) from the date of commencement of commercial operations; and
- Additions / construction of Building, Electrical Installations, Furniture and Fixtures and Office Equipments at Punjab Conware CFS is being amortised over the balance period of the Operations and Management Agreement of the CFS with effect from July 1, 2007.

(c) Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition/ construction.

(d) Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying


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amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

**(iv) Incidental Expenditure Pending Capitalisation:**

Incidental and Pre-operative Expenditure Pending Capitalisation/ Allocation represents expenses incurred prior to commencement of Container Freight Station (CFS) of Gateway Distriparks (Kerala) Limited will be allocated to the cost of the fixed assets on commencement of operations.

**(v) Investments:**

Current Investments are stated at the lower of cost and fair value.

**(vi) Borrowing Cost:**

Borrowing costs directly attributable to the acquisition/ construction of an asset are apportioned to the cost of the fixed assets up to the date on which the asset is put to use/ commissioned.

**(vii) Foreign Currency Transactions:**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction date. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss Account. Foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss Account.

**(viii) Retirement Benefits:**

**(a) Defined Contribution Plans**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Pension Scheme which are recognised by the income tax authorities and administered through appropriate authorities.

The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Company's contribution to the above fund is charged to revenue every year.

**(b) Defined Benefit Plans**

The Company has a Defined Benefit Plan comprising of Gratuity Fund. The liability for the Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

The gratuity scheme is funded through Comprehensive Gratuity Policy - cum - Group Term Life Insurance Policy from Tata AIG Life Insurance Company Limited, except for employees of Punjab Conware's CFS, the operations wherein are taken over by the Company under Operations and Management agreement.

Termination benefits are recognised as an expense as and when incurred.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

**(c) Other Employee Benefits**

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the Balance Sheet date.



## "T" NOTES TO THE ACCOUNTS *(Contd.)*

**(ix) Revenue Recognition:**

(a) Income from Container Handling and Repair and Service Charges is recognised on delivery of the container/ cargo. Income from Ground Rent is recognised for the period the container is lying in the Container Freight Station/ Inland Container Depot. However, in case of long standing containers, the Income from Ground Rent is not accrued for a period beyond 60 days on a consistent basis as per the prevailing business practice.

(b) Income from Transportation, Storage and Handling activities are accrued on completion of the service. Sales revenue from export is recognised on transfer of significant risks and rewards of ownership that generally coincides with delivery of goods. Income from commission on consignment sales are recognised on the completion of consignment sales.

(c) Income from auction sales is generated when the Group auctions long-standing cargo that has not been cleared by customs. Revenue and expenses for Auction Sales are recognised when auction is completed after necessary approvals from appropriate authorities are obtained. Auction Sales include recovery of the cost incurred in conducting auctions, custom duties on long-standing cargo and accrued ground rent and handling charges relating to long-standing cargo. Surplus, out of auctions, if any, after meeting all expenses and the actual ground rent, is credited to a separate account 'Auction Surplus' and is shown under the head 'Current Liabilities and Provisions'. Unclaimed Auction Surplus, if any, in excess of one year is written back as 'Income' in the following financial year.

**(x) Deferred Taxation:**

Deferred Tax is recognised, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Deferred Tax Asset is not recognised on timing differences, which would arise and expected to be reversed during the period of tax holiday.

**(xi) Employees' Stock Option Scheme:**

Stock Options granted to the employees under stock option schemes are evaluated as per the accounting treatment prescribed by Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of the fair value of the stock option as on the date of grant of options is charged to the Profit and Loss Account on straight-line-method over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

**(xii) Provision for doubtful debts**

The provision for doubtful debts reflects the Management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries.

**(xiii) Miscellaneous Expenditure (to the extent not written off or adjusted):**

Preliminary and other related expenses are being amortised on a straight-line basis over the period of five years. Unamortised portion is disclosed as 'Miscellaneous Expenditure' in the Balance Sheet.



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## "T" NOTES TO THE ACCOUNTS *(Contd.)*

**2. Contingent Liabilities:**

(Rs.)

| Particulars | 2007-2008 | 2006-2007 |
|---|---|---|
| Bank Guarantees and Continuity Bonds executed in favour of The President of India through the Commissioners of Customs and in favour of Sales Tax Authorities. | 4,906,831,405 | 3,069,997,640 |
| Bank Guarantee issued by Bank in favour of Punjab State Container and Warehousing Corporation Limited in respect Operations and Management Contract of their CFS at Dronagiri Node, Nhava Sheva. | 52,400,000 | 50,000,000 |
| Bank Guarantee issued by Bank in favour of Container Corporation of India Limited for the purpose of delivery and collection of Containers. | 1,000,000 | – |
| Counter indemnity for guarantees issued by bank for loans taken by Subsidiary Companies. | 535,266,035 | 75,100,000 |
| Claims not acknowledged as debt | 1,700,000 | 3,018,940 |
| **Total** | **5,497,197,440** | **3,198,116,580** |

**3. Capital Commitments:**

Estimated amount of contracts (net of advances of Rs. 212,976,619; Previous year Rs. 622,980,306) remaining to be executed on capital account and not provided for is Rs. 4,406,595,545; (Previous year Rs. 74,405,903).

