



Annual Report
2005-2006

Setting the benchmark
in port related logistics sector







Chairman's Statement

FY 2006 has been another milestone year for our company. GDL's revenues grew by 50% and profits doubled during the year. Several measures have been taken to expand capacity at our CFSs at JNP and at Chennai. The CFS at Vizag also became operational during the year. We have obtained "In Principle" approval from Indian Railways to operate container trains throughout India. These initiatives will enhance GDL's position as the leading player in the port related logistics sector.

Economic Scenario

The Indian economy grew by 8.4% during the year under review, led by manufacturing, which recorded double digit growth, despite increase in prices of oil and metals. Merchandise exports grew by 27.5%, crossing the US \$ 100 billion mark for the first time. Exports of manufactures and, in particular, transport equipments, machinery and instruments, woollen yarn, fabrics and readymade garments, basic chemicals and pharmaceuticals and petroleum products underpinned the momentum of overall export growth. The foreign exchange reserves of India surpassed US \$ 150 billion in March 2006.

According to the World Economic Outlook of the International Monetary Fund released in April 2006, global growth is expected to pick up from 4.8% in 2005 to 4.9% in 2006. GDL will strive its fullest to partner in India's ambitious plan to achieve exports of US \$ 150 billion and double India's share in world exports to 1.5% by the year 2008-09.

Expansion

India's rapid growth has thrown open many interesting and challenging opportunities in the logistics space. GDL is fully prepared to take advantage of the expected growth.

The first full rake train, carrying containers for exports rolled out of our rail linked ICD at Gurgaon in May 2006. This facility will support EXIM trade by providing ICD services and rail connectivity to



various gateway ports for export and import trade from the north Indian hinterland. We are now drawing up our plans to set up our second rail linked ICD at Faridabad, Haryana, where we have purchased 56 acres of land.

Future

Container traffic in India has shown impressive growth of 15% per annum during the last 5 years upto 2004-05. With the Government increasingly opening up the ports and rail movement of containers to private players, GDL intends to be an active and aggressive player. We are looking at the major ports to set up new CFS. We are also looking to extend GDL's proven competence in logistics management to new areas.

GDL continues to strive to be a model corporate citizen and integrate its operations to accommodate local concerns at all its locations.

For the financial year 2005-06, the Company paid two interim dividends of 15% each (Rs. 1.50 per equity share) in February 2006 and May 2006, totalling to 30% (Rs. 3 per equity share).

Acknowledgement

I would like to thank the various members of the GDL family, including my fellow Directors on the Board, our customers who patronize our facilities, our dedicated employees and our esteemed shareholders for their continuing support.

Gopinath Pillai



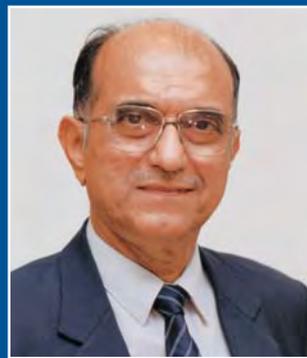
Board of Directors



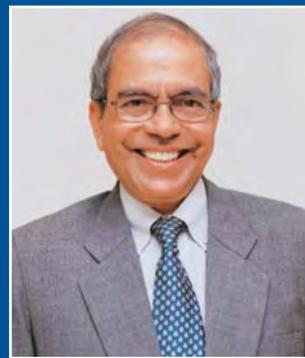
Gopinath Pillai
Chairman



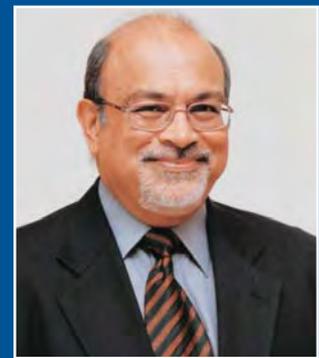
Prem Kishan Gupta
*Dy. Chairman &
Managing Director*



K. J. M. Shetty
*Chairman - Audit &
Investors' Relations Committee*



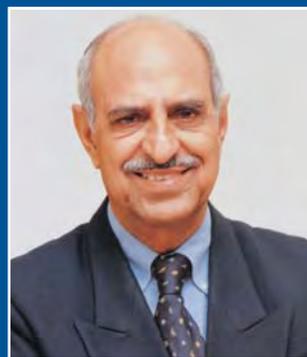
M. P. Pinto
*Chairman -
Remuneration Committee*



Shabbir Hassanbhai



Sat Pal Khattar



Kirpa Ram Vij



Karan Singh Thakral



Saroosh Dinshaw



Pan India Presence

CFS, MUMBAI

The CFS is located at the gateway port of JNP and is spread over 35 acres of land. After construction of the new warehouse in August 2006, its annual capacity has increased to 216,000 TEUs.

ICD, GURGAON

The rail linked ICD is located at Garhi Harsaru, near Gurgaon on a plot of land measuring over 75 acres. It facilitates EXIM trade by providing ICD facility and rail connectivity to various gateway ports for export and import trade from the northern hinterland. The present ICD facility is built over 15 acres of land and can handle 36,000 TEUs annually. The first full rake train, carrying containers for exports rolled out of the ICD in May 2006.

CFS, CHENNAI

The 100% Subsidiary, Gateway Distriparks (South) Private Limited operates the CFS spread over 19 acres of land at New Manali, Chennai. After completion of expansion of yard in June 2006, its annual capacity has increased to 60,000 TEUs.

CFS, VIZAG

The subsidiary, Gateway East India Private Limited operates the CFS at Vizag, which commenced commercial operations in December 2005. The CFS is spread over 20 acres of land and presently can handle 18,000 TEUs per annum.

THE MULTI-LOCATIONAL ADVANTAGE

GDL's facilities cater to the major gateway ports of JNP, Chennai and Vizag located on the western, southern and eastern coasts of India. GDL's ICD facility caters to the traffic reaching northern hinterlands from the ports in western India. GDL has plans to set up its second rail linked ICD at Faridabad, Haryana and has "In Principle" approval from Indian Railways to operate container trains anywhere in India.

With its network and record of reliable services, GDL has emerged a true multi-locational player in the port related logistics industry.



Management Team



Captain Christopher S. Verma
CEO



R. Kumar
CFO



Captain Biswajit Chakravarty
Sr. GM - Operations



Jacob Thomas
GM - Operations



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5
AP Logistics

6

A

Three men in white shirts and dark trousers standing in the aisle, looking at the goods on the pallets.

Blurred figure of a person moving in the background.

Rows of pallets stacked with goods, including bags and boxes, in the warehouse aisle.

B

D

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 *Nominee Director of IDFC*
10. Mr. Arun Agarwal *Alternate Director to Mr. Prem Kishan Gupta*

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
5. Mr. Saroosh Dinshaw

REGISTERED OFFICE

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

CONTAINER FREIGHT STATION (CFS)

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

INLAND CONTAINER DEPOT (ICD)

Sri Maruthi Nagar, Garhi Harsaru, Gurgaon-122 505, Haryana

SUBSIDIARIES

Gateway East India Private Limited, Visakhapatnam-530 003

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

Gateway Rail Freight Private Limited, New Delhi-110 048.

BANKERS & FINANCIAL INSTITUTIONS

1. HDFC Bank Limited
2. DBS Bank Limited
3. State Bank of Mauritius Limited
4. Oriental Bank of Commerce
5. ICICI Bank Limited
6. Infrastructure Development Finance Company Limited

INTERNAL AUDITORS

Sahni Natarajan & Bahl, Chartered Accountants, Mumbai

AUDITORS

Price Waterhouse, Chartered Accountants, Mumbai

REGISTRAR AND TRANSFER AGENTS

Intime Spectrum Registry Limited, Mumbai

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 2006.

A. Financial Results

Sl. No	Particulars	2005-06 (Rs. Million)	2004-05 (Rs Million)
1	Income from Operations and Other Income	1,419.63	949.92
2	Profit before Interest, Depreciation and taxes	920.55	529.49
3	Interest	23.91	45.83
4	Depreciation	83.72	65.14
5	Profit before Exceptional items & taxation	812.92	418.52
6	Provision for tax	74.95	35.44
7	Provision for Deferred Tax	11.74	35.58
8	Profit after tax	726.23	347.50
9	Profit brought forward from previous year	294.61	152.94
10	Interim & Proposed Dividend	276.83	150.00
11	Tax on Dividend	38.83	21.03
12	Transfer to General Reserve	72.70	34.80
13	Profit carried to Balance Sheet	632.48	294.61

B. Dividend

The Company has paid two Interim dividends of 15 % each (total 30%) amounting to Rs. 1.50 per share each (total Rs.3.00 per share), of the equity share capital of the company amounting to total Rs.276.83 million for the financial year 2005-06. The Dividend Distribution Tax borne by the Company on the two Interim Dividend amounts to Rs.38.83 million. Your Directors recommend no final dividend for the financial year 2005-2006.

C. Management Discussion & Analysis:

a) Industry structure and developments

Movement of cargo through containerized mode has been increasing and is growing at a faster pace than the overall growth in export Import trade. During the last decade, the export-import trade has grown at a CAGR of 6.9 %, while during the same period, movement in containerized form has registered a CAGR of 13.5 %. The share of containerized cargo to total cargo has also increased from 7.8 % in 1995 to over 14.3 % in 2005.

JNPT accounted for more than 50 % of the total containerized traffic handled out of India. The third Container terminal at JNPT, which has commenced operations in 2006, will increase the capacity of JNPT from 2.40 Million TEUs to 3.70 Million TEUs. Addition of these capacities will enable JNPT to maintain its dominant market share, which will also result in the expansion of the CFS Market.

b) Opportunities and threats

Growth of container traffic, 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 continues to prune its operating costs by owning transport and handling equipment which are operated by contractors. The revitalization of the Inland Container Depot and major development of rail siding at Garhi Harsaru, near Gurgaon were completed in 2005-06. The Company has paid Rs.500 million towards registration fees to Indian Railways and obtained "In Principle" approval in Feb 2006 for movement of own container trains on All India basis.

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 growth in container traffic during 2005-06 is expected to continue during 2006-2007. The construction of new warehouse at CFS at Navi Mumbai will be completed in 2006-2007, resulting in additional capacity. On 20 April 2006, Northern Railways issued a circular, notifying the opening of the Rail siding of the Company at Garhi Harsaru, Gurgaon for inward / outward movement of containers with immediate effect. The Company had earlier signed an agreement with Container Corporation of India Limited in Sep 2005 to work jointly towards business development and to facilitate EXIM trade by providing ICD facility and road connectivity to various gateway ports from the northern hinterland. The first full rake train, carrying containers for exports rolled out of Garhi Harsaru on 3 May 2006. The expanded capacity of CFS and the rail project are expected to have positive impact on the Company's 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 Navi Mumbai and other 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 49% from Rs. 949.92 Millions in 2004-2005 to Rs. 1,419.63 Millions in 2005-2006. The company's throughput grew by 8% from 169,318 TEUs in 2004-2005 to 183,638 TEUs in 2005-2006. The Profit before tax increased from Rs.418.52 Millions in 2004-05 to Rs.812.92 Millions in 2005-06 after providing for interest Rs.23.91 Millions (2004-05: Rs.45.83 Millions) and depreciation Rs.83.72 Millions (2004-05: Rs.65.14 Millions).

Finance:

In March 2004, a consortium of 4 banks consisting of HDFC Bank Limited, DBS Bank Limited, State Bank of Mauritius Limited & Global Trust Bank Limited extended Term loan facility of Rs.240 Million at interest rate of 8.5%, repayable in 12 quarterly installments of Rs.20 Million from July 2004. This loan was availed in April 2004 to acquire the Inland Container Depot (ICD) at Garhi Harsaru, near Gurgaon and for up-gradation of the same. During the year, an amount of Rs.80.01 Million was repaid and the balance as on 31 March 2006 was Rs.91.64 Million.

Apart from the above loan, the company has availed loans from banks for purchase of transport and handling equipment.

Loan of Rs. 170 Million, availed from Infrastructure Development Finance Company Limited (IDFC) is being repaid in 24 equal quarterly installments of Rs.7.08 Million from January 2002. Eighteen installments of the loan were repaid till April 2006. The rate of interest on the loan was 11.5% w.e.f. April 2003. The balance of the loan amounting to Rs.42.50 million was prepaid in May 2006, with the consent of IDFC, without any additional charges.

The amount of Rs. 260 Million, received by the Company during July 2001 from IDFC for 22% equity stake in the company has been utilized in full for the construction of Phase 3 of CFS at Navi Mumbai.

Short-term loan of Rs 30 Million was availed from ICICI Bank Ltd. in October 2004. This was repaid in April 2005.

Short-term loan of Rs.370 Million was availed from IDFC in December 2004 towards acquiring Indev Warehouse Container Services Private Limited & for capital expenditure at Navi Mumbai & Garhi Harsaru. This was repaid in full in April 2005 out of the proceeds from the initial public offer of the company.

Deployment of IPO/GDR Funds:

The Company has raised Rs. 792 Million by Initial Public Offer of 11 Million Equity Shares of Rs. 10 each at a premium of Rs. 62 per share in March 2005. The purpose of issue of Equity Shares and actual utilisation of funds till March 31, 2006 is given below:

Particulars	Rs. Millions	
	Purpose for IPO	Actual utilisation of Funds
Repayment of Bridge Loan taken from IDFC	370.00	370.00
Part finance expansion of existing facilities at Container Freight Station, Mumbai	32.13	32.13
Fund Acquisitions of business / assets and strategic initiatives	329.87	329.87
Offer Expenses	60.00	60.00
Total	792.00	792.00

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, 2006 is given below:

Particulars	Rs. Millions	
	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	380.71
Offer Expenses (as specified in Prospectus)	165.96	165.96
Total	3,846.34	546.67

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 110 as on 31st March 2006, compared to 106 employees as on 31st March 2005.

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 acquired a 60% stake in GEIPL in November 2004 by contributing Rs. 15 million towards equity capital. The Company has further contributed Rs.18.3 million towards share application money to increase its shareholding to 74%. During the Financial year 2005-2006, GEIPL completed construction of a CFS at Vishakapatnam at total project cost of Rs.91.01 million. The Company has availed a loan from ICICI Bank Limited for Rs.60 million to meet part of project cost. After trial runs, the Company commenced commercial operations in Dec 2005 and achieved income of Rs. 5.65 million and throughput of 1,803 Teus in the four months ended March 31, 2006. In its initial 4 months of operations, the company had a net loss of Rs.2.63 million. The operations are expected to stabilize in 2006-07 leading to realization of higher throughput and better profitability.

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED (GDSPL)

In December 2004, the Company acquired 100 % stake in Indev Warehouse & Container Services Pvt. Limited which was engaged in the business of running a CFS at Chennai. The name was changed to Gateway Distriparks (South) Private Limited in June 2005.

GDSPL's Income from operations grew by 18% from Rs 73.58 Million in 2004-05 to Rs.86.78 Million in 2005-06. Profit after tax for the financial year 2005-06 was Rs.13.80 million as against Rs.12.29 Million for 2004-05.

GATEWAY RAIL FREIGHT PRIVATE LIMITED (GRFPL)

Your company acquired 100% shareholding in a subsidiary company which is being renamed Gateway Rail Freight Private Limited. Your company plans to construct its second Rail linked Inland Container Depot (ICD) on the plot of land acquired by the subsidiary at Faridabad District, Haryana.

E. Employees Stock Option scheme (ESOP)

Sr. No.	Particulars	ESOP-I (2002-2003)	ESOP-II (2004-2005)	ESOP-III (2005-2006)
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 226,500 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 – 15 Sep 2005 – Rs. 163.64 per equity share
c.	Options vested	5,433	–	–
d.	Options exercised	5,433	–	–
e.	Total number of shares arising from exercise of options	543,300	–	–
f.	Options lapsed	–	–	–
g.	Variation of terms of options	–	–	–
h.	Amount realized by exercise of options	Rs.5. 43 million	–	–
i.	Total number of options in force as on 31-3-2006	–	1,490 options for 100 Equity shares each i.e. 149,000 Equity Shares	Options for 226,500 Equity shares
j.	Employee-wise details of options granted			
	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. Kapil Anand 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	Options for 80,000 Equity shares

Sr. No.	Particulars	ESOP-I (2002-2003)	ESOP-II (2004-2005)	ESOP-III (2005-2006)
	<p>c. Mr. R. Kumar Chief Finance Officer and Company Secretary</p> <p>d. Mr. Jacob Thomas General Manager (Operations)</p> <p>e. Mr. Kartik Aiyer General Manager (Finance & Accounts)</p> <p>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)</p> <p>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</p>	–	400 options for 100 Equity shares each i.e.40,000 Equity Shares	Options for 40,000 Equity shares
		–	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
		–	–	–
		–	–	–
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.9.04 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 2005-2006: Rs. 4.92 million
	Impact on PAT Rs. millions	–		Reduction in PAT by Rs.4.51 million
	Impact on EPS (Rs./ Share)	–		Basic EPS would reduce to Rs.9.00 per share from Rs.9.06 per Equity share Diluted EPS would reduce to Rs.8.99 per share from Rs.9.04 per Equity share
m.	(i) Weighted Average Exercise Price	Rs.49.90 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. 97.46 per Equity Share
n.	Assumptions used to estimate fair value using Black Scholes option pricing model			
	(i) Risk free interest rate			7%
	(ii) Expected life			5.5 years
	(iii) Expected volatility			37.82%
	(iv) Expected dividend			Rs.3 per Equity share
	(v) Market Price of share at the time of grant of option			Rs.204.55

F. Directors

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. Kirpa Ram Vij, Mr. K. J. M. Shetty and Mr. M.P. Pinto, 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.

The term of office of Mr. Prem Kishan Gupta, Managing Director expired on 19 July 2006. The Board of Directors at their meeting held on 20 July 2006 has reappointed Mr. Prem Kishan Gupta as Managing Director for a term of 3 years till 19 July 2009. Your Directors recommend reappointment of Mr. Prem Kishan Gupta as Managing Director in the forthcoming AGM.

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, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that such accounting policies as mentioned in Note I 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 2006 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 2006 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 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. Registered Office:

The Company has shifted its Registered Office to Navi Mumbai, Maharashtra from the National Capital Territory of Delhi in August 2006 after obtaining the necessary approvals from the members and Company Law Board.