**4. Employee Stock Option Plan**

**a) Employee Stock Option Plan, 2001 (ESOP)**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on August 28, 2001, the Company had introduced ESOP for its employees.

The Board of Directors in its meeting held on April 24, 2004 granted share warrants entitling options for 167,500 Equity Shares to the eligible employees of the Company at an exercise price of Rs. 22.50 per share (at a premium of Rs. 12.50 per share). The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares after a Minimum Exercise Period of 2 years from May 1, 2004 i.e., the date as specified in the warrant at the time of allotment.

Of these, options for 18,500 Equity Shares (Previous year 18,500) have lapsed on termination of employment of employees. The Company had allotted 144,000 Equity Shares on May 3, 2006, 1,000 Equity Shares on November 22, 2006 and 4,000 Equity Shares on October 17, 2007, to employees under the Employee Stock Option Plan, 2001.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. On listing of its shares on March 31, 2005, the Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (calculated as per erstwhile Capital Issues (controls) Act, 1947 Guidelines and duly certified by an independent Accountant) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**b) Employee Stock Option Plan, 2005 - I**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on September 14, 2005, the Company had introduced new ESOP scheme for its Directors and employees.

"T" NOTES TO THE ACCOUNTS *(Contd.)*

The Employee Stock Option Committee formed for the implementation of the plan, at its meeting held on September 15, 2005, granted share warrants entitling options for 240,000 Equity Shares to the eligible employees of the Company at Rs. 163.64 per share of face value Rs. 10 per share. The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares on graded basis after a Minimum Exercise Period of 1 year from September 16, 2005 i.e., the date as specified in the warrant at the time of allotment. With effect from August 4, 2007, consequent to the issue of bonus shares in the ratio of 1 new equity share for every existing 4 equity shares held in the company, the exercise price was reduced by 20% to Rs. 130.92 per share of face value Rs. 10 per share and the warrant holders became eligible to exercise options for additional 25% equity shares, increasing their entitlement to subscribe for additional 24,798 Equity Shares of Rs. 10 each per share.

Of these, options for 132,000 Equity Shares (Previous year 111,000) have lapsed on termination of employment of employees. The Company had allotted 18,800 and 15,000 Equity shares on January 31, 2007 and on November 29, 2007, respectively to employees under Employees Stock Option Plan, 2005. The options for 98,998 Equity Shares (Previous year 110,200) at an exercise price of Rs. 130.92 per equity share were outstanding as on March 31, 2008. The rights under the options would be exercisable for a period of 3 years on graded basis commencing between September 16, 2006 and August 3, 2007 at a price of Rs. 163.64 per share (at premium of Rs. 153.64 per equity share) and between August 4, 2007 and April 1, 2008, at a price of Rs. 130.92 per share (at premium of Rs. 120.92 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. The Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (Closing Market Price on National Stock Exchange as on September 14, 2005) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

c) **Employee Stock Option Plan, 2005 - II**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on September 14, 2005, the Company had introduced new ESOP scheme for its Directors and employees.

The Employee Stock Option Committee at its meeting held on July 20, 2006, granted share warrants entitling options for 311,750 Equity Shares to the eligible employees of the Company and its Subsidiary Companies at an exercise price of Rs. 136.56 per share of face value Rs. 10 per share. The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares on graded basis after a Minimum Exercise Period of 1 year from July 21, 2006 i.e., the date as specified in the warrant at the time of allotment. With effect from August 4, 2007, consequent to the issue of bonus shares in the ratio of 1 new equity share for every existing 4 equity shares held in the company, the exercise price was reduced by 20% to Rs. 109.25 per share of face value Rs. 10 per share and the warrant holders became eligible to exercise options for additional 25% equity shares, increasing their entitlement to subscribe for additional 65,812 Equity Shares of Rs. 10 each per share.

Of these, options for 100,125 Equity Shares (Previous year 27,000) have lapsed on termination of employment of employees. The Company has allotted 103,825 Equity Shares on August 11, 2007, 12,000 Equity Shares on October 17, 2007 and 3,050 Equity Shares on November 29, 2007, to employees under Employees Stock Option Plan, 2005. The options for 158,562 Equity Shares (Previous year 284,750) at an exercise price of Rs. 109.25 per equity share were outstanding as on March 31, 2008. The rights under the options would be exercisable for a period of 3 years on graded basis commencing between July 21, 2007 and August 3, 2007 at a price of Rs. 136.56 per share (at premium of Rs. 126.56 per equity share) and between August 4, 2007 to April 1, 2009,



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at a price of Rs. 109.25 per share (at premium of Rs. 99.25 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. The Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (Closing Market Price on National Stock Exchange as on July 19, 2006) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**d) Employee Stock Option Plan, 2005 - III**

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on September 14, 2005, the Company had introduced new ESOP scheme for its Directors and employees.

The Employee Stock Option Committee at its meeting held on January 30, 2008, granted share warrants entitling options for 306,875 Equity Shares to the eligible employees of the Company and its Subsidiary Companies at an exercise price of Rs. 92.92 per share of face value Rs. 10 per share. The Warrant holders shall be eligible for exercising the option to subscribe to the Equity Shares on graded basis after a Minimum Exercise Period of 1 year from January 31, 2008 i.e., the date as specified in the warrant at the time of allotment.

The options for 306,875 Equity Shares at Rs. 92.92 per equity share were outstanding as on March 31, 2008. The rights under the options would be exercisable for a period of 3 years on graded basis commencing between January 31, 2009 and April 1, 2010 at a price of Rs. 92.92 per share (at premium of Rs. 82.92 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company.

The Securities and Exchange Board of India ("SEBI") has issued the Employees Stock Option and Stock Purchase Guidelines, 1999 ('SEBI guidelines'), which are applicable to stock option scheme for employees of all listed companies. The Company has followed these guidelines for accounting of ESOPs costs. In accordance with these guidelines, the excess of Fair Value (Closing Market Price on National Stock Exchange as on January 29, 2008) of the underlying equity shares on the date of the grant of stock options over the exercise price of the options is being recognised in the Books of Account and amortised over the vesting period.

**5.** Based on an opinions obtained from lawyer and tax consultant, the Management has taken a view that provisions of Section 80-IA (4)(i) of the Income Tax Act, 1961, of India ("the Income Tax Act") have been fulfilled and the Company is eligible for tax holiday under the Income Tax Act in respect of the Container Freight Station activities.

Consequently, the income-tax liability for the current financial year has been determined under "Minimum Alternate Tax" pursuant to Section 115JB of the Income Tax Act.

6. **Segment Reporting**

**Primary Segment:**

In accordance with Accounting Standard 17 - "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Group has determined its business segment as follows:

a) "Container Freight Station" segment includes common user facilities located at various locations in India, offering services for handling and temporary storage of import / export laden and empty containers and cargo carried under customs control. The segment includes Container Freight stations located near sea ports and Inland Container Depots located in the interiors of the country away from the ports.



## "T" NOTES TO THE ACCOUNTS *(Contd.)*

b) "Rail Transportation" segment includes transportation of import / export / Domestic laden and empty containers by rail under concession agreement with Indian Railways. The Company provides rakes to customers for transporting containers on the Indian Railways network.

c) "Road Transportation" segment includes transport of laden and empty containers by trailers to various locations in India by roads. It also includes transport of chilled and frozen products by refrigerated trucks to various locations in India by roads.

d) "Other Operating Segments" includes storage facilities at cold stores at various locations in India. Chilled and frozen products are stored under appropriate controlled temperature conditions on behalf of customers at the cold stores.

**(Rs.)**

| Particulars | Container Freight Station | Rail Transportation | Road Transportation | Other Operating Segments | Total |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| External | 2,061,666,467<br>(1,561,673,532) | 281,213,775<br>(–) | 256,760,128<br>(–) | 140,452,784<br>(85,538,840) | 2,740,093,154<br>(1,647,212,372) |
| Inter-Segment | –<br>(3,000,000) | –<br>(–) | –<br>(–) | –<br>(–) | –<br>(3,000,000) |
| **Total Revenues** | **2,061,666,467**<br>(1,558,673,532) | **281,213,775**<br>(–) | **256,760,128**<br>(–) | **140,452,784**<br>(85,538,840) | **2,740,093,154**<br>(1,644,212,372) |
| **Result** | | | | | |
| Segment result | 876,058,283<br>(757,846,785) | (88,434,196)<br>(–) | (15,459,275)<br>(–) | 16,998,195<br>((16,520,136)) | 789,163,007<br>(741,326,649) |
| Less: Unallocated expenditure net of unallocated income | | | | | 33,034,307<br>(33,173,380) |
| Less: Interest expense | | | | | 20,020,216<br>(13,670,083) |
| Add: Interest income | | | | | 109,996,658<br>(173,867,188) |
| Add: Profit on sale of investments (Net) | | | | | 7,815,733<br>(41,199,002) |
| Add: Other Income | | | | | 2,531,058<br>(–) |
| **Profit before taxation** | | | | | **856,451,933**<br>**(909,549,376)** |
| Provision for taxation | | | | | 136,299,510<br>(138,763,591) |
| **Profit after taxation** | | | | | **720,152,423**<br>**(770,785,785)** |
| Minority Interest (Loss) | | | | | 15,442,954<br>(7,448,633) |
| **Net Profit** | | | | | **735,595,377**<br>**(778,234,418)** |