L. 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.

Foreign Exchange Earnings and Outgo

- | | |
|--|---|
| i) Expenditure in foreign currency:
(including Capital items) | Rs. 32.31 Million (2004-05: Rs.98.46 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 : 28 Aug 2006

Gopinath Pillai
Chairman

ANNUAL REPORT 2005 - 2006

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 nine Directors. Apart from the Managing Director, all the other eight Directors are Non-Executive Directors. Of the nine Directors, four Directors represents the Promoters group viz. Windmill International Pte. Ltd., Parameswara Holdings Ltd., Thakral Corporation Ltd. and Prism International Pvt. Ltd., one is a nominee of Infrastructure Development Finance Company Limited, the other three 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	8	YES
Mr. Prem Kishan Gupta	Deputy Chairman and MD	7	YES
Mr. Shabbir Hassanbhai	NED	7	YES
Mr. Karan Singh Thakral	NED	6	NO
Mr. Sat Pal Khattar	NED	7	YES
Mr. K.J.M. Shetty	NED (I)	7	YES
Mr. M. P. Pinto	NED (I)	8	YES
Mr. Kirpa Ram Vij	NED (I)	7	YES
Mr. Saroosh Dinshaw	NED (I)	8	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 other Board Committees	No. of Chairmanships in other Board Committees
Mr. Gopinath Pillai	2	–	–
Mr. Prem Kishan Gupta	–	–	–
Mr. Shabbir Hassanbhai	1	–	–
Mr. Karan Singh Thakral	3	–	–
Mr. Sat Pal Khattar	9	1	–

Name of Director	No. of Directorships in other Boards *	No. of Memberships in other Board Committees	No. of Chairmanships in other Board Committees
Mr. K. J. M. Shetty	7	6	–
Mr. M.P. Pinto	2	4	–
Mr. Kirpa Ram Vij	–	–	–
Mr. Saroosh Dinshaw	–	–	–

* 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, 2005 to March 31, 2006:

Sr. No.	Date
1	April 25, 2005
2	July 20, 2005
3	September 14, 2005
4	October 14, 2005
5	November 11, 2005
6	December 14, 2005
7	January 27, 2006
8	March 24, 2006

3. Audit Committee

i) Composition, number of Meetings and Attendance

The Audit Committee was reconstituted on August 12, 2004. It now 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.

Prior to the reconstitution, Mr. Shabbir Hassanbhai, Mr. Prem Kishan Gupta, Mr. Karan Singh Thakral and Mr. K. R. Vij were the members of the committee.

During the year, five Audit Committee Meetings were held on April 25, 2005, July 20, 2005, October 14, 2005, November 11, 2005 and January 27, 2006. 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 2005-2006	No. of Meetings attended
1.	Mr. K.J.M. Shetty	4
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").

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, 2005 to March 31, 2006.

Name of the Director	Salary and Benefits	Commission	Perquisites and contribution to Provident Fund/ Superannuation Fund	ESOP entitlement	Terms of appointment
Mr. Prem Kishan Gupta	Nil	24,00,000/-	Nil	Nil	5 years w. e. f. July 20, 2001
Mr. Gopinath Pillai	Nil	30,00,000/-	Nil	Nil	N.A.
Mr. Shabbir Hassanbhai	Nil	16,00,000/-	Nil	Nil	N.A.
Mr. Karan Singh Thakral	Nil	3,00,000/-	Nil	Nil	N.A.
Mr. Sat Pal Khattar	Nil	3,00,000/-	Nil	Nil	N.A.
Mr. K.J.M. Shetty	Nil	3,00,000/-	Nil	Nil	N.A.
Mr. M. P. Pinto	Nil	3,00,000/-	Nil	Nil	N.A.
Mr. Kirpa Ram Vij	Nil	3,00,000/-	Nil	Nil	N.A.
Mr. Saroosh Dinshaw	Nil	3,00,000/-	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 25, 2005, July 20, 2005, October 14, 2005, November 11, 2005 and January 27, 2006. Attendance of each Investors' 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 2005-2006	No. of Meetings attended
1.	Mr. K.J.M. Shetty	4
2.	Mr. Gopinath Pillai	5
3.	Mr. M.P. Pinto	5
4	Mr. Saroosh Dinshaw	5

ii) Compliance Officer

Mr. R. Kumar, Chief Finance Officer and Company Secretary.

iii) Complaints

1418 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, 2006.

6. General Body Meetings

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

Financial Year	Date	Time	Venue
2002-2003	September 3, 2003	12.00 noon	Taj Mansingh, Taj Mahal Hotel No. 1, Mansingh Road, New Delhi
2003-2004	June 16, 2004	1.00 p.m.	The Radisson, NH No. 8, New Delhi - 110 037
2004-2005	September 14, 2005	3.30 p.m.	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi - 110 010

ii) No special resolution was put through Postal Ballot at 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 Hindi newspaper (Nav Bharat Times) published from New Delhi and 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://sebidifar.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.

9. General Shareholder Information

AGM: Date, Time and Venue	Thursday, 28 September 2006 at 11.30 a.m. at Vishnudas Bhawe Natyagraha, Sector 16A, Vashi, Navi Mumbai – 400 705								
Financial calendar	i) Financial Year - April 1 to March 31 ii) First Quarter Results - Last Week July, 2006 iii) Half Yearly Results - Last Week of October, 2006 iv) Third Quarter Results - Last Week of January 2007 v) Audited Results for the year 2006-2007 - Last Week of May/ June, 2007								
Date of Book Closure	Wednesday, 20 Sep 2006 to Thursday, 28 Sep 2006 (both days inclusive)								
Dividend Payment date	Not Applicable								
Listing of Stock Exchange	<table border="0"> <tr> <td>The Stock Exchange</td> <td>Code</td> </tr> <tr> <td>Mumbai</td> <td>532622</td> </tr> <tr> <td>National Stock Exchange</td> <td>Symbol</td> </tr> <tr> <td>India Limited, Mumbai</td> <td>GDL</td> </tr> </table>	The Stock Exchange	Code	Mumbai	532622	National Stock Exchange	Symbol	India Limited, Mumbai	GDL
The Stock Exchange	Code								
Mumbai	532622								
National Stock Exchange	Symbol								
India Limited, Mumbai	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 C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai - 400 078 Contact Person : Mr. Mahadevan Telephone No. : 2596 3838 Fax No. : 2594 6969
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 two folios.
Distribution of shareholding and shareholding pattern as on March 31, 2006	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, 2006.
Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	11,530,100 GDRs are outstanding as on 31 March 2006
CFS Location:	Mumbai : Container Freight Station Sector 6, Dronagiri, Taluka: Uran, District : Raigad Navi Mumbai - 400 707 Garhi Harsaru: Shree Maruti Nagar, Garhi Harsaru Gurgaon, Haryana - 122 505
Address for correspondence	Shareholders correspondence should be addressed to M/s. Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West), Mumbai - 400 078 Contact Person : Mr. Mahadevan Telephone No. : 2596 3838. Fax No. : 2594 6969

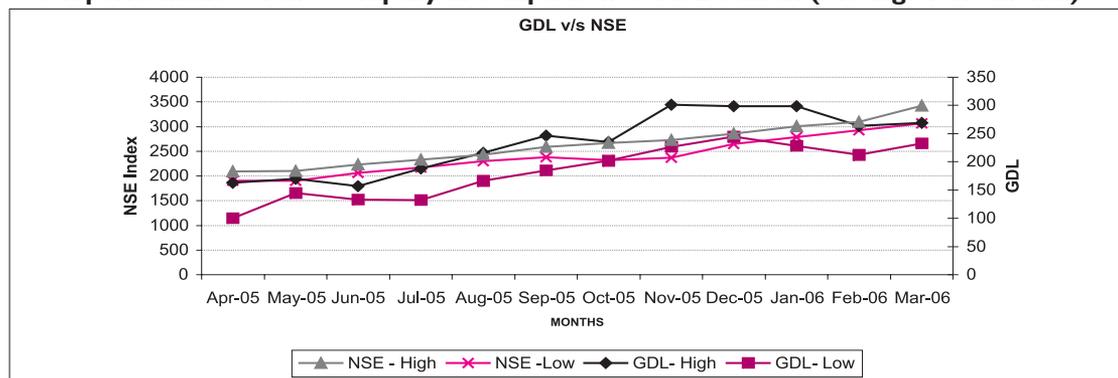
Annexure 'A'

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

Month	High (Rs.)	Low (Rs.)
April 2005	163.00	100.20
May 2005	169.85	144.65
June 2005	156.40	133.10
July 2005	187.85	132.55
August 2005	216.00	166.55
September 2005	246.65	185.00
October 2005	234.90	202.00
November 2005	301.50	226.10
December 2005	298.40	245.00
January 2006	299.00	228.25
February 2006	264.00	212.50
March 2006	268.95	232.70

Annexure 'B'

Stock performance of the Company in comparison to NSE Sensex (Closing of the month)



Annexure 'C'

i) Distribution Schedule as on March 31, 2006

Shares Held	No. of Holders	Per cent	No. of Shares	Per cent
1-5000	28,973	94.28	3,007,857	3.27
5001-10000	945	3.08	787,022	0.85
10001-20000	372	1.21	580,398	0.63
20001-30000	134	0.43	347,517	0.38
30001-40000	55	0.18	194,837	0.21
40001-50000	55	0.18	259,262	0.28
50001-100000	79	0.26	609,574	0.66
Above 100001	118	0.38	86,416,833	93.72
Total	30,731	100.00	92,203,300	100.00

ii) Shareholding Pattern As On March 31, 2006

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding
1.	Indian Promoters	11,792,000	12.79
2.	Foreign Promoters	26,558,000	28.8
3.	Persons acting in concert #	1,440,001	1.56
4.	Mutual Funds & UTI	1,756,260	1.91
5.	Banks, Financial Institutions, Insurance Co.'s	7,655,152	8.31
6.	FIIS	33,120,670	35.92
7.	Private Corporate Bodies	148,4913	1.61
8.	Indian Public	5,360,466	5.81
9.	NRI/OCB's	2,162,077	2.34
10.	Any other		
	– Directors & Their Relatives	740,001	0.81
	– Clearing members	132,050	0.14
	– In transit	1,710	0.0
TOTAL		92,203,300	100.00

Includes Shares held by Non-executive Directors, as per list given below :

Sr. No.	Name of Director	Number of Shares held
1	Gopinath Pillai	240,000
2	Shabbir Hassanbhai	240,000
3	Karan Singh Thakral	240,000
4	Sat Pal Khattar	240,000

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, 2006.

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 the opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and 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 further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Partha Ghosh
Partner
Membership No.: F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Dated : August 28, 2006

AUDITORS' REPORT TO THE MEMBERS OF GATEWAY DISTRIPARKS LIMITED

1. We have audited the attached Balance Sheet of Gateway Distriparks Limited, as at March 31, 2006, 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, 2006, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2006 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, 2006;
 - (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.

Partha Ghosh
Partner
Membership No: F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: June 7, 2006

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, 2006]

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 an unsecured loan to a subsidiary company 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. 149,935,081 and Rs. 147,209,466, 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) According to the information and explanations given to us, the principal amount, in respect of the abovementioned loan is not due for repayment as at the year-end. Accordingly, the clause (iii) (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company for the year.
 - (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. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
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 in India.

- (b) According to the information and explanations given to us and records of the Company examined by us, there were no dues of sales tax, income tax, customs duty, excise duty, wealth tax, service tax and cess which have not been deposited on account of any dispute.
8. The Company has no accumulated losses as at March 31, 2006 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 financial institution or bank or debenture holders as at the Balance Sheet date. Further, there were no dues payable to 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 the subsidiary company from the bank during previous years are not prima-facie prejudicial to the interest to the Company.
 14. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
 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 by Global offering of shares (Refer Note 11 of Schedule "R") and the same has been verified by us. The Management has disclosed the end use of money raised in the previous year by public issue (Refer Note 13 of 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, is 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.

Partha Ghosh
Partner
Membership Number: F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

BALANCE SHEET AS AT MARCH 31, 2006

	Schedule Reference	31.03.2006 Rs.	31.03.2005 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	922,033,000	750,000,000
Reserves and Surplus	B	4,830,356,948	907,321,001
		<u>5,752,389,948</u>	<u>1,657,321,001</u>
Loan Funds			
Secured Loans	C	258,836,752	768,266,762
Unsecured Loans	D	–	30,000,000
		<u>258,836,752</u>	<u>798,266,762</u>
Deferred Tax Liabilities (Net)	E	117,394,782	105,652,848
TOTAL		<u>6,128,621,482</u>	<u>2,561,240,611</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	1,992,889,393	1,637,241,439
Less: Depreciation		298,242,811	214,783,064
Net Block		<u>1,694,646,582</u>	<u>1,422,458,375</u>
Capital Work-in-Progress		92,994,562	121,934,243
		<u>1,787,641,144</u>	<u>1,544,392,618</u>
Investments	G	293,739,610	149,280,767
Current Assets, Loans and Advances			
Sundry Debtors	H	60,116,042	76,969,139
Cash and Bank Balances	I	3,501,839,863	875,341,852
Other Current Assets	J	44,559,282	27,734,653
Loans and Advances	K	690,484,919	169,287,289
		<u>4,297,000,106</u>	<u>1,149,332,933</u>
Less: Current Liabilities and Provisions	L		
Liabilities		87,492,714	108,463,861
Provisions		162,266,664	173,301,846
		<u>249,759,378</u>	<u>281,765,707</u>
Net Current Assets		<u>4,047,240,728</u>	<u>867,567,226</u>
TOTAL		<u>6,128,621,482</u>	<u>2,561,240,611</u>
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.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

	Schedule Reference	2005-2006 Rs.	2004-2005 Rs.
INCOME			
Income from Operations	M	1,300,520,686	936,647,592
Other Income	N	119,109,857	13,270,826
		1,419,630,543	949,918,418
EXPENDITURE			
Employee Costs	O	64,473,930	34,662,074
Operating Expenses	P	434,605,515	385,769,887
Depreciation / Amortisation		83,725,172	65,142,806
Interest	Q	23,905,514	45,828,281
		606,710,131	531,403,048
Profit before Taxation		812,920,412	418,515,370
Provision for Taxation (Refer Note 5 - Schedule "R")			
Income Tax – Current Year		71,000,000	34,500,000
– Earlier Years		2,093,610	884,189
Fringe Benefit Tax		1,800,819	–
Wealth Tax		55,000	51,000
Deferred Tax		11,741,934	35,580,622
Profit After Taxation		726,229,049	347,499,559
Profit and Loss Account Balance Brought Forward		294,605,301	152,943,242
		1,020,834,350	500,442,801
Transfer to General Reserve		72,700,000	34,800,000
Interim Dividend paid		138,304,950	–
Proposed Interim Dividend		138,520,950	75,000,000
Proposed Final Dividend		–	75,000,000
Tax on Dividend		38,824,834	21,037,500
Profit and Loss Account Balance Carried to Balance Sheet		632,483,616	294,605,301
Earnings Per Share (Refer Note 10 - Schedule "R")			
– Basic		9.06	5.41
– Diluted		9.04	5.38
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.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

	2005-2006 Rs.	2004-2005 Rs.
A. Cash flow from operating activities :		
Profit Before Taxation	812,920,412	418,515,370
Adjustment for :		
Depreciation	83,725,172	65,142,806
Provision for Doubtful Debts	5,038,185	9,414,092
Provision for ESOP Expenses	3,556,421	1,415,700
Advances Written-off	212,953	–
Interest Expense	23,905,514	45,828,281
Interest Income	(85,213,125)	(5,543,994)
Gain on redemption of current investments	(19,792,805)	–
Loss on Sale/ Discard of Fixed Assets	31,818	403,109
Provision for Retirement Benefits	1,918,017	748,598
Provision for Doubtful Ground Rent	2,974,250	2,010,355
Liabilities no Longer Required Written Back	(6,966,081)	(2,471,363)
Operating profit before working capital changes	822,310,731	535,462,954
Adjustments for change in working capital:		
– Decrease/ (Increase) in Sundry Debtors	11,814,912	(33,003,553)
– Decrease/ (Increase) in Loans and Advances	(488,440,841)	(33,977,531)
– Increase/ (Decrease) in Trade and Other Payables	(11,966,923)	25,991,335
Cash generated from operations	333,717,879	494,473,205
– Taxes Paid	59,450,146	32,734,932
Net cash from operating activities (A)	274,267,733	461,738,273
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(327,036,627)	(515,236,714)
Sale of Fixed Assets	31,111	435,007
Purchase of Investments	(2,246,875,133)	(149,280,767)
Sale of Investments	2,122,209,095	–
Share Application Money	(1,395,749)	(16,904,251)
Loan to Subsidiary Company	(19,811,145)	(127,398,321)
Interest Received	38,287,902	1,640,893
Net cash used in investing activities (B)	(434,590,546)	(806,744,153)
C. Cash flow from financing activities :		
Proceeds from fresh Issue of Shares (net of issue expenses)	3,680,934,211	667,000,000
Borrowings / (Repayment) of Secured Loans	(539,430,010)	607,603,948
Interest Paid	(26,505,256)	(44,155,637)
Payment of Dividend	(287,743,351)	(64,000,000)
Payment of Dividend Tax	(40,434,770)	(8,200,000)
Net cash used in financing activities (C)	2,786,820,824	1,158,248,311
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	2,626,498,011	813,242,431
Cash and Cash Equivalents at the beginning of the year	875,341,852	62,099,421
Cash and Cash Equivalents at the year end	3,501,839,863	875,341,852
Net Increase/ (Decrease) in Cash and Cash Equivalents	2,626,498,011	813,242,431

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006 (Contd.)