GATEWAY DISTRIPARKS LTD

## "T" NOTES TO THE ACCOUNTS *(Contd.)*

**(Rs.)**

| Particulars | Container Freight Station | Rail Transportation | Road Transportation | Other Operating Segments | Total |
|---|---|---|---|---|---|
| **Other information** | | | | | |
| **Segment Assets** | 3,375,276,741<br>(2,864,643,522) | 2,876,943,955<br>(1,610,182,955) | 469,328,258<br>(–) | 343,545,977<br>(447,354,386) | 7,065,094,931<br>(4,922,180,863) |
| Unallocated Corporate Assets | | | | | 1,067,135,789<br>(2,200,208,425) |
| **Total Assets** | **3,375,276,741<br>(2,864,643,522)** | **2,876,943,955<br>(1,610,182,955)** | **469,328,258<br>(–)** | **343,545,977<br>(447,354,386)** | **8,132,230,720<br>(7,122,389,288)** |
| **Segment Liabilities** | 201,051,252<br>(166,117,196) | 115,405,475<br>(–) | 8,473,237<br>(–) | 24,566,803<br>(47,053,390) | 349,496,767<br>(213,170,586) |
| Unallocated Corporate Liabilities | | | | | 1,315,790,692<br>(721,459,802) |
| **Total Liabilities** | 201,051,252<br>(166,117,196) | 115,405,475<br>(–) | 8,473,237<br>(–) | 24,566,803<br>(47,053,390) | 1,665,287,459<br>(934,630,388) |
| **Capital Expenditure** | 585,222,426<br>(690,538,107) | 1,253,671,871<br>(1,481,424,775) | 380,473,712<br>– | 10,390,563<br>(343,471,285) | 2,229,758,572<br>(2,515,434,167) |
| Unallocated Capital Expenditure | | | | | –<br>(134,496,361) |
| **Total Capital Expenditure** | 585,222,426<br>(690,538,107) | 1,253,671,871<br>(1,481,424,775) | 380,473,712<br>(–) | 10,390,563<br>(343,471,285) | 2,229,758,572<br>(2,649,930,528) |

Figures in bracket pertain to the previous year.

**Secondary Segment:** There is no secondary reportable segment relating to the Group's business.

**7. Disclosure of Related Party transactions**

Related Party Disclosures, as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below:

Key Management Personnel: Mr Prem Kishan Gupta, Deputy Chairman and Managing Director

**(Rs.)**

| Key Management Personnel | 2007-2008 | 2006-2007 |
|---|---|---|
| Commission to Mr. Prem Kishan Gupta, Deputy Chairman and Managing Director | 2,500,000 | 2,500,000 |

**8. Directors' Remuneration:**

**(Rs.)**

| Particulars | 2007-2008 | 2006-2007 |
|---|---|---|
| Commission to Deputy Chairman and Managing Director | 2,500,000 | 2,500,000 |
| Commission to Non Whole- time Directors | 8,500,000 | 8,500,000 |
| Directors' Sitting Fees | 757,628 | 990,380 |
| **Total** | **11,757,628** | **11,990,380** |



## "T" NOTES TO THE ACCOUNTS *(Contd.)*

**9.** The Company has entered into cancelable leasing arrangements for use of office premises. The Lease rental of Rs. 3,568,516 (Previous Year Rs. Nil) has been included under the head 'Operating and Other Expenses - Rent' under Schedule "R" in the Profit and Loss Account.

The Company has various operating leases for office facilities, warehouses and residential premises for employees that are renewable on a periodic basis and cancellable at its option, except for two lease agreements which are of non cancelable nature. Rental expenses for operating lease recognized in the Profit and Loss Account for the year is Rs 10,194,793 (Previous Year Rs. 6,044,554).

a) Disclosures under Accounting Standard 19 in respect of non cancelable operating leases are as below:

| | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|
| Total Future minimum lease payments under non cancellable operating lease | 15,598,735 | 18,649,200 |
| Not later than one year | 3,499,625 | 3,396,000 |
| Later than one year and not later than five years | 12,099,110 | 15,253,200 |
| Later than five years | – | – |

b) Installments of secured loans (Hire Purchase) falling due is as follows:

| | 2007-2008 Rs. | 2006-2007 Rs. |
|---|---|---|
| Not later than one year | 1,722,047 | 3,690,381 |
| Later than one year and not later than five years | 1,003,403 | 2,404,285 |
| Later than five years | – | – |

**10. Computation of Earnings Per Share (Basic and Diluted)**

The number of shares used in computing Basic Earnings per share (EPS) is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which would be issued on exercise of options under the Employees Stock Option Plan 2001 and Employees Stock Option Plan 2005.

| Particulars | 2007-2008 | 2006-2007 |
|---|---|---|
| I. Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 10 each | | |
| Net Profit as per the Profit and Loss Account available for Equity Shareholders (in Rupees) | 735,595,377 | 778,234,418 |
| II. Weighted average number of Equity Shares for Earnings per Share computation | | |
| For Basic Earnings Per Share | 115,538,671 | 115,429,897 |
| Add: Weighted average outstanding employee stock options deemed to be issued for no consideration | 117,984 | 126,540 |
| No. of Shares for Diluted Earnings Per Share | 115,656,655 | 115,556,437 |
| III. Earnings Per Shares in Rupees (Weighted Average) | | |
| Basic | 6.37 | 6.74 |
| Diluted | 6.36 | 6.73 |



## "T" NOTES TO THE ACCOUNTS *(Contd.)*

**11.** On January 12, 2007, Punjab State Container and Warehousing Corporation Limited ("Punjab Conware") had entered into an agreement with the Company to operate and manage Punjab Conware's Container Freight Station ("CFS") at Dronagiri Node, Nhava Sheva, Navi Mumbai. The agreement is for a period of 15 years effective February 1, 2007. Pursuant to the Agreement, the Company had paid one time upfront fees of Rs. 350,000,000 to Punjab Conware. Further, Annual fees of Rs. 100,000,000 is payable to Punjab Conware, to be escalated annually at the Wholesale Price Index of April 1, every year, of which the Company has paid instalments aggregating Rs. 43,110,000 till June 30, 2007. The facility at Punjab Conware CFS required overall upgradation to improve pavement of yard area, drainage systems, Electronic Data Interchange network and the condition of warehouse. The Company completed work for revitalisation and renovation of the CFS and commenced operations from July 1, 2007. The instalment fees and other expenses incurred at Punjab Conware CFS aggregating Rs. 8,637,688 (net of Income from Container Handling Rs. 57,267,619) were capitalised under Buildings with effect from July 1, 2007.

**12.** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The information regarding Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

**13.** Gateway Rail Freight Limited (GRFL), subsidiary of the Company had entered into an agreement with Container Corporation of India Limited to form a Joint Venture Company (JV), which will operate the Company's Inland Container Depot at Garhi Harsaru. Pending formation of the JV, the Company has transferred the operations including receivables and payables under an Operations and Management arrangement to GRFL with effect from April 1, 2007.

**14.** The Subsidiary Company - Snowman Frozen Foods Limited has entered into a memorandum of understanding with ITC Limited and Thermo King India Private Limited to pool in their respective expertise and resources to operate a pilot project over a period of 18 months for a Fruits & Vegetables supply chain. Profits or Losses will be shared in the ratio of 50:25:25 between ITC, Thermo King and Snowman respectively with maximum loss for Thermo King and Snowman capped at Rs 1,320,000, respectively, for the entire period of the project. The project has been terminated, by mutual agreement, with effect from July, 2007 and the Company has recognised losses to the extent of Rs. 1,320,000 in respect of its share of losses in the project. Expenses incurred by the Company in relation to the project are recoverable pending final settlement of the accounts between the Joint Venture partners.

**15.** Previous year's figures have been rearranged to conform with current year's presentation, where applicable.

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Signatures to Schedules "A" to "T" forming part of the Accounts.

**Uday Shah**
*Partner*
*Membership No.: F-46061*

For and on behalf of
**Price Waterhouse**
*Chartered Accountants*

Place : Mumbai
Date : June 26, 2008

For and on behalf of the Board of Directors

**Gopinath Pillai**
*Chairman*

**Prem Kishan Gupta**
*Deputy Chairman and*
*Managing Director*

**Karan Singh Thakral**
*Director*

**R. Kumar**
*Deputy Chief Executive Officer*
*and Chief Finance Officer*
*cum Company Secretary*

Place : Mumbai
Date : June 26, 2008


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## INFORMATION RELATED TO SUBSIDIARY COMPANIES

**[As per exemption letter dated 10 March 2008 from the Government of India, Ministry of Company Affairs, under Section 212(8) of the Companies Act, 1956]**

| S. No. | | Gateway East India Private Limited | Gateway Distriparks (South) Private Limited | Gateway Rail Freight Limited | Gateway Distriparks (Kerala) Limited | Snowman Frozen Foods Limited |
|---|---|---|---|---|---|---|
| 1 | Paid-up Share Capital | 22,500,000 | 9,900,000 | 1,253,500,000 | 500,000 | 823,370,000 |
| 2 | Share Application Money | 60,714,770 | – | 1,872,811,700 | 192,161,700 | – |
| 3 | Reserves & Surplus | 17,500,000 | 115,944,214 | – | – | 57,720,000 |
| 4 | Debit Balance in Profit and Loss Account | 17,475,270 | – | 82,715,904 | 1,025,270 | 202,397,723 |
| 5 | Miscellaneous Expenditure (to the extent not written off or adjusted) | – | – | 9,134,915 | 145,134 | – |
| 6 | Total Assets | 118,326,079 | 210,441,728 | 3,379,445,498 | 192,232,820 | 730,619,735 |
| 7 | Total Liabilities | 35,086,579 | 84,597,514 | 344,984,617 | 741,524 | 51,949,458 |
| 8 | Investments | – | – | – | – | 22,000 |
| 9 | Turnover | 46,729,757 | 245,672,080 | 521,971,724 | 384,293 | 301,376,158 |
| 10 | Profit before taxation (Profit / (Loss)) | (3,943,381) | 99,614,096 | (75,534,031) | (539,720) | 1,391,110 |
| 11 | Provision for taxation | 52,669 | 11,850,172 | 7,186,985 | 485,550 | 1,204,207 |
| 12 | Profit after taxation (Profit / (Loss)) | (3,996,050) | 87,763,924 | (82,721,016) | (1,025,270) | 186,903 |
| 13 | Proposed Dividend | – | – | – | – | – |