	Rs.	March 31, 2006 Rs.	March 31, 2005 Rs.
Cash and Cash Equivalents comprise :			
Cash on Hand		108,075	215,074
Cheques on Hand		1,468,677	5,671,145
Balances with Scheduled Banks on:			
– in Current Accounts	52,083,520		793,323,813
– in Unpaid Dividend Accounts	561,599		–
– in Unpaid Share Application Accounts	941,732		–
– in Deposit Account	3,446,676,260		76,131,820
		<u>3,500,263,111</u>	<u>869,455,633</u>
Cash and Cash equivalents as at year-end		<u><u>3,501,839,863</u></u>	<u><u>875,341,852</u></u>

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

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2006**

	31.03.2006 Rs.	31.03.2005 Rs.
“A” Share Capital		
Authorised:		
110,000,000 (Previous year: 90,000,000) Equity Shares of Rs. 10 each	<u>1,100,000,000</u>	<u>900,000,000</u>
During the year, the Authorised Share Capital has been increased to Rs. 1,100,000,000 by creating 20,000,000 Equity Shares of Rs. 10 each pursuant to a resolution passed by the Shareholders' at their Extraordinary General Meeting held on November 11, 2005.		
Issued and Subscribed:		
92,203,300 (Previous year: 75,000,000) Equity Shares of Rs. 10 each, fully paid-up	<u>922,033,000</u>	<u>750,000,000</u>
	<u>922,033,000</u>	<u>750,000,000</u>
Notes:		
1. Of the above, 16,000,000 Equity Shares of Rs. 10 each were allotted as fully paid bonus shares by capitalisation of Share Premium and surplus in Profit and Loss Account.		
2. During the year, 16,660,000 Equity Shares of Rs. 10 each were allotted at a premium of Rs. 220.87 per equity share in the form of Global Depository Receipts (GDRs) each representing one Share at USD 5.10 per GDR on December 15, 2005.		
3. During the year, the Company has allotted 543,300 Equity Shares on October 6, 2005 pursuant to ESOP Plan, 2001. Subsequent to year-end, the Company has allotted 144,000 Equity Shares on May 3, 2006 pursuant to ESOP Plan, 2001.		
4. For Employee Stock Option Plan, 2001 and Employee Stock Option Plan, 2005 - Refer Notes 1(ix) and 4 - Schedule "R".		
“B” Reserves and Surplus		
Securities Premium Account		
Opening Balance	557,000,000	-
Received during the year (Refer Note 2 - Schedule "A" above).	3,679,742,847	682,000,000
Transferred from Employees Stock Options Outstanding on exercise of ESOP	1,412,580	-
	<u>4,238,155,427</u>	<u>682,000,000</u>
Less: Utilised for Shares Issue expenses (Refer Note 11 - Schedule "R")	170,841,636	125,000,000
	<u>4,067,313,791</u>	<u>557,000,000</u>
General Reserve		
Opening Balance	54,300,000	19,500,000
Add: Transfer from Profit and Loss Account	72,700,000	34,800,000
	<u>127,000,000</u>	<u>54,300,000</u>
Profit and Loss Account Balance	632,483,616	294,605,301
Employees Stock Options Outstanding (Refer Notes 1(ix) and 4 - Schedule "R")		
Opening Balance	1,415,700	-
Addition during the year	3,556,421	1,415,700
Less: Transferred to Securities Premium Account on exercise of ESOP	(1,412,580)	-
	<u>3,559,541</u>	<u>1,415,700</u>
	<u>4,830,356,948</u>	<u>907,321,001</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“C” Secured Loans		
Term Loans		
– From Banks (Refer Note 1 below)	91,636,690	171,650,010
– From Financial Institution (Refer Note 2 below)	49,583,335	447,916,667
– Vehicle Finance Loan from Banks (Refer Note 3 below)	117,616,727	148,700,085
	258,836,752	768,266,762
Notes:		
1. Term Loan of Rs. 91,636,690 (Previous year: Rs. 171,650,010) from consortium of bankers is secured by a pari-passu charge on all the present and future movable and immovable fixed assets, movable plant, machinery, equipments, chattels, other movable fixed assets of the Company including machinery spares, tools and accessories, stores and spares installations, furniture, fixtures, office equipments of the Company. [Term Loan repayable within one year Rs. 82,433,320 (Previous year: Rs. 80,013,320)]		
2. Term Loans from Infrastructure Development Finance Company Limited of Rs. 49,583,335 (Previous year: Rs. 447,916,667) is secured by a pari-passu charge created by the Company on the movable properties (both present and future), whether installed or not, and on book debts, receivables, commission and revenue of whatsoever nature and wherever arising both present and future and equitable mortgage by deposit of title of all piece of land with buildings, sheds and structures standing thereon. [Term Loan repayable within one year Rs. 28,333,332 (Previous year: Rs. 398,333,332)]		
3. Vehicle Finance Loan from Banks of Rs. 117,616,727 (Previous year: Rs. 148,700,085) are secured by way of hypothecation of the Company's Commercial Vehicles (Trailors and Reach stackers). [Vehicle Loan Repayable within one year Rs. 93,849,418 (Previous year: Rs. 72,633,185)]		
	258,836,752	768,266,762
“D” Unsecured Loans		
– Working Capital Demand Loan From Bank [Repayable within one year Rs. Nil (Previous year: Rs. 30,000,000)]	–	30,000,000
	–	30,000,000
“E” Deferred Tax Liabilities (Net)		
[Refer Note I(viii) - Schedule "R"]		
Deferred Tax Liabilities		
Timing difference between book and tax depreciation	117,394,782	106,457,931
	117,394,782	106,457,931
Deferred Tax Assets		
Accrual for expenses allowable as tax deduction only on payment	–	805,083
	–	805,083
	117,394,782	105,652,848

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2006 (Contd.)**

"F" Fixed Assets

[Refer Notes I (ii), I (iii) and I (v) - Schedule "R"]

Particulars	Cost			Depreciation / Amortisation			Net Book Value			
	As at	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at	Up to	Depreciation for the year	Deductions/ Adjustments during the year	Up to	As at	As at
	01.04.2005	31.03.2006	31.03.2006	01.04.2005	31.03.2006	31.03.2006	31.03.2006	31.03.2006	31.03.2006	31.03.2005
Freehold Land	97,116,108	115,387,223	-	-	-	-	-	-	212,503,331	97,116,108
Leasehold Land	268,258,705	-	-	30,961,431	35,432,411	4,470,980	-	35,432,411	232,826,294	237,297,274
Buildings	918,175,870	58,614,577	-	129,427,302	162,754,923	33,327,621	-	162,754,923	814,035,524	788,748,568
Electrical Installations	22,898,503	486,467	-	4,427,037	5,528,024	1,100,987	-	5,528,024	17,856,946	18,471,466
Rail Siding (Refer Note 1 below)	-	72,863,520	-	-	5,482,221	5,482,221	-	5,482,221	67,381,299	-
Plant and Machinery Yard Equipments (Refer Notes 2 and 3 below)	4,811,801 179,630,740	- 81,802,309	-	787,108 17,028,862	1,015,668 32,264,321	228,560 15,235,459	-	1,015,668 32,264,321	3,796,133 229,168,728	4,024,693 162,601,878
Office Equipments	6,909,508	1,293,116	19,800	1,361,298	1,754,293	395,386	2,391	1,754,293	6,428,531	5,548,210
Computers	18,815,500	1,872,326	-	12,536,409	14,549,855	2,013,446	-	14,549,855	6,137,971	6,279,091
Furniture and Fixtures	8,129,991	2,080,227	-	2,733,291	3,687,141	953,850	-	3,687,141	6,523,077	5,396,700
Vehicles (Refer Note 4 below)	112,494,713	21,576,543	308,554	15,520,326	35,773,954	20,516,662	263,034	35,773,954	97,988,748	96,974,387
TOTAL	1,637,241,439	355,976,308	328,354	214,783,064	298,242,811	83,725,172	265,425	298,242,811	1,694,646,582	1,422,458,375
Previous year	1,221,672,989	417,247,580	1,679,130	150,481,272	214,783,064	65,142,806	841,014	214,783,064	92,994,562	121,934,243
Capital Work-in-Progress [including advances Rs. 61,357,340 (Previous year: Rs. 57,844,387)]									1,787,641,144	1,544,392,618

Notes:

- Railway Siding includes Rs. 57,529,643 (Previous year: Rs. Nil) being cost of railway siding constructed on land not owned by the Company.
- Yard Equipments include Reach Stackers Costing Rs. 223,704,547 (Previous year: Rs. 150,000,021) and having Net Book Value Rs. 199,035,226 (Previous year: Rs. 138,959,000).
- Additions to Yard Equipments include adjustment on account of net foreign exchange loss of Rs. 424,200 (Previous year: Rs. 1,498,600).
- Vehicles include Trailors Costing Rs. 122,132,102 (Previous year: Rs. 102,564,256) and having Net Book Value Rs. 89,102,664 (Previous year: Rs. 89,048,231).

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“G” Investments		
[Refer Notes 1(iv) and 18 - Schedule "R"] (At Cost - Long Term, Unquoted)		
In Subsidiary Companies		
750,000 (Previous year: 750,000) Equity Shares of Rs. 10 each fully paid in Gateway East India Private Limited	15,000,000	15,000,000
99,000 (Previous year: 99,000) Equity Shares of Rs. 100 each fully paid in Gateway Distriparks (South) Private Limited (Formerly known as Indev Warehouse and Container Services Private Limited)	134,280,767	134,280,767
Sub-Total (A)	149,280,767	149,280,767
Current and Unquoted (at lower of Cost and Net Asset Value)		
3,069,083 (Previous year - Nil) units of HDFC Liquid Fund - Premium Plus Plan - Growth	42,871,843	-
Purchased during the year Rs. 1,482,775,937 (107,992,698 units) and sold during the year Rs. 1,439,904,094 (104,923,615 units) [Net Asset Value: Rs. 42,921,437, (Previous year: Rs. Nil)]		
99,553 (Previous year - Nil) units of DSP Merrill Lynch Liquidity Fund Institutional - Growth [Net Asset Value: Rs. 101,744,462, (Previous year: Rs. Nil)]	101,587,000	-
Sub-Total (B)	144,458,843	-
Total (A+B)	293,739,610	149,280,767

Notes:

1. The following investments were purchased and sold during the year 2005-2006: (at cost)
 - (a) 3,191,294 units of GCBG Grindlays Cash Fund - Institutional Plan B - Growth
 - (b) 6,018,730 units of Prudential ICICI Liquid Plan - Institutional Plus Growth Option
 - (c) 8,883,125 units of Principal Mutual Fund Short Term - Institutional Plan - Growth Option
 - (d) 9,568,789 units of Principal Cash Management Fund - Liquid Option-Institutional Premium Plan - Growth Option
 - (e) 19,409,796 units of HDFC Floating Rate Income Fund Long Term Plan - Growth
 - (f) 10,000,000 units of DSP Merrill Lynch Fixed Term Plan - Series IA - Growth

Cumulative Purchases Rs. 2,246,875,133
(Previous year Rs. 149,280,767)
Cumulative Sales Rs. 2,122,209,095 (Previous year Rs. Nil)
2. Aggregate Cost of Unquoted Investments Rs. 144,458,843
(Previous year Rs. Nil)
Aggregate Net Asset Value Rs. 144,665,899 (Previous year Rs. Nil)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006	31.03.2005
	Rs.	Rs.
“H” Sundry Debtors		
[Unsecured]		
Debts Outstanding for a Period exceeding Six Months		
– Considered Good	5,374	602,381
– Considered Doubtful	15,699,006	13,806,019
	<u>15,704,380</u>	<u>14,408,400</u>
Other Debts		
– Considered Good	60,110,668	76,366,758
– Considered Doubtful	3,145,197	–
	<u>78,960,245</u>	<u>90,775,158</u>
Less: Provision for Doubtful Debts	18,844,203	13,806,019
	<u>60,116,042</u>	<u>76,969,139</u>
“I” Cash and Bank Balances		
Cash on Hand	108,075	215,074
Cheques on Hand	1,468,677	5,671,145
Balances with Scheduled Banks:		
– in Current Accounts	52,083,520	793,323,813
– in Unpaid Dividend Accounts	561,599	–
– in Unpaid Share Application Accounts	941,732	–
– in Fixed Deposit Accounts	3,446,676,260	76,131,820
[Under lien with banks Rs. 313,657,200 (Previous year: Rs. 76,131,820) towards guarantee issued by them and loans given to subsidiaries] [Includes Rs. 3,299,673,343 (Previous year: Rs. Nil) out of the proceeds of Global Depository Receipts Issue]		
	<u>3,501,839,863</u>	<u>875,341,852</u>
“J” Other Current Assets		
(Unsecured)		
Accrued Interest on Fixed Deposits with Banks	32,654,832	195,483
Accrued Interest on Loan to Subsidiary	–	2,754,180
Accrued Ground Rent		
– Considered Good	11,904,450	24,784,990
– Considered Doubtful	9,352,800	6,378,550
	<u>21,257,250</u>	<u>31,163,540</u>
Less: Provision for Doubtful Ground Rent	9,352,800	6,378,550
	<u>11,904,450</u>	<u>24,784,990</u>
	<u>44,559,282</u>	<u>27,734,653</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“K” Loans and Advances		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	8,961,007	3,401,689
Balances with Excise and Custom Authorities	11,754,523	4,635,895
Share Application in a Subsidiary Company	18,300,000	16,904,251
Advance to a Subsidiary Company	284,445	–
Loan to a Subsidiary Company [Refer Notes 17 and 18 - Schedule "R"]	147,209,466	127,398,321
Deposit with Stock Exchange	–	15,120,000
Deposit with Railways [Refer Note 12 - Schedule "R"]	500,000,000	–
Security Deposits - Others	1,263,337	971,550
Tax Deducted at Source and Advance Tax [Net of Provision for Tax Rs. 122,700,000 (Previous Year Rs. 65,496,253)] [Refer Note 6 - Schedule "R"]	2,712,141	855,583
	690,484,919	169,287,289
“L” Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
– Due to Small Scale Industrial Undertakings	–	–
– Other than Small Scale Industrial Undertakings	65,963,541	73,720,745
Security Deposits Received	1,054,340	950,720
Advances from Customers	7,526,629	15,831,140
Auction Surplus	6,879,582	7,024,000
Interest Accrued but not Due on Term Loans and Vehicle Finance Loans	1,838,925	4,438,667
Unpaid Dividend *	561,599	–
Unpaid Share Application Accounts *	941,732	–
Other Liabilities	2,726,366	6,498,589
	87,492,714	108,463,861
Provisions		
Wealth Tax	55,000	64,213
Fringe Benefit Tax	145,000	–
Proposed Interim Dividend	138,520,950	75,000,000
Proposed Final Dividend	–	75,000,000
Tax on Dividend	19,427,564	21,037,500
Retirement Benefits [Refer Note 1(vi) - Schedule "R"]		
– Leave Encashment	2,611,047	976,450
– Gratuity	1,507,103	1,223,683
	162,266,664	173,301,846
TOTAL	249,759,378	281,765,707

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

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2006**

	2005-2006 Rs.	2004-2005 Rs.
“M” Income from Operations		
[Refer Note I (vii) - Schedule "R"]		
Ground Rent - Gross [Tax Deducted at Source: Rs. 8,326,092; (Previous year: Rs. 5,930,523)]	497,309,938	308,432,072
Container Storage, Handling and Repair- Gross [Tax Deducted at Source Rs. 6,770,301; (Previous year: Rs. 4,822,362)]	706,194,449	536,315,517
Service Charges	46,416,985	46,803,278
Auction Sales	50,599,314	45,096,725
	1,300,520,686	936,647,592
“N” Other Income		
Rent - Gross [Tax Deducted at Source Rs. 949,999; (Previous year: Rs. 662,947)]	6,777,744	5,133,505
Interest on Fixed Deposits with Banks - Gross [Tax Deducted at Source Rs. 14,765,922; (Previous year: Rs. 430,247)]	74,276,559	2,061,658
Interest on Loan to Subsidiary - Gross [Tax Deducted at Source Rs. 2,454,132; (Previous year: Rs. 728,157)]	10,936,566	3,482,336
Gain on redemption of current investments	19,792,805	-
Provisions/ Liabilities no longer Required Written Back	2,357,521	163,230
Miscellaneous Income	360,102	121,964
Write back of Auction Surplus	4,608,560	2,308,133
	119,109,857	13,270,826
“O” Employee Costs		
Salaries, Allowances and Bonus	52,403,298	28,593,684
Contribution to Provident and Other Funds	2,402,203	1,876,525
Leave Encashment	2,190,349	1,040,539
Gratuity	2,084,247	541,112
Staff Welfare	1,837,412	1,194,514
Employees Stock Options Expense (Refer Note 4 - Schedule "R")	3,556,421	1,415,700
	64,473,930	34,662,074

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006 (Contd.)

	2005-2006 Rs.	2004-2005 Rs.
“P” Operating and Other Expenses		
Transportation	132,127,828	133,367,722
Labour Charges	40,895,918	41,825,451
Equipment Hire Charges	18,418,288	13,782,015
Surveyors' Fees	11,287,784	10,140,369
Sub-Contract Charges	66,621,244	34,995,284
Auction Expenses	26,078,969	25,544,572
Purchase of Pallets	17,992,420	25,089,738
Power and Fuel	13,327,537	11,041,314
Rent	440,484	146,842
Rates and Taxes	2,899,471	2,813,934
Repairs and Maintenance:		
– Building/ Yard	10,245,262	3,435,444
– Plant and Machinery	2,521,506	1,552,516
– Containers	2,099,272	1,894,811
– Others	3,136,233	1,975,724
Insurance	6,676,798	4,163,256
Directors' Sitting Fees	448,385	295,917
Customs Staff Expenses	9,480,277	8,944,875
Printing and Stationery	4,271,827	2,126,623
Travelling and Conveyance	15,147,676	12,707,747
Motor Car Expenses	2,686,052	2,637,661
Communication	4,217,522	3,073,807
Advertising Expenses	3,278,689	1,573,396
Security Charges	9,239,776	4,986,876
Professional Fees	12,623,940	11,969,902
Auditors' Remuneration:		
– As Auditors	1,575,000	1,300,000
– As Advisors, or in any other capacity, in respect of Other Services	120,000	560,000
– Reimbursement of Out-of-Pocket Expenses	41,587	34,087
Provision for Doubtful Debts	5,038,185	9,414,092
Provision for Doubtful Ground Rent	2,974,250	2,010,355
Software Expenses	253,110	697,820
Loss on Sale/ Disposal of Fixed Assets	31,818	403,109
Stamp Duty and Share Issue Expenses	2,041,566	4,776,721
Foreign Exchange Loss (Net)	121,200	885,000
Bank Charges	1,520,801	2,590,011
Advances written-off	212,953	–
Miscellaneous	4,511,887	3,012,896
	434,605,515	385,769,887
“Q” Interest		
Term Loan	20,935,856	38,430,542
Vehicle Finance Loan	2,969,658	6,763,221
Cash Credit	–	634,518
	23,905,514	45,828,281

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2006 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED

“R” NOTES TO THE ACCOUNTS

I. 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 referred to in Section 211(3C) of the Companies Act, 1956, of India (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 on the basis of 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 five years based on useful life estimated by the Management; and
 - Reach Stackers (included in Yard Equipments), to be transferred to maintenance operator, are being depreciated over a period of seven years.
- (c) Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition/ construction.

(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 there is a diminution in value other than 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, except as stated below. Foreign currency 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 except for the following:

- (a) exchange difference arising on repayment/restatement of liabilities incurred prior to April 1, 2004 for the purposes of acquiring fixed assets, is adjusted in the carrying amount of the respective fixed assets.
- (b) exchange difference arising on repayment/restatement of liabilities incurred on or after April 1, 2004 for the purposes of acquiring fixed assets from a country outside India, is adjusted in the carrying amount of the respective fixed assets.

The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets.

Premium in respect of forward contracts is accounted over the period of the contract.

“R” NOTES TO THE ACCOUNTS (Contd.)

(vi) Retirement Benefits:

The Company provides for Gratuity and Leave Encashment entitlements in accordance with the policies of the Company and 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. 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 costs incurred in conducting auctions, customs duties on long-standing cargo and the 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 Employee 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:

Particulars	(Rs.)	
	2005-2006	2004-2005
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	2,555,767,200	628,105,000
Counter indemnity for guarantees issued by bank for loans taken by Subsidiary	75,000,000	64,000,000
Total	2,630,767,200	692,105,000

“R” NOTES TO THE ACCOUNTS (Contd.)

3. Capital Commitments:

Estimated amount of contracts (net of advances of Rs. 61,357,340; Previous year Rs. 57,844,387) remaining to be executed on capital account and not provided for is Rs. 70,984,386 (Previous year Rs. 71,265,971).