For and on behalf of the Board of Directors

**Gopinath Pillai**
*Chairman*

**Prem Kishan Gupta**
*Deputy Chairman and Managing Director*

**Karan Singh Thakral**
*Director*

**R. Kumar**
*Deputy Chief Executive Officer and Chief Finance Officer Cum Company Secretary*

Place: Mumbai
Date : June 26, 2008



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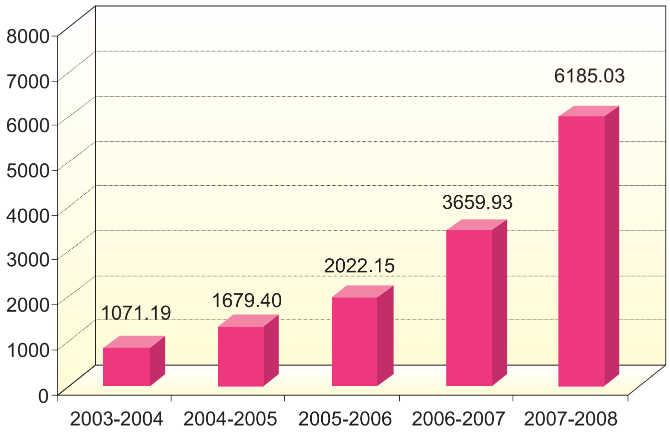
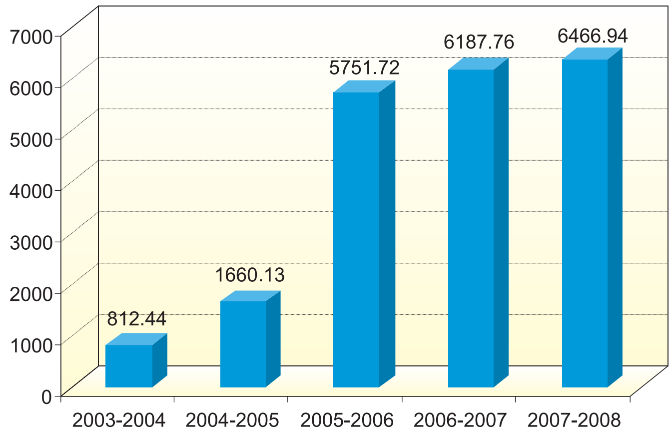
## Notes

# CONSOLIDATED RESULTS AT A GLANCE

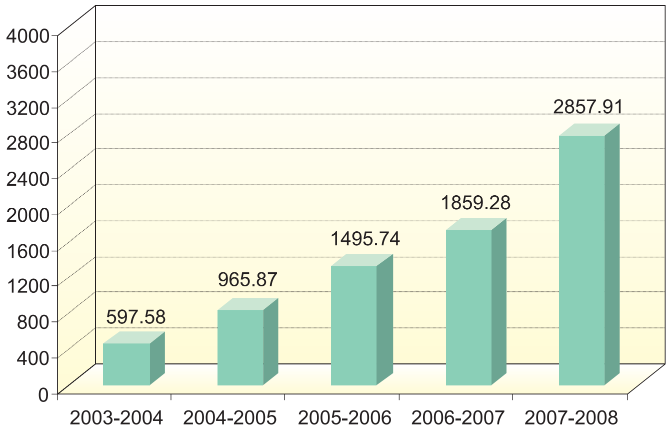
**Fixed Assets (Net Block) (Rs. in mn)**



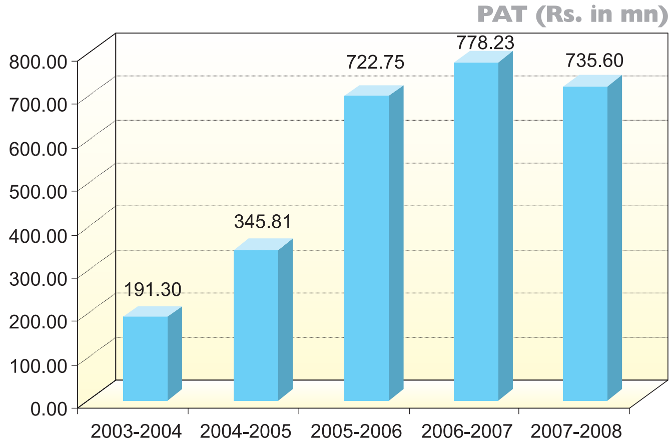

**Networth (Rs. in mn)**



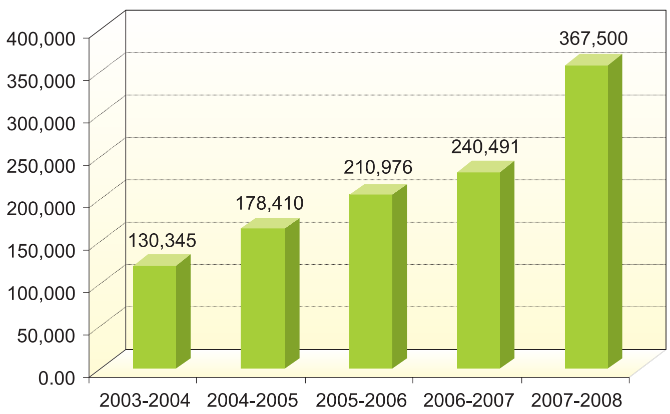

**Total Income (Rs. in mn)**




**PAT (Rs. in mn)**




**TEUs No.**



GATEWAY
DISTRIPARKS LTD

Gateway Distriparks Ltd.
Sector 6, Dronagiri,
Taluka Uran, District Raigad,
Navi Mumbai- 400 707.