4. Employee Stock Option Plan

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.

A. ESOPs I

The Employee Stock Option Committee formed for the implementation of the plan, at its meeting held on September 28, 2002, granted share warrants entitling options for 568,000 Equity Shares to the eligible directors and employees of the Company at par. 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 December 2, 2002 i.e., the date as specified in the warrant at the time of allotment. (The Board of Directors in its meeting on September 23, 2004 have extended the date of exercise of the options to April 2, 2005 or listing of the shares of the Company, whichever is later.)

Of these, options for 24,700 (Previous year 23,500) equity shares have lapsed on termination of employment of employees and the Company has allotted 543,300 equity shares on October 6, 2005 provided to employees under Employee Stock Option Plan, 2001.

B. ESOPs II

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 (Previous year 10,500) equity shares have lapsed on termination of employment of employees and options for 149,000 (Previous year 157,000) equity shares at Rs. 22.50 per equity shares were outstanding as on March 31, 2006. The rights under the options would be exercisable between May 1, 2006 and May 1, 2009 at a price of Rs. 22.50 per share (at premium of Rs. 12.50 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company. Subsequent to the year-end, the Company has allotted 144,000 equity shares on May 3, 2006 provided to employees under 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.

C. Employee Stock Option Plan, 2005

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.

ESOPs III

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

“R” NOTES TO THE ACCOUNTS (Contd.)

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.

Of these, options for 13,500 equity shares have lapsed on termination of employment of employees and options for 226,500 equity shares at Rs. 163.64 per equity shares were outstanding as on March 31, 2006. The rights under the options would be exercisable on graded basis between September 16, 2005 and April 1, 2008 at a price of Rs. 163.64 per share (at premium of Rs. 153.64 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 share price on Bombay 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.

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 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. 14,923,224 (Previous year Rs. 10,225,256) 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" issued by the Institute of Chartered Accountants of India, 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, 2005 to March 31, 2006.

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', issued by the Institute of Chartered Accountants of India are given below:

Subsidiary Companies	:	i. Gateway East India Private Limited (GEIPL)
		ii. Gateway Distriparks (South) Private Limited (Formerly Indev Warehouse and Container Services Private Limited) (GDSPL)

Key Management Personnel	:	Mr. Prem Kishan Gupta, Deputy Chairman and Managing Director
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“R” NOTES TO THE ACCOUNTS (Contd.)

Rs.

Sr. No.	Particulars	Subsidiary Company		Key Managerial Personnel	
		2005-2006	2004-2005	2005-2006	2004-2005
	Transactions during the year:				
1.	Handling Income - GDSPL	3,664,500	–	–	–
2.	Handling Expenses - GDSPL	942,750	–	–	–
3.	Interest Income - GDSPL	10,936,566	3,482,336	–	–
4.	Management Fees - GEIPL	149,725	–	–	–
5.	Commission	–	–	2,400,000	1,200,000
6.	Share Application Money - GEIPL	1,395,749	16,904,251	–	–
7.	Loan given - GDSPL	49,113,300	127,398,321	–	–
8.	Recovery of Loan given - GDSPL	29,302,155	–	–	–
9.	Investment in Equity Shares				
	i. GEIPL	–	15,000,000	–	–
	ii. GDSPL	–	134,280,767	–	–
	Closing Balance:				
	I. Investment in Equity Shares				
	i. GEIPL	15,000,000	15,000,000	–	–
	ii. GDSPL	134,280,767	134,280,767	–	–
	2. Share Application Money - GEIPL	18,300,000	16,904,251	–	–
	3. Advances - GEIPL	284,445	–	–	–
	4. Loan given - GDSPL	147,209,466	127,398,321	–	–
	5. Interest Receivable - GDSPL	–	2,754,180	–	–

9A. Directors' Remuneration:

	2005-2006 Rs.	2004-2005 Rs.
Commission to Managing Director	2,400,000	1,200,000
Commission to Non Whole- time Directors	6,400,000	3,200,000
Directors' Sitting Fees	448,385	295,917
Total	9,248,385	4,695,917

“R” NOTES TO THE ACCOUNTS (Contd.)

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

	2005-2006 Rs.	2004-2005 Rs.
Net Profit before Tax	812,920,412	418,515,370
Add:		
Depreciation provided in the Profit and Loss Account	83,725,172	65,142,806
Directors' Remuneration	8,800,000	4,400,000
Directors' Sitting Fees	448,385	295,917
Provision for Doubtful Debts	5,038,185	9,414,092
Provision for Doubtful Ground Rent	2,974,250	2,010,355
Advances written-off	212,953	–
Loss on Sale/ Disposal of Fixed Assets	31,818	403,109
	914,151,175	500,181,649
Less:		
Depreciation under Section 350 of the Companies Act, 1956	83,725,172	65,142,806
Loss on Sale/ Disposal of Fixed Assets under Section 350 of the Companies Act, 1956	31,818	403,109
	83,756,990	65,545,915
Net Profit for the purpose of Directors' Commission	830,394,185	434,635,734
Managerial remuneration permissible under the Companies Act, 1956 @ 5%	41,519,709	21,731,787
Commission to non Whole-time Directors @ 1%	8,303,942	4,346,357
Commission payable for the year restricted to:		
Managing Director	2,400,000	1,200,000
Non Whole- time Directors	6,400,000	3,200,000
	8,800,000	4,400,000

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.

	2005-2006	2004-2005
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)	726,229,049	347,499,559
II. Weighted average number of Equity Shares for Earnings per Share computation		
For Basic Earnings Per Share	80,147,354	64,241,096
Add: Weighted average outstanding employee stock options deemed to be issued for no consideration	154,552	353,514
For Diluted Earnings Per Share	80,301,906	64,594,610
III. Earnings Per Shares in Rupees (Weighted Average)		
Basic	9.06	5.41
Diluted	9.04	5.38

“R” NOTES TO THE ACCOUNTS (Contd.)

11. 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 Company has incurred Rs. 170,841,636 towards share issue expenses on account of International offering of Global Depository Receipts of 16,660,000 Equity Shares. In accordance with Section 78 of the Companies Act, 1956, the Company has adjusted these expenses against "Securities Premium Account". The purpose of issue of Equity Shares and actual utilisation of funds till March 31, 2006 is given below:

Utilisation of Global Offerings of Equity Shares:

Rs.

Particulars	Purpose for GDR Issue (as specified in Prospectus)	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	3,680,385,847	380,712,504
Offer Expenses (as specified in Prospectus)	165,957,000	165,957,000
Total	3,846,342,847	546,669,504

The Company has placed Fixed Deposit with a bank aggregating Rs. 3,299,673,343.

12. The Company has deposited Rs. 500,000,000 to Ministry of Railways, Government of India ("the Indian Railways") towards entry fees for operating the container trains on Indian Railways. On February 21, 2006, the Indian Railways has issued "In Principle" approval for movement of own container train on an All India basis. The Company is in the process of executing the concession agreement with Indian Railways.

13. Utilisation of Initial Public Offer:

The Company had raised Rs. 792,000,000 by Initial Public Offer (IPO) of 11,000,000 Equity Shares of Rs. 10 each at a premium of Rs. 62 per share on March 24, 2005. The purpose of issue of Equity Shares and actual utilisation of funds till March 31, 2006 is given below:

Rs.

Particulars	Purpose for IPO (as specified in Prospectus)	Actual utilisation of Funds
Repayment of Bridge Loan taken from Infrastructure Development Finance Company Limited	370,000,000	370,000,000
Part finance expansion of existing facilities at Container Freight Station, Mumbai	32,130,000	32,130,000
Fund Acquisitions of business / assets and strategic initiatives	329,870,000	329,870,000
Offer Expenses (as specified in Prospectus)	60,000,000	60,000,000
Total	792,000,000	792,000,000

14. Value of Imports calculated on CIF basis:

Rs.

	2005-2006	2004-2005
Capital Goods	26,785,200	94,741,006

“R” NOTES TO THE ACCOUNTS (Contd.)

15. Expenditure in Foreign Currency:

Rs.

	2005-2006	2004-2005
Professional Fees	294,590	676,587
Traveling Expenses	2,683,896	1,140,118
Directors' Commission	1,887,461	1,900,000
Others	654,616	—

16. Remittances in Foreign Currency:

Net Dividends remitted in Foreign Currency to eleven (2004-2005: twelve) non-resident Shareholders:

For the Year	Nature of Dividend	No. of Equity Shares	2005-2006 Rs.	2004-2005 Rs.
2003-2004	Second Interim	35,466,666	—	35,466,666
2004-2005	Interim	27,518,001	27,518,001	—
2004-2005	Final	27,518,001	27,518,001	—
2005-2006	Interim	44,918,001	67,377,002	—

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

a. Loan to Subsidiary Company:

Rs.

Name of the Subsidiary	Amount Outstanding as at March 31, 2006	Maximum Amount Outstanding at any time during the year
Gateway Distriparks (South) Private Limited (Formerly Indev Warehouse and Container Services Private Limited)	147,209,466	149,935,081

- 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.

“R” NOTES TO THE ACCOUNTS (Contd.)

- 18.** During 2004-2005, the Company has made investment of Rs. 134,280,767 in Equity shares of Gateway Distriparks (South) Private Limited (Formerly known as Indev Warehouse and Container Services Private Limited) (hereinafter "GDSPL"), a wholly owned subsidiary and also granted Loan of Rs. 147,209,466. As at March 31, 2006, the net-worth of GDSPL has substantially eroded. GDSPL is expanding its CFS activities at Chennai. Considering the Management's assessment of overall investment strategies/ plans, future growth of business and future financial projections duly reviewed and approved by the Board of Directors, the Management is of the opinion that there is no permanent diminution in the value of investment and advances are fully recoverable.
- 19.** 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.
- 20.** Previous year's figures have been rearranged to conform with current year's presentation, wherever applicable.
- 21.** Refer Annexure for additional information pursuant to Part IV of Schedule VI of the Act.

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

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

“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.

5	8	3	0	8
---	---	---	---	---

 State Code

5	5
---	---

Balance Sheet Date

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

Date Month Year

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

Public Issue

1	6	6	6	0	0
---	---	---	---	---	---

 Rights Issue

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

Bonus Issue

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

 Private Placement

5	4	3	3
---	---	---	---

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

Total Liabilities #

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

 Total Assets

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

(includes Shareholders' Funds)

Sources of Funds

Paid-up Capital

9	2	2	0	3	3
---	---	---	---	---	---

 Reserves and Surplus

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

Secured Loans

2	5	8	8	3	7
---	---	---	---	---	---

 Unsecured Loans

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

Deferred Tax Liability

1	1	7	3	9	5
---	---	---	---	---	---

Application of Funds

Net Fixed Assets

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

 Investments

2	9	3	7	4	0
---	---	---	---	---	---

(Please tick appropriate box + for Positive, - for Negative)
+ - Net Current Assets

<input checked="" type="checkbox"/>		4	0	4	7	2	4	1
-------------------------------------	--	---	---	---	---	---	---	---

 Miscellaneous Expenditure

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

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

Turnover (including Other Income)

1	4	1	9	6	3	1
---	---	---	---	---	---	---

 Total Expenditure

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

(Please tick appropriate box + for Profit, - for Loss) (Please tick appropriate box + for Profit, - for Loss)
+ - Profit /Loss Before Tax

<input checked="" type="checkbox"/>		8	1	2	9	2	0
-------------------------------------	--	---	---	---	---	---	---

 + - Profit /Loss After Tax

<input checked="" type="checkbox"/>		7	2	6	2	2	9
-------------------------------------	--	---	---	---	---	---	---

(Please tick appropriate box + for Positive, - for Negative)
+ - Earning Per Share (in Rs.)

<input checked="" type="checkbox"/>		9	.	0	6
-------------------------------------	--	---	---	---	---

 Dividend Rate %

3	0
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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
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary Company	Financial Year ending of the Subsidiary	Number of Equity Shares held	Extent of Holding	For the Financial Year of the Subsidiary		For Previous Financial Years since it became a Subsidiary	
				Profits / (Losses) so far as it concerns the members of the holding Company and not dealt with in the Holding Company's accounts	Profits / (Losses) so far as it concerns the members of the holding Company and dealt with in the Holding Company's accounts	Profits / (Losses) so far as it concerns the members of the holding Company and not dealt with in the Holding Company's accounts	Profits / (Losses) so far as it concerns the members of the holding Company and dealt with in the Holding Company's accounts
				Rs.	Rs.	Rs.	Rs.
Gateway East India Private Limited	31.03.2006	750,000 Equity Shares of Rs. 10 each	60%	(1,575,502)	–	–	–
Gateway Distriparks (South) Private Limited	31.03.2006	99,000 Equity Shares of Rs.100 each	100%	13,804,050	–	3,617,518	–

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006





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GDL-8

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GATEWAY EAST INDIA PRIVATE LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their report along with the accounts for the year ended 31st March 2006.

A. Financial Results

Sl. No	Particulars	2005-06 (Rs. millions)	2004-05 (Rs. Million)
1	Income from Operations and Other Income	5.65	–
2	Profit before Interest, Depreciation and taxes	0.22	–
3	Interest	1.53	–
4	Depreciation	1.31	–
5	Profit/(Loss) before Exceptional items & taxation	(2.62)	–
6	Provision for tax	0.01	–
7	Profit/(Loss) after tax	(2.63)	–
8	Profit/(Loss) brought forward from previous year	(0.96)	(0.96)
9	Profit/ (Loss) carried to Balance Sheet	(3.59)	(0.96)

During the Financial year 2005-2006, GEIPL completed construction of a CFS at Vishakapatnam at total project cost of Rs.91.01 million. The Company has received Rs.20 million towards Share Application money for increase in equity capital. The Company has availed a loan from ICICI Bank Limited for Rs.60 million to meet part of project cost. After trial runs, the Company commenced commercial operations in Dec 2005 and achieved income of Rs. 5.65 million and throughput of 1,803 Teus in the four months ended March 31, 2006. In its initial 4 months of operations, the company had a net loss of Rs.2.63 million. The operations are expected to stabilize in 2006-07 leading to realization of higher throughput and better profitability.

B. Operations during the year & prospects

During December 2005, the Container Freight Station (CFS) commenced operations.

C. Directors

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. Prem Kishan Gupta, Director retires by rotation and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

D. 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, 2006, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii. that such accounting policies as mentioned in Note I of Schedule "N" 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 2006 and of the profit or loss of the Company for that period.
- iii. that proper and sufficient care has been exercised 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 2006 have been prepared on a going concern basis.

E. Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, the Statutory Auditors of the Company, hold the office till the end of the ensuing Annual General Meeting of the Company and being eligible have offered themselves for reappointment. The Company has received letter from M/s. Deloitte Haskins & Sells, 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. Your directors recommend their re-appointment.

F. 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.

Foreign Exchange Earnings and Outgo Nil

Disclosure under Section 217 (2A)

The Company has no employee drawing a remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board

Place : Mumbai
Date : 07 June 2006

Prem Kishan Gupta
Chairman

COMPLIANCE CERTIFICATE

To,

GATEWAY EAST INDIA PRIVATE LIMITED

Ground Floor, Plot No. 41, Pandurang Puram, Vishakapatnam, Andhra Pradesh 530 003

We have examined the registers, records, books and papers of **GATEWAY EAST INDIA PRIVATE LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2006. In our opinion and to the best of our information and according to the examinations, carried out by us and explanations furnished to us by the Company, its officers, we report that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made thereunder within the prescribed time limits save as stated in Annexure "B".
3. The Company being a Private Limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were **10** and the Company during the year under review:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, Directors or their relatives.
4. The Board of Directors duly met 4 times on 26th April, 2005, 19th July 2005, 11th November, 2005 and 27th January, 2006 and in respect of these meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year under review, as it was not required to close the same.
6. The Annual General Meeting for the financial year ended on 31st March, 2005 was held on 8th August, 2005 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the period under review.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act, in respect of contracts specified in that Section.
10. The Company has made the necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company
 - (i) was not required to deliver any securities as there was no allotment / transfer / transmission of securities made during the financial year under review.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.

GATEWAY EAST INDIA PRIVATE LIMITED

- (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year under review.
 - (iv) The Company does not have amounts in the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence transferring of the same to the Investor Protection Fund does not arise.
 - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
 15. The provisions of Section 269 of the Companies Act, 1956 does not apply to the Company.
 16. The Company has not appointed any sole selling agents during the financial year under review.
 17. The Company obtained approval under Section 141 of the Act for condoning the delay in filing of charge in favour of ICICI Bank Limited from the Company Law Board, Southern Region Bench. Other than the aforesaid the Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
 18. The Directors have disclosed their interest in other firms / companies to the Board of Directors and complied with the provisions of the Act.
 19. The Company has not issued any shares, debentures or other securities during the financial year under review.
 20. The Company has not bought back any equity shares during the financial year under review.
 21. The Company has not issued any Preference Shares or Debentures and hence redemption, if any, of Preference Shares or Debentures does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registrations of transfer of shares.
 23. The Company has not invited / accepted any deposits including any unsecured loans within the purview of Section 58A during the financial year under review.
 24. The provisions of Section 293 (1)(d) do not apply to the Company.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
 26. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to situation of the Company's Registered Office from one state to another during the year under review.
 27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the objects of the Company during the year under review.
 28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to name of the Company during the year under review.
 29. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to share capital of the Company during the year under review.
 30. The Company has not altered its Articles of Association during the financial year under review.
 31. There were no prosecutions initiated against or show cause notices received by the Company, during the financial year under review, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year under review.
 33. The Company is not required to deduct the Provident Fund from its employees.

S. N. Ananthasubramanian
C. P. No.: 1774

Date : 7th June, 2006
Place : Thane

ANNEXURE A

Registers as maintained by the Company

Sr. No.	Register	Section
1.	Register of Members	150
2.	Register of Share Transfers	
3.	Register of Directors, Managing Directors	303
4.	Register of Directors' Share and Debenture Holdings	307
5.	Register of Charges (including Debentures)	143
6.	Register of Contracts	301
7.	Register of Contracts, Companies and Firms in which Directors are interested	301(3)
8.	Minutes Book	193
9.	Books of Accounts	209
10.	Register of Fixed Assets	

S. N. Ananthasubramanian

C. P. No.: 1774

Date : 7th June, 2006

Place : Thane

ANNEXURE B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2006.

Sr. No.	Form No.	Under Section	Purpose
1.	Form 23	192 on 21st October, 2005	Ordinary Resolution passed at the Annual General Meeting held on 8th August, 2005 for Appointment of Statutory Auditors of the Company
2.	Balance Sheet	220 on 21st October, 2005	For the year ended 31st March, 2005 adopted at the Annual General Meeting held on 8th August, 2005.
3.	Compliance Certificate	220 on 21st October, 2005	Certificate under Section 383A of the Companies Act, 1956 issued by a Practicing Company Secretary
4.	Annual Return	159 on 21st October, 2005	As on the date of the Annual General Meeting held on 8th August, 2005
5.	8 & 13	125 on 6th February, 2006	Charge created in favour of ICICI Bank Limited for Rs. 6 Crores on 19th January, 2005
6.	21	144	Order of the Company Law Board condoning the delay in filing of the charge dated 19th January, 2005 in favour of ICICI Bank Limited.

S. N. Ananthasubramanian

C. P. No.: 1774

Date : 7th June, 2006

Place : Thane

AUDITOR'S REPORT

To,
The Members of
GATEWAY EAST INDIA PRIVATE LIMITED

We have audited the attached balance sheet of Gateway East India Private Limited (the "Company"), as at March 31, 2006, the profit and loss account and the cash flow statement for the period / year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) 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 Companies Act, 1956;
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2006;
 - (b) in the case of the profit and loss account, of the loss for the period ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : June 7, 2006

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

The nature of the Company's business/activities during the year is such that clauses (ii), (vi), (viii), (xii), (xiii), (xiv), (xv), (xvii), (xviii), (xix) and (xx) are not applicable to the Company.

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) There are no disposals of fixed assets during the year.
2. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956.
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the companies Act 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for rendering of services and we have not observed any continuing failure to correct major weaknesses in such internal controls. The activities of the Company do not involve purchase of inventory and sale of goods.
4. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
5. The Company does not have any Internal Audit System.
6. In respect of statutory dues:
 - (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year.
 - (b) There were no undisputed amounts payable in respect of above statutory dues as at March 31, 2006 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of service tax and cess which have not been deposited on account of any dispute.
7. The accumulated losses of the Company have not exceeded fifty percent of its net worth at the end of the year. The Company has incurred cash losses during the financial year covered by our audit.
8. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to bank. There are no dues to financial institutions or debentureholders.
9. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : June 7, 2006

GATEWAY EAST INDIA PRIVATE LIMITED

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

BALANCE SHEET AS AT MARCH 31, 2006

	Schedule Reference	31.03.2006 Rs.	31.03.2005 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	12,500,000	12,500,000
Share Application Money		20,000,000	16,904,251
Reserves and Surplus	B	7,500,000	7,500,000
		<u>40,000,000</u>	<u>36,904,251</u>
Loan Funds			
Secured Loans	C	60,000,000	60,000,000
TOTAL		<u>100,000,000</u>	<u>96,904,251</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	91,013,671	–
Less : Depreciation		1,307,478	–
Net Block		<u>89,706,193</u>	–
Capital Work-in-Progress		–	64,859,659
		89,706,193	64,859,659
Pre-operative expenses pending capitalisation/allocation	E	–	1,317,776
Current Assets, Loans and Advances			
Sundry Debtors	F	3,528,761	–
Cash and Bank Balances	G	8,458,166	37,867,880
Other Current Assets	H	55,200	–
Loans and Advances	I	1,672,656	1,299,493
		<u>13,714,783</u>	<u>39,167,373</u>
Less : Current Liabilities and Provisions			
Liabilities	J	7,000,541	9,404,535
Provisions		10,250	–
		<u>7,010,791</u>	<u>9,404,535</u>
Net Current Assets		6,703,992	29,762,838
Debit balance in Profit and Loss Account		3,589,815	963,978
TOTAL		<u>100,000,000</u>	<u>96,904,251</u>
Notes to Accounts			
N			

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 **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

For and on behalf of the Board of Directors

Prem Kishan Gupta
Chairman

Place : Mumbai
Date : June 7, 2006

C. V. S. Suri
Director

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

PROFIT AND LOSS ACCOUNT FOR THE FOUR MONTHS ENDED MARCH 31, 2006

	Schedule Reference	2005-2006 Rs.	2004-2005 Rs.
INCOME			
Income from Services	K	5,554,263	—
Other Income	L	98,757	—
		5,653,020	—
EXPENDITURE			
Operating and Other Expenses	M	5,432,361	—
Depreciation	D	1,307,478	—
Interest on term loan		1,528,768	—
		8,268,607	—
Profit before Taxation		(2,615,587)	—
Provision for Taxation			
– Fringe Benefit Tax		10,250	—
Profit After Taxation		(2,625,837)	—
Profit and Loss Account Balance Brought Forward		(963,978)	(963,978)
Profit and Loss Account Balance Carried to Balance Sheet		(3,589,815)	(963,978)
Earnings Per Share (Refer Note 5 - Schedule "N")			
– Basic & Diluted		(2.10)	—
Notes to Accounts	N		
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 **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

For and on behalf of the Board of Directors

Prem Kishan Gupta
Chairman

Place : Mumbai
Date : June 7, 2006

C. V. S. Suri
Director

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006.

	2005-2006 Rupees	2004-2005 Rupees
A. Cash flow from operating activities :		
Profit Before Taxation	(2,615,587)	–
Adjustment for :		
Depreciation	1,307,478	–
Interest Expense	1,528,768	–
Interest Income (Net of Tax Deducted at Source)	(98,757)	–
Operating profit before working capital changes	121,902	–
Adjustments for change in working capital:		
– Decrease / (Increase) in Sundry Debtors	(3,528,761)	–
– Decrease / (Increase) in Loans and Advances	(428,363)	(243,940)
– Increase / (Decrease) in Trade and Other Payables	(2,393,744)	9,398,535
Cash generated from operations	(6,228,966)	9,154,595
– Taxes Paid	10,250	
Net cash from operating activities (A)	(6,239,216)	9,154,595
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(26,154,012)	(61,920,245)
Decrease / (Increase) in preliminary / pre-operative Expenses	1,317,776	(1,317,776)
Interest Received	98,757	–
Net cash used in investing activities (B)	(24,737,479)	(63,238,021)
C. Cash flow from financing activities :		
Proceeds from fresh Issue of Shares / Share Application Money	3,095,749	31,929,251
Borrowings/ (Repayment) of Secured Loans	–	60,000,000
Interest Paid	(1,528,768)	–
Net cash used in financing activities (C)	1,566,981	91,929,251
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(29,409,714)	37,845,825
Cash and Cash Equivalents at the beginning of the year	37,867,880	22,055
Cash and Cash Equivalents at the end of the year	8,458,166	37,867,880
Net Increase/ (Decrease) in Cash and Cash Equivalents	(29,409,714)	37,845,825

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

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

For and on behalf of the Board of Directors

Prem Kishan Gupta
Chairman

Place : Mumbai
Date : June 7, 2006

C. V. S. Suri
Director

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT MARCH 31, 2006**

	31.03.2006 Rs.	31.03.2005 Rs.
“A” Share Capital		
Authorised:		
4,000,000 Equity Shares of Rs. 10 each	40,000,000	40,000,000
Issued and Subscribed:		
1,250,000 Equity Shares of Rs. 10 each, fully paid-up (Out of the above, 750,000 Equity Shares of Rs. 10 each is held by Holding Company Gateway Distriparks Limited)	12,500,000	12,500,000
	12,500,000	12,500,000
“B” Reserves and Surplus		
Securities Premium Account	7,500,000	7,500,000
	7,500,000	7,500,000
“C” Secured Loans		
Term Loans		
– From Bank	60,000,000	60,000,000
(Secured by mortgage of movable and immovable assets of the Company.) (Term Loan repayable within one year: 15,000,000 (Previous Year: Nil))	60,000,000	60,000,000

“D” Fixed Assets

Particulars	Cost				Depreciation				Net Book Value	
	As at 01.04.2005	Additions / Adjustments during the period	Deductions / Adjustments during the period	As at 31.03.2006	Upto 01.04.2005	Depreciation for the during the period	Deductions / Adjustments during the period	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Buildings	–	79,145,282	–	79,145,282	–	1,098,561	–	1,098,561	78,046,721	–
Electrical Installations	–	5,415,888	–	5,415,888	–	85,752	–	85,752	5,330,136	–
Yard Equipments	–	3,206,579	–	3,206,579	–	50,770	–	50,770	3,155,809	–
Office Equipments	–	804,100	–	804,100	–	12,732	–	12,732	791,368	–
Computers	–	247,197	–	247,197	–	13,356	–	13,356	233,841	–
Furniture and Fixtures	–	2,194,625	–	2,194,625	–	46,307	–	46,307	2,148,318	–
TOTAL	–	91,013,671	–	91,013,671	–	1,307,478	–	1,307,478	89,706,193	–
Capital Work-in-Progress (including advances Rs. Nil (Previous year: Rs.64,859,659))									–	64,859,659

Pre-operative Expenses of Rs. 5,954,024 are capitalised to Building & Rs. 108,000 are capitalised to Electrical Installation.

Pre-operative Expenses of Rs. 232,900 are written off to Profit & Loss Account.

GATEWAY EAST INDIA PRIVATE LIMITED

**GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“E” Pre-operative Expenses pending capitalisation / allocation		
Opening Balance	1,317,776	–
Bank Charges	55,214	313
Stamp Duty & Share Issue Expenses	–	232,900
Salaries	62,800	177,600
Auditors Remuneration:		
– As Auditors	25,000	55,100
– In respect of other services	–	88,500
Travelling & Conveyance	249,084	319,507
Interest Expense (Net of Income of Rs.488,437)	2,842,915	443,856
Labour Charges	1,080,000	–
Survey Fees	160,000	–
Power & Fuel	498,328	–
Container Handling Charges	117,453	–
Equipment Hire Charges	24,000	–
Insurance	214,640	–
Rates & Taxes	108,644	–
Office Expenses	92,421	–
Communication Expenses	59,011	–
Transportation	665,700	–
Security Charges	227,453	–
Repairs & Maintenance		
– Building	178,501	–
– Electrical	108,000	–
– Plant and machinery	39,914	–
– Others	204,518	–
Less: Income From Container Handling	(2,036,448)	–
Less:		
– Capitalised to Building	(5,954,024)	–
– Capitalised to Electrical Installation	(108,000)	–
– Charged to Profit & Loss Account	(232,900)	–
	<u>–</u>	<u>1,317,776</u>
“F” Sundry Debtors		
[Unsecured / Considered Good]		
Debts Outstanding for a Period exceeding Six Months	50,141	–
Other Debts	3,478,620	–
	<u>3,528,761</u>	<u>–</u>

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“G” Cash and Bank Balances		
Cash on Hand	10,360	2,968
Balances with Scheduled Banks:		
– in Current Account	3,356,581	37,864,912
– in Fixed Deposit Account	5,091,225	–
	8,458,166	37,867,880
“H” Other Current Assets		
(Unsecured and Considered Good)		
Accrued Ground Rent		
– Considered Good	55,200	–
	55,200	–
“I” Loans and Advances		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	252,819	–
Security Deposits	1,260,403	1,255,553
Tax Deducted at Source	159,434	43,940
	1,672,656	1,299,493
“J” Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
– Due to Small Scale Industrial Undertakings	–	–
– Other than Small Scale Industrial Undertakings	6,692,038	8,566,678
– Due to Holding Company Gateway Distriparks Limited	284,445	–
Other Liabilities	24,058	837,857
	7,000,541	9,404,535
Provisions		
Fringe benefit tax	10,250	–
	10,250	–
TOTAL	7,010,791	9,404,535

GATEWAY EAST INDIA PRIVATE LIMITED

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006**

	2005-2006 Rs.	2004-2005 Rs.
“K” Income from Services		
Ground Rent	313,343	–
Container Handling and Repair (Tax Deducted at source-Rs. 50,017)	5,240,110	–
Service Charges	810	–
	5,554,263	–
“L” Other Income		
Interest on Fixed Deposit with Bank (Tax Deducted at source-Rs.28,573)	98,757	–
	98,757	–
“M” Operating and Other Expenses		
Labour Charges	2,546,083	–
Surveyors' Fees	160,125	–
Sub-Contract Charges	676,477	–
Management Fees	149,725	–
Power and Fuel	319,108	–
Repairs and Maintenance:		
– Building	261,787	–
– Plant and Machinery	78,400	–
– Others	374,812	–
Insurance	59,855	–
Printing and Stationery	25,385	–
Travelling and Conveyance	143,395	–
Communication	84,449	–
Advertising Expenses	4,000	–
Stamp Duty & Share Issue Expenses	232,900	–
Security Charges	152,592	–
Professional Fees	27,550	–
Auditors' Remuneration:		
– Audit Fees	60,000	–
– Tax Audit	15,000	–
– Other Services	10,000	–
– Reimbursement of out-of-pocket expenses	2,325	–
Bank Charges	1,308	–
Miscellaneous	47,085	–
	5,432,361	–

Schedule "N"

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

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 referred to in Section 211(3C) of the Companies Act, 1956.

(ii) Fixed Assets and Depreciation

- (a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation.
- (b) Depreciation on additions/ deletions to fixed assets is calculated on pro-rata basis from the month of such additions/ deletions. Building is depreciated over 24 years which is at a rate higher than that specified under Schedule XIV of the Companies Act, 1956. Other assets are depreciated on straight-line basis method at the rates specified under Schedule XIV of the Companies Act, 1956.
- (c) Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition

(iii) Revenue Recognition

Income from Container Storage, Handling 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. However, in case of long standing containers, the Income from Ground Rent is accrued for a maximum of 60 days on a consistent basis as per the prevailing business practice.

(iv) Borrowing Costs

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

2. Expenditure during construction

Pre-operative expenditure pending capitalization/ allocation represents expenses incurred prior to commencement of operations at Container Freight Station (CFS) at Visakhapatnam including borrowing cost. These expenses have been allocated to other assets based on nature of expenses and the balance amount has been allocated to the cost of CFS Building, on commencement of operations at the CFS

The company has commenced its commercial operations during the year from December 1, 2005.

3. Contingent liabilities:

The company has executed a bond to customs authority for Rs. 50,000,000 (Previous year: Nil). Against this bond, the company has given a bank guarantee for Rs. 5,000,000 (Previous year: Nil).

4. Segment Reporting:

Primary Segment:

In accordance with Accounting Standard 17 - 'Segment Reporting' issued by the Institute of Chartered Accountants of India, 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.

Secondary Segment:

The Company's operations are such that all activities are confined only to India and hence there is no secondary reportable segment.

Schedule “N” – Notes to the accounts (Contd.)**5. Earning per Share:**

The net profit for the period is used as the numerator and the number of equity shares as the denominator in calculating the basic earnings per share

6. Deferred Tax:

The break up of deferred tax assets and deferred tax liabilities arising on account of timing differences are as under:

	March 2006	
Deferred Tax Liabilities		
Depreciation on fixed assets		1,191,789
		1,191,789
Deferred Tax Assets		
Carried forward losses & unabsorbed depreciation	2,072,186	
	2,072,186	
Restricted to		1,191,789
Net Deferred Tax Assets		–

The balance deferred tax assets have not been recognised on account of prudence

7. There are no amounts due to small scale industrial undertakings, based on the information available with the Company and relied upon by auditors.

8. Related party disclosures:**A. List of related parties and description of relationship**

1. Holding Company : Gateway Distriparks Limited
2. Fellow Subsidiary : Gateway Distriparks (South) Private Limited
3. Individual having significant influence : Mr. C V S Suri

B. Related Party Transactions**Amount (Rs.)**

Particulars	Holding Company	Fellow Subsidiary	Individual having significant influence
Share application money received	1,395,749	–	1,700,000
Interest received	–	–	85,250
Receiving of Services	–	630,000	–
Management Fees	149,725	–	–
Balances Outstanding as on March 31, 2006			
– Payables	284,445	–	–

Schedule "N" – Notes to the accounts (Contd.)

2004-05	Amount (Rs.)			
	Particulars	Holding Company	Fellow Subsidiary	Individual having significant influence
	Share application money received	16,904,251	–	25,000

9. Previous year's figures have been rearranged to conform with current period's presentation, where applicable. Since the Company has commenced its commercial operations only from December 1, 2005 the Profit and Loss Account prepared is not comparable with that of the previous year.

Signatures to Schedules "A" to "N" forming part of the Accounts

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

For and on behalf of the Board of Directors

Prem Kishan Gupta
Director

Place : Mumbai
Date : June 7, 2006

C. V. S. Suri
Director

GATEWAY EAST INDIA PRIVATE LIMITED
(Formerly Viking Exim Ventures Pvt. Ltd.)

**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	7	5	2	3
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 State Code

0	1
---	---

Balance Sheet Date

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

Date Month Year

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

Public Issue	Rights Issue							
<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	
N	I	L						
N	I	L						
Bonus Issue	Private Placement							
<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table;"><tr><td>3</td><td>0</td><td>9</td><td>6</td></tr></table>	3	0	9	6
N	I	L						
3	0	9	6					

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

Total Liabilities	Total Assets												
<table border="1" style="display: inline-table;"><tr><td>1</td><td>0</td><td>3</td><td>4</td><td>2</td><td>1</td></tr></table>	1	0	3	4	2	1	<table border="1" style="display: inline-table;"><tr><td>1</td><td>0</td><td>3</td><td>4</td><td>2</td><td>1</td></tr></table>	1	0	3	4	2	1
1	0	3	4	2	1								
1	0	3	4	2	1								

Sources of Funds

Paid-up Capital	Reserves and Surplus									
<table border="1" style="display: inline-table;"><tr><td>3</td><td>2</td><td>5</td><td>0</td><td>0</td></tr></table>	3	2	5	0	0	<table border="1" style="display: inline-table;"><tr><td>7</td><td>5</td><td>0</td><td>0</td></tr></table>	7	5	0	0
3	2	5	0	0						
7	5	0	0							
Secured Loans	Unsecured Loans									
<table border="1" style="display: inline-table;"><tr><td>6</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	6	0	0	0	0	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	
6	0	0	0	0						
N	I	L								
Deferred Tax Liability										
<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L							
N	I	L								

Application of Funds

Net Fixed Assets	Investments								
<table border="1" style="display: inline-table;"><tr><td>8</td><td>9</td><td>7</td><td>0</td><td>6</td></tr></table>	8	9	7	0	6	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
8	9	7	0	6					
N	I	L							

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

+ - Net Current Assets	Miscellaneous Expenditure									
<table border="1" style="display: inline-table;"><tr><td><input checked="" type="checkbox"/></td><td></td><td>6</td><td>7</td><td>0</td><td>4</td></tr></table>	<input checked="" type="checkbox"/>		6	7	0	4	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
<input checked="" type="checkbox"/>		6	7	0	4					
N	I	L								
	Accumulated Losses									
	<table border="1" style="display: inline-table;"><tr><td>3</td><td>5</td><td>9</td><td>0</td></tr></table>	3	5	9	0					
3	5	9	0							

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

Turnover (including Other Income)	Total Expenditure								
<table border="1" style="display: inline-table;"><tr><td>5</td><td>6</td><td>5</td><td>3</td></tr></table>	5	6	5	3	<table border="1" style="display: inline-table;"><tr><td>8</td><td>2</td><td>6</td><td>9</td></tr></table>	8	2	6	9
5	6	5	3						
8	2	6	9						

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

+ - Profit /Loss Before Tax	+ - Profit /Loss After Tax												
<table border="1" style="display: inline-table;"><tr><td></td><td><input checked="" type="checkbox"/></td><td>2</td><td>6</td><td>1</td><td>6</td></tr></table>		<input checked="" type="checkbox"/>	2	6	1	6	<table border="1" style="display: inline-table;"><tr><td></td><td><input checked="" type="checkbox"/></td><td>2</td><td>6</td><td>2</td><td>6</td></tr></table>		<input checked="" type="checkbox"/>	2	6	2	6
	<input checked="" type="checkbox"/>	2	6	1	6								
	<input checked="" type="checkbox"/>	2	6	2	6								

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

+ - Earning Per Share (in Rs.)	Dividend Rate %									
<table border="1" style="display: inline-table;"><tr><td></td><td><input checked="" type="checkbox"/></td><td>2</td><td>.</td><td>1</td><td>0</td></tr></table>		<input checked="" type="checkbox"/>	2	.	1	0	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
	<input checked="" type="checkbox"/>	2	.	1	0					
N	I	L								

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

Prem Kishan Gupta
Chairman

C. V. S. Suri
Director

Place : Mumbai
Date : June 7, 2006



MSC

SHIPPING CO
MEDITERRANEAN

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MSCU 6703337 8

GDL 4

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GDL 4

भारतीय रेल



INDIA RAILWAYS



GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their report along with the accounts for the year ended 31st March 2006.