Designed & Printed by Uma Printers

## GATEWAY DISTRIPARKS LIMITED

**Regd. Office :** Sector 6, Dronagiri, Tal: Uran, Dt: Raigad, Navi Mumbai - 400 707

### ANNUAL GENERAL MEETING

### PROXY FORM

I/We ______________________________________________ of

______________________________________________ being a

member(s) of the above named Company, hereby appoint ______________________ of

______________________ or failing him ______________________ of

as my/our proxy and to vote for me/us on my/our behalf at the **14th ANNUAL GENERAL MEETING** of the Company at Silver Jubilee Hall, Second floor, Navi Mumbai Sports Association, Near MGM Hospital, Sector 1A, Vashi, Navi Mumbai - 400703 to be held on Monday, 22 September 2008 at 10.30 a.m. or at any adjournment thereof.

Signed this ____________ day of September, 2008

Ledger Folio No. ______________________

DP ID * ______________________

Client ID * ______________________

No. of shares held ______________________

Please affix
Re.0.15
revenue stamp

(Signature of the Member)

** Applicable for the members holding shares in electronic form.*

**NOTE:** This form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

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


## GATEWAY DISTRIPARKS LIMITED

**Regd. Office :** Sector 6, Dronagiri, Tal: Uran, Dt: Raigad, Navi Mumbai - 400 707


### ATTENDANCE SLIP

### TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full name of the
Member attending
(IN BLOCK LETTERS) : ______________________________________________

Full Name of the Proxy
(IN BLOCK LETTERS) : ______________________________________________

(To be filled in if Proxy attends instead of the Member)

I hereby record my presence at the **14th ANNUAL GENERAL MEETING** of the Company at Silver Jubilee Hall, Second floor, Navi Mumbai Sports Association, Near MGM Hospital, Sector 1A, Vashi, Navi Mumbai - 400703 being held on Monday, 22 September 2008 at 10.30 a.m.

Ledger Folio No. ______________________

DP ID * ______________________

Client ID * ______________________ ______________________

Member's/Proxy's Signature

No. of shares held ______________________ (To be signed at the time of handing over this slip)

** Applicable for the members holding shares in electronic form.*

**NOTE:** Members are requested to bring their copies of the Annual report to the meeting.

GATEWAY DISTRIPARKS LTD

# NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of the Company will be held on Monday, 22 September, 2008 at Silver Jubilee Hall, Second Floor, Navi Mumbai Sports Association, Near MGM Hospital, Sector 1A, Vashi, Navi Mumbai - 400 703 at 10.30 a.m.

## ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31 March, 2008 and Profit & Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To declare a final dividend for the financial year ended March 31, 2008.
3. To appoint a Director in place of Mr. Karan Singh Thakral, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kirpa Ram Vij, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. K. J. M. Shetty, who retires by rotation and being eligible offers himself for re-appointment.
6. To re-appoint Auditors and in this connection, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** the retiring auditors M/s. Price Waterhouse, Chartered Accountants, being eligible for reappointment, be and are hereby appointed to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration of such sum as may be fixed by the Board of Directors / any Committee of the Board of Directors, plus service tax and reimbursement of out of pocket expenses as may be incurred in the performance of their duties."

## SPECIAL BUSINESS

7. Commission to Non Executive Directors

   To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:-

   "**RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and in accordance with the Articles of Association of the Company, and subject to approval of the Reserve Bank of India and any other statutory / regulatory authorities and such consents, as may be required, authority is hereby accorded to the payment of commission of a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 read alongwith Schedule XIII of the Act, to the Non-Executive Directors of the Company in such amounts or proportions and in such manner as may be decided by the Board of Directors and such payments be made in respect of the profits of the Company for each year, for a period of five financial years commencing from April 1, 2008 subject to changes, if any, prescribed by the Statutory/Regulatory authorities in this regard."