A. Financial Results

Sl. No	Particulars	2005-06 (Rs. millions)	2004-05 (Rs. Million)
1	Income from Operations and Other Income	86.78	73.58
2	Profit before Interest, Depreciation and taxes	36.74	24.21
3	Interest	10.94	6.48
4	Depreciation	5.28	5.33
5	Profit/(Loss) before Exceptional items & taxation	20.52	12.40
6	Provision for tax (includes Deferred Tax 2005-06 :- Rs. 4.81 Million; 2004-05 - Nil)	6.72	0.11
7	Profit/(Loss) after tax	13.80	12.29
8	Profit/(Loss) brought forward from previous year	(21.01)	(33.30)
9	Profit/ (Loss) carried to Balance Sheet	(7.21)	(21.01)

B. Operations during the year & prospects

Income from operations grew by 18% from Rs 73.58 Million in 2004-05 to Rs.86.78 Million in 2005-06. Profit after tax for the financial year 2005-06 was Rs.13.80 million as against Rs.12.29 Million for 2004-05.

C. Directors

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Mr. Gopinath Pillai, and Mr. Prem Kishan Gupta, 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.

D. 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, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that such accounting policies as mentioned in Note I of Schedule "M" 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 2006 and of the profit or loss of the Company for that period.
- iii. that proper and sufficient care has been exercised 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 2006 have been prepared on a going concern basis.

E. Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, the Statutory Auditors of the Company, hold the office till the end of the ensuing Annual General Meeting of the Company and being eligible have offered themselves for reappointment. The Company has received letter from M/s. Deloitte Haskins & Sells, 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. Your directors recommend their re-appointment.

F. 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.

Foreign Exchange Earnings and Outgo Nil

Disclosure under Section 217 (2A)

The Company has no employee drawing a remuneration exceeding the limits as prescribed under section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board

Place : Mumbai
Date : 07 June 2006

Gopinath Pillai
Chairman

COMPLIANCE CERTIFICATE

To,
GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED
(Formerly known as Indev Warehouse and Container Services Private Limited)
C/o Bhandari Pincha & Surana
323 Prabhat Complex, 1st Floor, K. G. Road, Bangalore - 560 009

We have examined the registers, records, books and papers of **GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED** (Formerly known as Indev Warehouse and Container Services Private Limited) (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2006. In our opinion and to the best of our information and according to the examinations, carried out by us and explanations furnished to us by the Company, its officers, we report that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made thereunder within the prescribed time limit as stated in Annexure "B".
3. The Company being a Private Limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were **2** and the Company during the year under review:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, Directors or their relatives.
4. The Board of Directors duly met 4 times on 25th April, 2005, 19th July, 2005, 11th November, 2005 and 27th January, 2006 and in respect of these meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year under review, as it was not required to close the same.
6. The Annual General Meeting for the financial year ended on 31st March, 2005 was held on 12th August, 2005 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extraordinary General Meeting was held on 25th April, 2005 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act, in respect of contracts specified in that Section.
10. The Company has made the necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company
 - (i) was not required to deliver any securities as there was no allotment / transfer / transmission of securities during the financial year under review.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

- (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year under review.
 - (iv) The Company does not have amounts in the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence transferring of the same to the Investor Protection Fund does not arise.
 - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
 15. The provisions of Section 269 of the Companies Act, 1956 does not apply to the Company.
 16. The Company has not appointed any sole selling agents during the financial year under review.
 17. The Company was not required to obtain any approval of Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
 18. The Directors have disclosed their interest in other firms / companies to the Board of Directors and complied with the provisions of the Act.
 19. The Company has not issued any shares, debentures or other securities during the financial year under review.
 20. The Company has not bought back any equity shares during the financial year under review.
 21. The Company has not issued any Preference Shares or Debentures and hence redemption, if any, of Preference Shares or Debentures does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registrations of transfer of shares.
 23. The Company has not invited / accepted any deposits including any unsecured loans within the purview of Section 58A during the financial year under review.
 24. The provisions of Section 293 (1)(d) do not apply to the Company.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
 26. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to situation of the Company's Registered Office from one state to another during the year under review.
 27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the objects of the Company during the year under review.
 28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to name of the Company during the year under review.
 29. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to share capital of the Company during the year under review.
 30. The Company has not altered its Articles of Association during the financial year under review.
 31. There were no prosecutions initiated against or show cause notices received by the Company, during the financial year under review, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year under review.
 33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities.

S. N. Ananthasubramanian
C. P. No.: 1774

Date : 7th June, 2006
Place: Thane

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED

ANNEXURE A

Registers as maintained by the Company

Sr. No.	Register	Section
1.	Register of Members	150
2.	Register of Share Transfers	
3.	Register of Directors, Managing Directors	303
4.	Register of Directors' Share and Debenture Holdings	307
5.	Register of Charges (including Debentures)	143
6.	Register of Contracts	301
7.	Register of Contracts, Companies and Firms in which Directors are interested	301(3)
8.	Minutes Book	193
9.	Books of Accounts	209
10.	Register of Fixed Assets	

ANNEXURE B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2006.

Sr. No.	Form No.	Under Section	Purpose
1.	Form 23	192 on 21st April, 2005	Special Resolution for changing the name of the Company from Indev Warehouse and Containers Services Private Limited to Gateway Distriparks (South) Private Limited at the Extraordinary General Meeting held on 31st March, 2005
2.	Change of Name	Section 21/23 on 21st April, 2005	Application for Change of Name
3.	Form 23	Section 192 on 18th May, 2005	Ordinary Resolution for Appointment of Statutory Auditors due to casual vacancy caused by the resignation of earlier auditors of the Company at the Extra Ordinary General Meeting held on 25th April, 2005.
4.	Balance Sheet	220 on 26th October, 2005	For the year ended 31st March, 2005 adopted at the Annual General Meeting held on 12th August, 2005.
5.	Compliance Certificate	383A on 26th October, 2005	Compliance Certificate issued under Section 383A of the Act for the year ended 31st March, 2005.
6.	Annual Return	159 on 26th October, 2005	As on the date of the Annual General Meeting held on 12th August, 2005.
7.	Form 32	303(2) on 26th October, 2005	Appointment of Mr. Shabbir Hassanbhai and Mr. Karan Singh Thakral as Directors of the Company.

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

AUDITOR'S REPORT TO THE MEMBERS OF GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED (formerly known as Indev Warehouse and Container Services Private Limited)

We have audited the attached balance sheet of Gateway Distriparks (South) Private Limited (the "Company"), as at March 31, 2006, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) 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 Companies Act, 1956;
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2006;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : June 7, 2006

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

The nature of the Company's business/activities during the year is such that clauses (ii), (vi), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) are not applicable to the Company.

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2.
 - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the companies Act 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for rendering of services and we have not observed any continuing failure to correct major weaknesses in such internal controls. The activities of the Company do not involve purchase of inventory and sale of goods.
4. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
6. In respect of statutory dues:
 - (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales-tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year.
 - (b) There were no undisputed amounts payable in respect of above statutory dues as at March 31, 2006 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of sales tax, income tax and service tax, which have not been deposited on account of any dispute.
7. The accumulated losses of the Company have not exceeded fifty percent of its net worth at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
8. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
9. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : June 7, 2006

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

BALANCE SHEET AS AT MARCH 31, 2006

	Schedule Reference	Rs.	31.03.2006 Rs.	31.03.2005 Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	A		9,900,000	9,900,000
Loan Funds				
Unsecured Loans	B		147,209,466	127,398,321
Deferred Tax Liability - Net			4,808,391	–
TOTAL			161,917,857	137,298,321
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	C	146,237,694		144,454,986
Less: Depreciation		44,517,506		39,303,817
Net Block			101,720,188	105,151,169
Capital Work-in-Progress including advances			41,064,623	–
			142,784,811	105,151,169
Current Assets, Loans and Advances				
Sundry Debtors	D	6,353,366		7,540,514
Cash and Bank Balances	E	15,876,118		13,528,500
Other Current Assets	F	1,049,914		1,508,650
Loans and Advances	G	5,306,863		1,881,640
		28,586,261		24,459,304
Less: Current Liabilities and Provisions				
Liabilities	H	13,762,274		12,522,715
Provisions		2,904,483		807,029
		16,666,757		13,329,744
Net Current Assets			11,919,504	11,129,560
Profit and Loss Account			7,213,542	21,017,592
TOTAL			161,917,857	137,298,321
Notes to the Accounts	M			
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

Gopinath Pillai
Chairman

Prem Kishan Gupta
Director

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

	Schedule Reference	2005-2006 Rs.	2004-2005 Rs.
INCOME			
Income from Services	I	85,068,212	71,884,882
Other Income	J	1,714,418	1,692,160
		86,782,630	73,577,042
EXPENDITURE			
Employee Costs	K	12,351,649	9,998,424
Operating and other expenses	L	37,701,321	39,369,977
Depreciation		5,277,695	5,334,639
Interest on loan from holding company		10,936,566	6,476,146
		66,267,231	61,179,186
Profit before Tax		20,515,399	12,397,856
Provision for Tax			
– Current Tax (MAT)		1,750,000	112,000
– Deferred Tax		4,808,391	–
– Fringe Benefit Tax		152,958	–
Profit after Tax		13,804,050	12,285,856
Profit and Loss Account Balance Brought Forward		(21,017,592)	(33,303,448)
Profit and Loss Account Balance Carried to Balance Sheet		(7,213,542)	(21,017,592)
Earnings Per Share (Face value of Rs 100/- per share) (Refer Note 5- Schedule "M")			
– Basic & Diluted		139.43	124.10
Notes to the Accounts	M		
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

Gopinath Pillai
Chairman

Prem Kishan Gupta
Director

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

	2005-06 Rs.	2004-2005 Rs.
A. Cash flow from operating activities :		
Profit before Tax	20,515,399	12,397,856
Adjustments for :		
Depreciation	5,277,695	5,334,639
Provision for Doubtful Debts	1,550,089	-
Interest Expense	10,936,566	6,476,146
Interest Income	(657,458)	(429,920)
Loss on Sale / Discard of Fixed Assets	25,894	800,202
Provision for Retirement Benefits	345,472	-
Provision for Doubtful Ground Rent	478,800	1,071,600
Preliminary expenses written off	-	5,000
Bad debts Written off	113,982	-
Advances and Deposits Written Off	-	1,516,988
Liabilities no longer payable written back	(828,394)	(772,810)
Operating profit before working capital changes	37,758,045	26,399,701
Adjustments for change in working capital:		
- (Increase) in Sundry Debtors	(362,941)	(1,643,242)
- (Increase) in Loans and Advances	(3,396,015)	(1,905,039)
- Increase in Trade and Other Payables	5,803,450	1,886,941
Cash generated from operations	39,802,539	24,738,361
- Taxes Paid including Fringe Benefit Tax	(1,450,976)	-
Net cash generated from operating activities (A)	38,351,563	24,738,361
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(42,641,060)	(2,951,511)
Proceeds from Sale of Fixed Assets	40,000	284
Interest Received	476,716	176,670
Net cash (used) in investing activities (B)	(42,124,344)	(2,774,557)
C. Cash flow from financing activities :		
Proceeds / (Repayment) of Loans (Net)	19,811,145	(8,320,912)
Interest Paid	(13,690,746)	(3,721,966)
Net cash generated from/(used in) financing activities (C)	6,120,399	(12,042,878)
Net Increase in Cash and Cash Equivalents (A+B+C)	2,347,618	9,920,926
Cash and Cash Equivalents at the beginning of the year	13,528,500	3,607,574
Cash and Cash Equivalents at the end of the year	15,876,118	13,528,500
Net Increase in Cash and Cash Equivalents	2,347,618	9,920,926

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

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Director

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	31.03.2006 Rs.	31.03.2005 Rs.
Schedule A – Share Capital		
Authorised		
200,000 Equity Shares of Rs. 100 each	20,000,000	20,000,000
Issued, Subscribed and Paid up Capital		
99,000 Equity Shares of Rs. 100 each, fully paid-up (all the above shares are held by the Holding company – Gateway Distriparks Limited)	9,900,000	9,900,000
	9,900,000	9,900,000
Schedule B – Unsecured Loans (Long Term)		
Loan from Holding Company (Repayable within one year : NIL)	147,209,466	127,398,321
	147,209,466	127,398,321

Schedule C – Fixed Assets

(Rs.)

Particulars	Cost				Depreciation				Net Book Value	
	As at 01.04.2005	Additions during the Year	Deductions during the Year	As at 31.03.2006	As at 01.04.2005	For the Year	Adjustments for the Year	As at 31.03.2006	As at 31.03.2006	As at 31.03.2005
Freehold Land	7,591,287	–	–	7,591,287	–	–	–	–	7,591,287	7,591,287
Buildings	98,009,556	–	–	98,009,556	24,344,802	3,273,519	–	27,618,321	70,391,235	73,664,754
Electrical Installations	3,376,098	91,363	–	3,467,461	1,457,337	164,327	–	1,621,664	1,845,797	1,918,761
Yard Equipment*	31,080,769	–	–	31,080,769	10,900,654	1,476,337	–	12,376,991	18,703,778	20,180,115
Office Equipment	175,803	121,000	114,000	182,803	81,793	6,841	59,586	29,048	153,755	94,010
Computers	1,839,334	559,695	–	2,399,029	1,617,837	133,317	–	1,751,154	647,875	221,497
Furniture and Fixtures	2,286,090	511,960	15,900	2,782,150	876,586	174,032	4,420	1,046,198	1,735,952	1,409,504
Vehicles	96,049	628,590	–	724,639	24,808	49,322	–	74,130	650,509	71,241
TOTAL	144,454,986	1,912,608	129,900	146,237,694	39,303,817	5,277,695	64,006	44,517,506	101,720,188	105,151,169
Previous Year	143,215,138	2,951,511	1,711,663	144,454,986	34,880,355	5,334,639	911,177	39,303,817	105,151,169	108,334,183
Capital Work-in-progress (including advances of Rs.336,171) (Previous Year Nil)									41,064,623	–
									142,784,811	105,151,169

* Yard Equipment includes 2 Reach Stackers leased out during the year having Cost of Rs. 21,695,025 and Net Book Value: Rs.12,319,211.

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

**GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (Contd.)

	31.03.2006 Rs.	31.03.2005 Rs.
Schedule D – Sundry Debtors		
[Unsecured]		
Debts Outstanding for a period exceeding Six Months		
– Considered Good	–	13,846
– Considered Doubtful	214,587	–
	<u>214,587</u>	<u>13,846</u>
Other Debts		
– Considered Good	6,353,366	7,526,668
– Considered Doubtful	1,335,502	–
	<u>7,903,455</u>	<u>7,540,514</u>
Less: Provision for Doubtful Debts	1,550,089	–
	<u>6,353,366</u>	<u>7,540,514</u>
Schedule E – Cash and Bank Balances		
Cash on Hand	13,655	93,429
Cheques on hand	440,126	–
Balances with Scheduled Banks:		
– in Current Accounts	4,014,623	2,235,071
– in Fixed Deposit Accounts	11,407,714	11,200,000
(includes Lien with Bank towards Guarantee issued by them)		
	<u>15,876,118</u>	<u>13,528,500</u>
Schedule F – Other Current Assets		
(Unsecured)		
Accrued Interest on Fixed Deposits with Banks	389,914	295,550
Accrued Ground Rent		
– Considered Good	660,000	1,213,100
– Considered Doubtful	1,550,400	1,071,600
	<u>2,210,400</u>	<u>2,284,700</u>
Less: Provision for Doubtful Ground Rent	1,550,400	1,071,600
	<u>1,049,914</u>	<u>1,508,650</u>
Schedule G – Loans and Advances		
(Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	2,325,504	1,143,916
Security Deposits	730,358	335,343
Tax Deducted at Source and Advance Tax	2,251,001	402,381
	<u>5,306,863</u>	<u>1,881,640</u>

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (Contd.)

	31.03.2006 Rs.	31.03.2005 Rs.
Schedule H – Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
– Due to Small Scale Industrial Undertakings (Note 6 - Schedule M)	–	–
– Other than Small Scale Industrial Undertakings	8,334,222	4,900,904
Advances from Customers	487,941	152,275
Interest accrued but not due on Unsecured Loans	–	2,754,180
Other Liabilities	4,940,111	4,715,356
	13,762,274	12,522,715
Provisions		
Income Tax	1,862,000	112,000
Fringe Benefit Tax	1,982	–
Retirement benefits – Gratuity	738,188	695,029
– Leave encashment	302,313	–
	2,904,483	807,029

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2005-2006 Rs.	2004-2005 Rs.
Schedule I – Income from Services		
[Refer Note I (iv) - Schedule M]		
Ground Rent - Gross (Tax Deducted at Source Rs.Nil Previous Year: Rs.51,808)	39,031,701	29,387,736
Container Storage and Handling - Gross (Tax Deducted at Source - Rs.157,401 Previous Year: Rs.350,573)	44,440,030	41,172,522
Service Charges	422,038	417,638
Auction Sales	1,174,443	906,986
	85,068,212	71,884,882
Schedule J – Other Income		
Interest Income	657,458	429,920
(Tax deducted at source : Rs 86,378 (Previous Year Nil))		
Provision/Liability no longer required/payable written back	828,394	772,810
Miscellaneous Income	228,566	489,430
	1,714,418	1,692,160

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT (Contd.)**

	2005-2006 Rs.	2004-2005 Rs.
Schedule K – Employee Costs		
Salaries, Allowances and Bonus	10,127,048	8,413,066
Gratuity	532,852	64,257
Leave Encashment	302,313	–
Contribution to Provident and Other Funds	611,030	589,445
Staff Welfare	778,406	931,656
	12,351,649	9,998,424
Schedule L – Operating and other expenses		
Transportation	8,021,025	5,691,425
Labour Charges	5,838,745	8,286,810
Equipment Hire Charges	3,787,500	636,275
Surveyors' Fees	–	249,884
Auction Expenses	733,431	1,515,568
Power and Fuel	3,865,732	4,370,573
Rent	84,600	72,000
Rates and Taxes	130,701	50,615
Repairs and Maintenance:		
– Building	478,993	692,989
– Plant and Machinery	2,085,017	3,216,378
– Others	435,551	423,161
Insurance	1,363,851	1,443,852
Customs Charges	2,742,338	2,381,056
Printing and Stationery	312,349	287,134
Travelling and Conveyance	113,104	366,381
Motor Car Expenses	2,629,956	2,865,834
Communication Expenses	493,181	641,615
Advertising Expenses	1,110	4,500
Security Charges	1,580,357	1,562,521
Professional Fees	157,000	51,290
Auditors' Remuneration:		
– As Auditors	300,000	200,460
– Tax Audit Fees	25,000	–
– Reimbursement of Out-of-Pocket Expenses	9,980	–
– Other Services	20,000	15,000
Bad Debts	113,982	296,873
Software expenses	18,000	–
Advances and Deposits written off	–	1,516,988
Provision for Doubtful Ground Rent	478,800	1,071,600
Provision for Doubtful Debts	1,550,089	–
Loss on Sale/ Disposal of Fixed Assets	25,894	800,202
Bank Charges	111,093	136,199
Preliminary Expenses written off	–	5,000
Miscellaneous Expenses	193,942	517,794
	37,701,321	39,369,977

GATEWAY DISTRIPARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)

Schedule M – Notes to the Accounts

I. 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 referred to in Section 211(3C) of the Companies Act, 1956.

(ii) Fixed Assets and Depreciation

- (a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation.
- (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 basis method at the rates specified under Schedule XIV of the Companies Act, 1956.
- (c) Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

(iii) Retirement Benefits

- (a) The Company provides for Gratuity liability as on the Balance sheet date on an actuarial basis.
- (b) Leave encashment payable at the time of retirement/resignation in respect of eligible employees is determined on an actuarial basis as at balance sheet date.
- (c) Contribution towards provident fund is recognised on an accrual basis on actual cost to the Company and charged to the profit and loss account.

(iv) Revenue Recognition

- (a) Income from Container Storage, Handling 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. However, in case of long standing containers, the Income from Ground Rent is accrued for a maximum of 60 days on a consistent basis as per the prevailing business practice.
- (b) Revenue and expenses for Auction Sales are recognised when auction is finalised and necessary approvals from appropriate authorities are obtained. 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.

(v) Taxes on Income/Fringe Benefit Tax:

Current tax is determined in accordance with the provisions of the Income-Tax Act, 1961.

Deferred tax is calculated at the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date and is recognised on timing differences that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognised and carried forward only to the extent they can be realised.

Fringe Benefit Tax is determined in accordance with the provisions of the Income- Tax Act, 1961.

2. Contingent Liabilities :

- a) The company has executed a bond to customs authority for Rs. 100,000,000 (Previous year: Rs. 100,000,000). Against this bond, the company has given a bank guarantee for Rs.10,000,000 (Previous year : Rs. 4,000,000). The expired bank guarantee has not yet been cancelled and in lieu of this another bank guarantee for the same amount has been given for which the holding company has provided a counter guarantee to the Bank.

Schedule M – Notes to the Accounts (Contd.)

b) Claims against the Company not acknowledged as debts: Rs. 1,700,000 (Previous year: Rs. 1,700,000)

3. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 7,602,327 (Net of advances Rs.336,171) (Previous year : Rs. Nil)
4. 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.

5. Segment Reporting

Primary Segment :

In accordance with Accounting Standard 17 - 'Segment Reporting' issued by the Institute of Chartered Accountants of India, 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.

Secondary Segment

The Company's operations are such that all activities are confined only to India and hence there is no secondary reportable segment.

6. Deferred Tax

The break up of deferred tax assets and deferred tax liabilities arising on account of timing differences are as under:

	Mar-06		Mar-05	
Deferred Tax Liabilities				
Depreciation on fixed assets		15,471,574		14,889,937
		15,471,574		14,889,937
Deferred Tax Assets				
Provisions	1,393,858		594,648	
Unabsorbed depreciation	9,269,325		16,603,363	
	10,663,183		17,198,011	
		10,663,183		14,889,937
Net Deferred Tax Liability		4,808,391		–

The deferred tax assets in respect of the year 2005 have not been recognised on account of prudence

7. Earnings per Share:

The net profit for the Year is used as the numerator and the number of equity shares as the denominator in calculating the basic earnings per share.

8. There are no amounts due to small scale industrial undertakings, based on the information available with the Company and relied upon by auditors.

9. Related Party Disclosures:

A. List of related parties and description of relationship

1. Holding Company : Gateway Distriparks Limited
2. Fellow Subsidiary : Gateway East India Private Limited

Schedule M – Notes to the Accounts (Contd.)

Related Party Transactions

Amount (Rs.)

2005-2006

Particulars	Holding Company	Fellow Subsidiary
Interest on loan	10,936,566	–
Rendering of Services	942,750	630,000
Receiving of Services	3,664,500	–
Balances Outstanding as at March 31, 2006		
– Unsecured Loan	147,209,466	–

2004-2005

Amount (Rs.)

Particulars	Holding Company	Key Management Personnel	Others*
Interest on loan	3,482,503	964,061	1,908,428
Receiving of Services	–	–	190,000
Balances Outstanding as at March 31, 2005			
– Unsecured Loan	127,398,221	–	–
– Interest payable on Unsecured Loan	2,754,180	–	–

* Payments made to erstwhile promoters till the date of acquisition by Gateway Distriparks Limited.

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

For **Deloitte Haskins & Sells**
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Place : Mumbai
Date : June 7, 2006

Prem Kishan Gupta
Director

GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED

**GATEWAY DISTRI PARKS (SOUTH) PRIVATE LIMITED
(Formerly Indev Warehouse and Container Services Private Limited)**

**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.

2	0	5	7	6
---	---	---	---	---

 State Code

0	8
---	---

Balance Sheet Date

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

Date Month Year

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

Public Issue

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

 Rights Issue

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

Bonus Issue

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

 Private Placement

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

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

Total Liabilities

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

 Total Assets

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

Sources of Funds

Paid-up Capital

9	9	0	0
---	---	---	---

 Reserves and Surplus

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

Secured Loans

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

 Unsecured Loans

1	4	7	2	0	9
---	---	---	---	---	---

Deferred Tax Liability

4	8	0	8
---	---	---	---

Application of Funds

Net Fixed Assets

1	4	2	7	8	5
---	---	---	---	---	---

 Investments

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

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

+ - Net Current Assets

<input checked="" type="checkbox"/>		1	1	9	1	9
-------------------------------------	--	---	---	---	---	---

 Miscellaneous Expenditure

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

Accumulated Losses

7	2	1	3
---	---	---	---

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

Turnover (including Other Income)

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

 Total Expenditure

6	6	2	6	7
---	---	---	---	---

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

+ - Profit /Loss Before Tax

<input checked="" type="checkbox"/>		2	0	5	1	5
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 + - Profit /Loss After Tax

<input checked="" type="checkbox"/>		1	3	8	0	4
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(Please tick appropriate box + for Positive, - for Negative)

+ - Earning Per Share (in Rs.)

<input checked="" type="checkbox"/>		1	3	9	.	4	3
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 Dividend Rate %

N	I	L
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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
Chairman

Prem Kishan Gupta
Director

Place : Mumbai
Date : June 7, 2006





GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF GATEWAY DISTRIPARKS LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of Gateway Distriparks Limited ("the Company") and its subsidiaries as at March 31, 2006, and 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 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 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. 272,930,048 as at March 31, 2006 and total revenues of Rs. 92,435,650 for the year ended on that date. These financial statements have been audited by other auditor 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 auditor.
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, 2006;
 - (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.

Partha Ghosh
Partner
Membership No: F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2006

	Schedule Reference	31.03.2006 Rs.	31.03.2005 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	922,033,000	750,000,000
Reserves and Surplus	B	4,829,689,792	910,134,724
		<u>5,751,722,792</u>	<u>1,660,134,724</u>
Loan Funds			
Secured Loans	C	318,836,752	828,266,762
Unsecured Loans	D	—	30,000,000
		<u>318,836,752</u>	<u>858,266,762</u>
Minority Interest	E	8,264,074	7,614,409
Deferred Tax Liabilities (Net)	F	122,203,173	105,652,848
TOTAL		<u>6,201,026,791</u>	<u>2,631,668,743</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	G	2,387,235,022	1,938,790,689
Less: Depreciation		365,081,017	259,390,676
Net Block		<u>2,022,154,005</u>	<u>1,679,400,013</u>
Capital Work-in-Progress		134,059,185	186,793,902
		<u>2,156,213,190</u>	<u>1,866,193,915</u>
Incidental Expenditure Pending Capitalisation	H	—	1,317,776
		<u>2,156,213,190</u>	<u>1,867,511,691</u>
Investments	I	144,458,843	—
Current Assets, Loans and Advances			
Sundry Debtors	J	69,998,169	84,509,653
Cash and Bank Balances	K	3,526,174,147	926,738,232
Other Current Assets	L	45,664,396	26,489,123
Loans and Advances	M	529,808,527	28,036,362
		<u>4,171,645,239</u>	<u>1,065,773,370</u>
Less: Current Liabilities and Provisions			
Liabilities	N	107,971,084	127,619,443
Provisions		163,319,397	173,996,875
		<u>271,290,481</u>	<u>301,616,318</u>
Net Current Assets		<u>3,900,354,758</u>	<u>764,157,052</u>
TOTAL		<u>6,201,026,791</u>	<u>2,631,668,743</u>
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.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

	Schedule Reference	2005-2006 Rs.	2004-2005 Rs.
INCOME			
Income from Operations	O	1,385,756,186	955,706,152
Other Income	P	109,986,466	10,163,067
		1,495,742,652	965,869,219
EXPENDITURE			
Employee Costs	Q	76,825,579	37,292,563
Operating Expenses	R	472,352,222	394,318,530
Depreciation / Amortisation		106,019,772	72,226,289
Interest	S	25,434,282	45,828,282
		680,631,855	549,665,664
Profit before Taxation		815,110,797	416,203,555
Provision for Taxation			
Income Tax (Refer Note 5 - Schedule "T")			
– Current Year		72,750,000	33,874,462
– Earlier Years		2,093,610	884,189
Fringe Benefit Tax		1,964,027	–
Wealth Tax		55,000	51,000
Deferred Tax (Refer Notes I(x) - Schedule "T" and Schedule "F")		16,550,325	35,580,622
Profit After Taxation		721,697,835	345,813,282
Minority Interest		1,050,335	–
Net Profit		722,748,170	345,813,282
Profit and Loss Account Balance Brought Forward		292,919,024	152,943,242
		1,015,667,194	498,756,524
Transfer to General Reserve		72,700,000	34,800,000
Interim Dividend paid		138,304,950	–
Proposed Interim Dividend		138,520,950	75,000,000
Proposed Final Dividend		–	75,000,000
Tax on Dividend		38,824,834	21,037,500
Profit and Loss Account Balance Carried to Balance Sheet		627,316,460	292,919,024
Earnings Per Share (Refer Note 9 - Schedule "T")			
– Basic		9.02	5.38
– Diluted		9.00	5.35
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.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRI PARKS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

	2005-2006 Rs.	2004-2005 Rs.
A. Cash flow from operating activities :		
Profit Before Taxation	815,110,797	416,203,555
Adjustment for :		
Depreciation	106,019,772	72,226,289
Provision for Doubtful Debts	6,588,274	9,414,092
Provision for ESOP Expenses	3,556,421	1,415,700
Interest Expense	25,434,282	45,828,282
Interest Income	(75,032,774)	(2,298,477)
Loss on Sale / Discard of Fixed Assets	57,712	1,191,428
Provision for Retirement Benefits	2,263,489	1,443,627
Provision for Doubtful Ground Rent	3,453,050	3,081,955
Bad Debts Written Off	113,982	-
Advances and Deposits written off	212,953	543,000
Gain on redemption of current investments	(19,792,805)	-
Liabilities no Longer Required Written Back	(7,794,475)	(2,609,121)
Operating profit before working capital changes	860,190,678	546,440,330
Adjustments for change in working capital:		
- Decrease / (Increase) in Sundry Debtors	7,809,228	(40,544,067)
- Decrease / (Increase) in Loans and Advances	(489,989,056)	(39,522,555)
- Increase / (Decrease) in Trade and Other Payables	(9,815,741)	45,284,675
Cash generated from operations	368,195,109	511,658,383
- Taxes Paid	63,904,417	33,171,872
Net cash from operating activities (A)	304,290,692	478,486,511
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(394,850,094)	(849,762,311)
Purchase of Investments	(2,246,875,133)	-
Sale of Investments	2,122,209,095	-
Sale of Fixed Assets	71,111	3,969,729
Interest Received	27,598,188	1,582,163
Net cash used in investing activities (B)	(491,846,833)	(844,210,419)
C. Cash flow from financing activities :		
Proceeds of fresh issue of Shares	3,680,934,211	671,500,000
Repayment of Secured Loans	(539,430,010)	667,603,948
Share Application money received from Minorities	1,700,000	7,614,409
Interest Paid	(28,034,024)	(44,155,638)
Payment of Dividend	(287,743,351)	(64,000,000)
Payment of Dividend Tax	(40,434,770)	(8,200,000)
Net cash used in financing activities (C)	2,786,992,056	1,230,362,719
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	2,599,435,915	864,638,811
Cash and Cash Equivalents at the beginning of the year	926,738,232	62,099,421
Cash and Cash Equivalents at the year-end	3,526,174,147	926,738,232
Net Increase/ (Decrease) in Cash and Cash Equivalents	2,599,435,915	864,638,811

GATEWAY DISTRIPARKS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006 (Contd.)

	Rs.	March 31, 2006 Rs.	March 31, 2005 Rs.
Cash and Cash Equivalents comprise:			
Cash on Hand		132,090	311,471
Cheques on Hand		1,908,803	5,671,145
Balances with Scheduled Banks on :			
– in Current Accounts	59,454,724		833,423,796
– in Unpaid Dividend Accounts	561,599		–
– in Unpaid Share Application Accounts	941,732		–
– in Fixed Deposit Accounts	3,463,175,199		87,331,820
		<u>3,524,133,254</u>	<u>920,755,616</u>
Cash and Cash equivalents as at year-end		<u>3,526,174,147</u>	<u>926,738,232</u>

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 'Cash Flow Statements' issued by the Institute of Chartered Accountants 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.

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2006**

	31.03.2006 Rs.	31.03.2005 Rs.
“A” Share Capital		
Authorised:		
110,000,000 (Previous year: 90,000,000) Equity Shares of Rs. 10 each	<u>1,100,000,000</u>	<u>900,000,000</u>
During the year, the Authorised Share Capital has been increased to Rs. 1,100,000,000 by creating 20,000,000 Equity Shares of Rs. 10 each pursuant to a resolution passed by the Shareholders' at their Extraordinary General Meeting held on November 11, 2005.		
Issued and Subscribed:		
92,203,300 (Previous year: 75,000,000) Equity Shares of Rs. 10 each, fully paid-up	<u>922,033,000</u>	<u>750,000,000</u>
	<u>922,033,000</u>	<u>750,000,000</u>
Notes:		
1. Of the above, 16,000,000 Equity Shares of Rs. 10 each were allotted as fully paid bonus shares by capitalisation of Share Premium and surplus in Profit and Loss Account.		
2. During the year, 16,660,000 Equity Shares of Rs. 10 each were allotted at a premium of Rs. 220.87 per equity share in the form of Global Depository Receipts (GDRs) each representing one Share at USD 5.10 per GDR on December 15, 2005.		
3. During the year, the Company has allotted 543,300 Equity Shares on October 6, 2005 pursuant to ESOP Plan, 2001. Subsequent to year-end, the Company has allotted 144,000 Equity Shares on May 3, 2006 pursuant to ESOP Plan, 2001.		
4. For Employee Stock Option Plan, 2001 and Employee Stock Option Plan, 2005 (Refer Notes 1(xi) and 4 - Schedule "T")		
“B” Reserves and Surplus		
Securities Premium Account		
Opening Balance	561,500,000	—
Received during the year (Refer Note 2 - Schedule "A" above).	3,679,742,847	561,500,000
Transferred from Employees Stock Options Outstanding on exercise of ESOP	1,412,580	—
	<u>4,242,655,427</u>	<u>561,500,000</u>
Less: Utilised for Shares Issue expenses	170,841,636	—
	<u>4,071,813,791</u>	<u>561,500,000</u>
General Reserve		
Opening Balance	54,300,000	19,500,000
Add: Transfer from Profit and Loss Account	72,700,000	34,800,000
	<u>127,000,000</u>	<u>54,300,000</u>
Profit and Loss Account Balance	627,316,460	292,919,024
Employees Stock Options Outstanding (Refer Notes 1(xi) and 4 - Schedule "T")		
Opening Balance	1,415,700	—
Addition during the year	3,556,421	1,415,700
Less: Transferred to Securities Premium Account on exercise of ESOP	(1,412,580)	—
	<u>3,559,541</u>	<u>1,415,700</u>
	<u>4,829,689,792</u>	<u>910,134,724</u>

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“C” Secured Loans		
Term Loans		
– From Banks (Refer Notes 1(a) and 1(b) below)	151,636,690	231,650,010
– From Financial Institution (Refer Note 2 below)	49,583,335	447,916,667
Vehicle Finance Loan from Banks (Refer Note 3 below)	117,616,727	148,700,085
Notes:		
1. a. Term Loan of Rs. 91,636,690 (Previous year: Rs. 171,650,010) from consortium of bankers is secured by a pari-passu charge on all the present and future movable and immovable fixed assets, movable plant, machinery, equipments, chattels, other movable fixed assets of the Company including machinery spares, tools and accessories, stores and spares installations, furniture, fixtures, office equipments of the Company. [Term Loan repayable within one year Rs. 82,433,320 (Previous year: Rs. 80,013,320)].		
b. Term Loan of Rs. 60,000,000 (Previous year: Rs. 60,000,000) 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. Nil)]		
2. Term Loans from Infrastructure Development Finance Company Limited of Rs. 49,583,335 (Previous year: Rs. 447,916,667) is secured by a pari-passu charge created by the Company on the movable properties (both present and future), whether installed or not, and on book debts, receivables, commission and revenue of whatsoever nature and wherever arising both present and future and equitable mortgage by deposit of title of all piece of land with buildings, sheds and structures standing thereon. [Term Loan repayable within one year Rs. 28,333,332 (Previous year: Rs. 398,333,332)]		
3. Vehicle Finance Loan from Banks of Rs. 117,616,727 (Previous year: Rs. 148,700,085) are secured by way of hypothecation of the Company's Commercial Vehicles (Trailors and Reach stackers). [Vehicle Loan Repayable within one year Rs. 93,849,418 (Previous year: Rs. 72,633,185)]		
	318,836,752	828,266,762
“D” Unsecured Loans		
– Working Capital Demand Loan From Bank [Repayable within one year: Rs. Nil (Previous year: Rs. 30,000,000)]	–	30,000,000
	–	30,000,000