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

By order of the Board

**R. Kumar**
*Dy. Chief Executive Officer and*
*Chief Finance Officer-cum-Company Secretary*

Registered Office:
Sector 6, Dronagiri, Tal: Uran, Dt: Raigad, Navi Mumbai - 400 707

Place : Mumbai
Date : 26 July, 2008



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GATEWAY DISTRIPARKS LTD

## NOTES

a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

b) Proxies in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

c) The Register of Members and Share Transfer Register of the Company will remain closed from Friday, 12 September, 2008 to Monday, 22 September, 2008 both days inclusive.

d) The final dividend on shares for the financial year ended on 31 March, 2008, as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 01 October, 2008 to those members whose names appear on the Register of Members as on 12 September, 2008.

e) Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. R. Kumar, Dy. Chief Executive Officer and Chief Finance Officer-cum-Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred, as per Section 205A of the Companies Act, 1956, to the Investor Education and Protection Fund. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.

f) Members desirous of obtaining any information as regards Accounts are requested to write to the company at least one week before the meeting so that the information required will be made available at the meeting.

g) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed thereto.

h) Members are requested to notify promptly any change in address to the Registrars at the following address:

**M/s. Intime Spectrum Registry Ltd.**
Unit : Gateway Distriparks Limited
C-13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mill Compound,
L.B.S. Road, Bhandup (W),
Mumbai - 400 078

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# ANNEXURE TO NOTICE

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**ITEM NO. 7**

At the Extra Ordinary General Meeting of the Company held on 16 June, 2004, the members had approved vide Special Resolution, the payment of commission of sum not exceeding one percent per annum of the net profits of the Company to Non Executive Directors of the Company for a period not exceeding five years commencing from 1st April, 2003 to 31st March, 2008.

In accordance with the provisions of Section 309 of the Companies Act, 1956, the resolution of the members approving the payment of commission shall not remain in force for a period of more than five years; but may be renewed from time to time for a further period of five years at a time.

Accordingly, the resolution has been placed for your approval.

Your Directors recommend the resolution for your approval. All the Directors except Mr. Prem Kishan Gupta, Deputy Chairman and Managing Director, are interested in this resolution.

By order of the Board

**R. Kumar**
*Dy. Chief Executive Officer and*
*Chief Finance Officer-cum-Company Secretary*

Registered Office:
Sector 6, Dronagiri, Tal: Uran, Dt: Raigad, Navi Mumbai - 400 707

Place : Mumbai
Date : 26 July, 2008

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## ADDITIONAL INFORMATION ABOUT DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. Karan Singh Thakral, Mr. Kirpa Ram Vij and Mr. K. J. M. Shetty, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

### 1) Mr. Karan Singh Thakral

**Profile and Expertise in specific functional areas**

Aged 52 years, Mr. Karan Singh Thakral was the pioneer in the introduction and establishment of consumer electronic business of the Thakral group. With his extensive experience and business acumen, he established the consumer electronics division of the Thakral group in Singapore, which expanded its network to the neighbouring South-East Asian countries and Middle East and Hong Kong. He is also responsible for the development of the textile division of the Thakral group.

**Companies in which Mr. Karan Singh Thakral holds directorship and committee membership**

| NAME OF THE COMPANIES | NATURE OF INTEREST |
|---|---|
| Gateway Distriparks Ltd. | Director |
| Gateway Rail Freight Ltd. | Director |
| Inari Fashions Limited | Director |
| Purearth Infrastructure Ltd. | Director |
| GIVO Limited | Director |
| Gurgaon Technology Park Ltd. | Director |

**Shareholding in the company**

He holds 300,000 equity shares in the company.

### 2) Mr. Kirpa Ram Vij

**Profile and Expertise in specific functional areas**

Aged 72 years, Mr. Vij is an non-executive Director of the Company. He has served in the Singapore Administrative Service and as Chief of Defence Staff of the Singapore Armed Forces. He was appointed Ambassador of Singapore to Egypt and Yugoslavia.



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**Companies in which Mr. Kirpa Ram Vij holds directorship and committee membership**

| NAME OF THE COMPANIES | NATURE OF INTEREST |
|---|---|
| Gateway Distriparks Ltd. | Director |

**Shareholding in the company**

Mr. Kirpa Ram Vij holds 905,813 equity shares in the company.

**3) Mr. K. J. M. Shetty**

**Profile and Expertise in specific functional areas**

Mr. K. J. M. Shetty, aged 73 years, is a retired IAS officer. He was a member of the board of Air India, Indian Airlines, Indian Tourism Development Corporation, Steel Authority India Ltd. and Salem Steel Ltd. He was the Chairman of International Airport Authority of India. He has served the Indian government and state governments in various capacities. He was the Joint Secretary for the Ministry of Steel, the Financial Advisor to the Ministry of Civil Aviation and Tourism, the Vigilance Commissioner (in the rank of Chief Secretary) to the Government of Tamil Nadu.

**Companies in which Mr. K. J. M. Shetty holds directorship and committee membership**

| NAME OF THE COMPANIES | NATURE OF INTEREST |
|---|---|
| Gateway Distriparks Ltd. | Director, *(Chairman - Audit Committee)* |
| Roots Multiclean Ltd. | Director |
| Jumbo Bag Ltd. | Director *(Member - Audit Committee)* |
| Loyal Textile Mills Ltd. | Director *(Member - Audit & Investors Relations Committee)* |
| Savant India Institute of Technology | Director |

**Shareholding in the company**

Mr. K. J. M. Shetty does not hold any shares in the company.