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)

	31.03.2006 Rs.	31.03.2005 Rs.
“E” Minority Interest		
Share Capital	5,000,000	5,000,000
Share Application Money	1,700,000	–
Reserves and Surplus:		
Securities Premium	3,000,000	3,000,000
Profit and Loss Account	(1,435,926)	(385,591)
	8,264,074	7,614,409
“F” Deferred Tax Liabilities (Net)		
[Refer Note I(x) - Schedule "T"]		
Deferred Tax Liabilities		
Timing difference between book and tax depreciation	134,058,145	106,457,931
(A)	134,058,145	106,457,931
Deferred Tax Assets		
Accrual for expenses allowable as tax deduction only on payment	1,393,858	805,083
Unabsorbed Depreciation	10,461,114	–
(B)	11,854,972	805,083
(A) - (B)	122,203,173	105,652,848

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)

	31.03.2006 Rs.	31.03.2005 Rs.
“H” Incidental Expenditure Pending Capitalisation		
[Refer Note I (iv) - Schedule "T"]		
Opening Balance	1,317,776	2,241,072
Salaries	62,800	177,600
Power and Fuel	498,328	-
Rates and Taxes	108,644	-
Insurance Charges	214,640	-
Repairs and Maintenance		
– Building	178,501	-
– Electrical	108,000	-
– Plant and machinery	39,914	-
– Others	204,518	-
Labour Charges	1,080,000	-
Survey Charges	160,000	-
Container Handling Charges	117,453	-
Equipment Hire Charges	24,000	-
Professional Fees	25,000	143,600
Travelling and Conveyance	249,084	319,507
Office Expenses	92,421	-
Communication	59,011	-
Transportation Charges	665,700	-
Security Charges	227,453	-
Stamp Duty and Share Issue Expenses	-	232,900
Bank Charges	55,214	313
Interest [Net of Income Rs. 488,437 (Previous year: Rs. 166,198)]	2,842,915	443,856
	<u>8,331,372</u>	<u>3,558,848</u>
Less: Income from Container Handling	(2,036,448)	-
	6,294,924	3,558,848
Less:		
Capitalised to Building	(5,954,024)	(2,241,072)
Capitalised to Electrical Installation	(108,000)	-
Charged to Profit and Loss Account	(232,900)	-
	<u>-</u>	<u>1,317,776</u>

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“I” Investments		
[Refer Note I(v) - Schedule "T"]		
Current and Unquoted (at lower of Cost and Net Asset Value)		
3,069,083 (Previous year - Nil) units of HDFC Liquid Fund - Premium Plus Plan - Growth	42,871,843	-
Purchased during the year Rs. 1,482,775,937 (107,992,698 units) and sold during the year Rs. 1,439,904,094 (104,923,615 units) [Net Asset Value: Rs. 42,921,437, (Previous year: Rs. Nil)]		
99,553 (Previous year - Nil) units of DSP Merrill Lynch Liquidity Fund Institutional - Growth	101,587,000	-
[Net Asset Value: Rs. 101,744,462, (Previous year: Rs. Nil)]		
	144,458,843	-
Notes:		
1. The following investments were purchased and sold during the year 2005-2006: (at cost)		
(a) 3,191,294 units of GCBG Grindlays Cash Fund - Institutional Plan B - Growth	40,002,714	-
(b) 6,018,730 units of Prudential ICICI Liquid Plan Institutional Plus Growth Option	100,000,000	-
(c) 8,883,125 units of Principal Mutual Fund Short Term-Institutional Plan - Growth Option	100,000,000	-
(d) 9,568,789 units of Principal Cash Management Fund-Liquid Option - Institutional Premium Plan - Growth Option	102,509,483	-
(e) 19,409,796 units of HDFC Floating Rate Income Fund Long Term Plan - Growth	220,000,000	-
(f) 10,000,000 units of DSP Merrill Lynch Fixed Term Plan - Series IA - Growth	100,000,000	-
Cumulative Purchases Rs. 2,246,875,133 (Previous year: Rs. Nil) Cumulative Sales Rs. 2,122,209,095 (Previous year: Rs. Nil)		
2. Aggregate Cost of Unquoted Investments Rs. 144,458,843 (Previous year: Rs. Nil) Aggregate Net Asset Value Rs. 144,665,899 (Previous year: Rs. Nil)		
“J” Sundry Debtors		
[Unsecured]		
Debts Outstanding for a Period exceeding Six Months		
- Considered Good	55,515	616,227
- Considered Doubtful	15,913,594	13,806,019
	15,969,109	14,422,246
Other Debts - Considered Good	69,942,654	83,893,426
- Considered Doubtful	4,480,699	-
	90,392,462	98,315,672
Less: Provision for Doubtful Debts	20,394,293	13,806,019
	69,998,169	84,509,653

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“K” Cash and Bank Balances		
Cash on Hand	132,090	311,471
Cheques on Hand	1,908,803	5,671,145
Balances with Scheduled Banks:		
– in Current Accounts	59,454,724	833,423,796
– in Unpaid Dividend Accounts	561,599	–
– in Unpaid Share Application Accounts	941,732	–
– in Fixed Deposit Accounts	3,463,175,199	87,331,820
[Under lien with banks Rs. 325,064,914 (Previous year: Rs. 76,131,820) towards guarantee issued by them and loans given to subsidiaries]		
[Includes Rs. 3,299,673,343 (Previous year: Rs. Nil) out of the proceeds of Global Depository Receipts Issue]		
	3,526,174,147	926,738,232
“L” Other Current Assets		
(Unsecured)		
Accrued Interest on Fixed Deposits with Banks	33,044,746	491,033
Accrued Ground Rent		
– Considered Good	12,619,650	25,998,090
– Considered Doubtful	10,903,200	7,450,150
	23,522,850	33,448,240
Less: Provision for Doubtful Ground Rent	10,903,200	7,450,150
	12,619,650	25,998,090
	45,664,396	26,489,123
“M” Loans and Advances		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	11,539,330	9,164,012
Balances with Excise and Custom Authorities	11,754,523	–
Deposit with Stock Exchange	–	15,120,000
Deposit with Railways [Refer Note 10 - Schedule "T"]	500,000,000	–
Security Deposits-Others	3,254,098	2,562,446
Tax Deducted at Source and Advance Tax [Net of Provision for Tax Rs. 124,562,000 (Previous Year Rs. 65,608,253)]	3,260,576	1,189,904
	529,808,527	28,036,362

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2006 (Contd.)**

	31.03.2006 Rs.	31.03.2005 Rs.
“N” Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors *		
– Due to Small Scale Industrial Undertakings	–	–
– Other than Small Scale Industrial Undertakings	80,989,801	87,188,327
Security Deposits Received	1,054,340	950,720
Advances from Customers	8,014,570	15,983,415
Auction Surplus	6,879,582	7,024,000
Interest Accrued but not Due on Term Loans and Vehicle Finance Loans	1,838,925	4,438,667
Unpaid Dividend *	561,599	–
Unpaid Application Money on Securities *	941,732	–
Other Liabilities	7,690,535	12,034,314
	107,971,084	127,619,443
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
Provisions		
Wealth Tax	55,000	64,213
Fringe Benefit Tax	157,232	–
Proposed Interim Dividend	138,520,950	75,000,000
Proposed Final Dividend	–	75,000,000
Tax on Dividend	19,427,564	21,037,500
Retirement Benefits [Refer Note I (viii) - Schedule "T"]		
– Leave Encashment	2,913,360	976,450
– Gratuity	2,245,291	1,918,712
	163,319,397	173,996,875
TOTAL	271,290,481	301,616,318

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006**

	2005-2006 Rs.	2004-2005 Rs.
“O” Income from Operations		
[Refer Note I (ix) - Schedule "T"]		
Ground Rent - Gross [Tax Deducted at Source Rs. 8,326,092; (Previous year: Rs. 5,982,332)]	531,268,007	316,754,683
Container Storage, Handling and Repair- Gross [Tax Deducted at Source Rs. 6,977,719; (Previous year: Rs. 5,172,935)]	755,874,589	546,955,589
Service Charges	46,839,833	46,899,155
Auction Sales	51,773,757	45,096,725
	<u>1,385,756,186</u>	<u>955,706,152</u>
“P” Other Income		
Rent-Gross [Tax Deducted at Source Rs. 949,999; (Previous year: Rs. 662,947)]	6,777,744	5,133,505
Interest on Fixed Deposits with Banks - Gross [Tax Deducted at Source Rs. 14,880,873 (Previous year: Rs. 430,247)]	75,032,774	2,298,477
Gain on redemption of current investments	19,792,805	-
Provisions / Liabilities no longer Required Written Back	3,185,915	219,457
Miscellaneous Income	588,668	121,964
Write back of Auction Surplus	4,608,560	2,389,664
	<u>109,986,466</u>	<u>10,163,067</u>
“Q” Employee Costs		
Salaries, Allowances and Bonus	62,530,346	31,285,711
Contribution to Provident and Other Funds	3,013,233	2,062,415
Leave Encashment	2,492,662	1,040,539
Gratuity	2,617,099	9,883
Staff Welfare	2,615,818	1,478,315
Employees Stock Options Expense (Refer Note 4 - Schedule "T")	3,556,421	1,415,700
	<u>76,825,579</u>	<u>37,292,563</u>
“R” Operating and Other Expenses		
Transportation	140,148,853	133,744,027
Labour Charges	49,280,746	44,180,766
Equipment Hire Charges	18,541,288	13,902,815
Surveyors' Fees	11,447,909	10,140,369
Sub-Contract Charges	65,724,971	34,995,284
Auction Expenses	26,812,400	26,487,358
Purchase of Pallets	17,992,420	25,089,738
Power and Fuel	17,512,377	12,373,482
Rent	525,084	170,842
Rates and Taxes	3,030,172	2,813,999

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

GATEWAY DISTRIPARKS LIMITED AND SUBSIDIARIES

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006 (Contd.)**

	2005-2006 Rs.	2004-2005 Rs.
“R” Operating and Other Expenses (Contd.)		
Repairs and Maintenance:		
– Building / Yard	10,986,042	3,820,619
– Plant and Machinery	4,684,923	2,422,958
– Containers	2,099,272	1,894,811
– Others	3,946,596	2,118,505
Insurance	8,100,504	4,213,033
Directors' Sitting Fees	448,385	295,917
Customs Staff Expenses	12,222,615	9,435,609
Printing and Stationery	4,609,561	2,208,060
Travelling and Conveyance	15,404,175	12,766,083
Motor Car Expenses	5,316,008	3,594,427
Communication	4,795,152	3,218,386
Advertising Expenses	3,283,799	1,573,396
Security Charges	10,972,725	5,392,703
Professional Fees	13,250,795	12,159,692
Auditors' Remuneration:		
– As Auditors	1,575,000	1,300,000
– As advisers, or in any other capacity, in respect of - Other Services	120,000	560,000
– Reimbursement of Out-of-Pocket Expenses	41,587	34,087
Bad Debts Written Off	113,982	–
Provision for Doubtful Debts	6,588,274	9,414,092
Provision for Doubtful Ground Rent	3,453,050	3,081,955
Loss on Sale/ Disposal of Fixed Assets	57,712	1,191,428
Software Expenses	271,110	697,820
Stamp Duty and Share Issue Expenses	2,274,466	4,776,721
Foreign Exchange Premium	121,200	885,000
Bank Charges	1,633,202	2,594,021
Advances and Deposits written off	212,953	543,000
Miscellaneous Expenses	4,752,914	227,527
	472,352,222	394,318,530
“S” Interest		
Term Loan	22,464,624	38,430,542
Vehicle Finance Loan	2,969,658	6,763,221
Cash Credit	–	634,519
	25,434,282	45,828,282

GATEWAY DISTRI PARKS LIMITED AND SUBSIDIARIES

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2006 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED

“T” NOTES TO THE ACCOUNTS

I. 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 and Gateway Distriparks (South) Private Limited (Formerly Indev Warehouse and Container Services Private 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:

(a) 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 subsidiary companies 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.

(b) The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of incorporation	% voting power as at March 31, 2006	% voting power as at March 31, 2005
Gateway East India Private Limited (GEIPL)	India	60% Shares allotted on November 23, 2004	60% Shares allotted on November 23, 2004
Gateway Distriparks (South) Private Limited (Formerly Indev Warehouse and Container Services Private Limited)	India	100% Shares acquired on December 1, 2004	100% Shares acquired on December 1, 2004

(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.

“T” Notes to the Accounts (Contd.)

- (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 24 years;
 - Rail Siding, which is being amortised over a period of five years based on useful life estimated by the Management; and
 - Reach Stackers (included in Yard Equipments), to be transferred to maintenance operator, are being depreciated over a period of seven years.
- (c) Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition/ construction.

(iv) Incidental Expenditure Pending Capitalisation:

Incidental and Pre-operative Expenditure Pending Capitalisation/ Allocation represent expenses incurred prior to commencement of Container Freight Station (CFS) at Vishakhapatnam. The expenses of CFS have been allocated to the cost of the fixed assets or charged to Profit and Loss Account on commencement of operations at CFS.

(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, except as stated below. Foreign currency 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 except for the following:

- (a) exchange difference arising on repayment/ restatement of liabilities incurred prior to April 1, 2004 for the purposes of acquiring fixed assets, is adjusted in the carrying amount of the respective fixed assets.
- (b) exchange difference arising on repayment/ restatement of liabilities incurred on or after April 1, 2004 for the purpose of acquiring fixed assets from a country outside India, is adjusted in the carrying amount of the respective fixed assets.

The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets.

Premium in respect of forward contracts is accounted over the period of the contract.

“T” Notes to the Accounts (Contd.)

(viii) Retirement Benefits:

The Group provides for Gratuity and Leave Encashment entitlements in accordance with the policies of the Group and actuarial valuation carried out by an independent actuary as at the Balance Sheet date.

(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. 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 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 containers. 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 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.

“T” Notes to the Accounts (Contd.)

2. Contingent Liabilities:

Rs.

Particulars	2005-2006	2004-2005
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	2,705,767,200	728,105,000
Counter indemnity for guarantees issued by bank for loans taken by Subsidiary	75,000,000	68,000,000
Claims not acknowledged as debts	1,700,000	3,731,000
Total	2,782,467,200	799,836,000

3. Capital Commitments:

Estimated amount of contracts [net of advances of Rs. 61,693,511; (Previous year Rs. 57,844,387)] remaining to be executed on capital account and not provided for is Rs. 78,586,713; (Previous year Rs. 95,743,271).

4. Employee Stock Option Plan

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.

A. ESOPs I

The Employee Stock Option Committee formed for the implementation of the plan, at its meeting held on September 28, 2002, granted share warrants entitling options for 568,000 Equity Shares to the eligible directors and employees of the Company at par. 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 December 2, 2002 i.e., the date as specified in the warrant at the time of allotment. (The Board of Directors in its meeting on September 23, 2004 have extended the date of exercise of the options to April 2, 2005 or listing of the shares of the Company, whichever is later.)

Of these, options for 24,700 (Previous year 23,500) equity shares have lapsed on termination of employment of employees and the Company has allotted 543,300 equity shares on October 6, 2005 provided to employees under Employee Stock Option Plan, 2001.

B. ESOPs II

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 (Previous year 10,500) equity shares have lapsed on termination of employment of employees and options for 149,000 (Previous year 157,000) equity shares at Rs. 22.50 per equity shares were outstanding as on March 31, 2006. The rights under the options

“T” Notes to the Accounts (Contd.)

would be exercisable between May 1, 2006 and May 1, 2009 at a price of Rs. 22.50 per share (at premium of Rs. 12.50 per equity share), which would be deposited at the time of exercise of the options by the employees of the Company. Subsequent to the year-end, the Company has allotted 144,000 equity shares on May 3, 2006 provided to employees under 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.

C. Employee Stock Option Plan, 2005

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.

ESOPs III

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.

Of these, options for 13,500 equity shares have lapsed on termination of employment of employees and options for 226,500 equity shares at Rs. 163.64 per equity shares were outstanding as on March 31, 2006. The rights under the options would be exercisable on graded basis between September 16, 2005 and April 1, 2008 at a price of Rs. 163.64 per share (at premium of Rs. 153.64 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 share price on Bombay 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.

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 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.

“T” Notes to the Accounts (Contd.)

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 "Container Freight Station". Since 100% of the Group'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 ended March 31, 2006.

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.

Particulars	2005-2006	2004-2005
Commission to Mr. Prem Kishan Gupta, Deputy Chairman and Managing Director	2,400,000	1,200,000

8. Directors' Remuneration:

Rs.

	2005-2006	2004-2005
Commission to Managing Director	2,400,000	1,200,000
Commission to Non Whole- time Directors	6,400,000	3,200,000
Directors' Sitting Fees	448,385	295,917
Total	9,248,385	4,695,917

9. 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.

“T” Notes to the Accounts (Contd.)

Particulars	2005-2006	2004-2005
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 Rs.)	722,748,170	345,813,282
II. Weighted average number of Equity Shares for Earnings per Share computation		
For Basic Earnings Per Share	80,147,354	64,241,096
Add: Weighted average outstanding employee stock options deemed to be issued for no consideration	154,552	353,514
For Diluted Earnings Per Share	80,301,906	64,594,610
III. Earnings Per Shares in Rupees (Weighted Average)		
Basic	9.02	5.38
Diluted	9.00	5.35

10. The Company has deposited Rs. 500,000,000 to Ministry of Railways, Government of India ("the Indian Railways") towards entry fees for operating the container trains on Indian Railways. On February 21, 2006, the Indian Railways has issued "In Principle" approval for movement of own container train on an All India basis. The Company is in the process of executing the concession agreement with Indian Railways.

11. Previous year's figures have been rearranged to conform with current year's presentation, wherever applicable.

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

Partha Ghosh
Partner
Membership No. F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 7, 2006

For and on behalf of the Board of Directors

Gopinath Pillai
Chairman

Prem Kishan Gupta
Deputy Chairman and
Managing Director

Karan Singh Thakral
Director

Shabbir Hassanbhai
Director

R. Kumar
Chief Finance Officer and
Company Secretary

Place : Mumbai
Date : June 7, 2006

CONSOLIDATED RESULTS AT A GLANCE

