



Quality performance.



Quality benchmark.

4th Annual Report - 1998 - 99

Board of Directors

K L Chugh	Chairman
M K Agarwal	Managing Director
Ram S Tarneja	
R K Pitamber	
P Sudhakar Reddy	
T S Rao	

Management Team

M K Agarwal	Managing Director
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Vice Presidents

V T Pawar	Finance & Accounts
V V Rao	Business Development
Meera Madhusudan	Corporate Communication & Customer Service

Assistant Vice Presidents

K Rama Poojari	Mumbai Region
Pradeep Kumar Tewari	Operations

DGM-Finance & Company Secretary

A.S. Sandhu

Auditors

R S Agarwala & Co.
Chartered Accountants

Registered Office

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

Bankers

State Bank of India
Canara Bank
Bank of India

Registrars & Transfer Agents

Shweta Computers Limited
Devaki Chambers
1-7-74/79, Sarojini Devi Road
Secunderabad 500 003.

SHWETA COMPUTERS LIMITED

1-7-74/79, "Devaki Chambers", S.D. Road,
Secunderabad - 500 003.

Phone : 7842109 Fax : 040-7845173

Dear Shareholder

Date : 15/09/99

DISPOSAL OF ODD LOT SHARES - GCL

As an investor friendly measure the Department of Company Affairs, Govt. of India has recommended that the Companies listed on the Stock Exchanges should provide requisite services to the investors in disposal of "Odd Lot Shares" held by them of which they often face difficulty in selling in the Stock Market.

In view of the same we are pleased to announce the scheme for the benefit of you being a Shareholder of M/s. Gati Corporation Ltd. (GCL) to dispose of the Odd Lot Shares. You may kindly be aware that pursuant to the scheme of arrangement, duly sanctioned by Hon'ble Court of Andhra Pradesh, Hyderabad, every shareholder of the then Transport Corporation of India Ltd. (now known as TCI Industries Ltd) having 100 shares had received the following shares in various transferee companies.

Name of Transferee Companies	No. of Shares
1. M/s. TCI Industries Ltd (now known as Transport Corpn. Of India Ltd. w.e.f. 29/01/99)	67
2. M/s. Transcorp International Ltd.	5
3. M/s. Gati Corporation Ltd.	23
4. M/s. Transport Corporation of India Ltd (now known as TCI Industries Ltd. w.e.f. 29/01/99)	5

Shweta Computers Limited (SCL) is pleased to announce a scheme for the benefit of the shareholders of Gati Corporation Ltd. Who wish to dispose of their Odd Lot Shares in the Company.

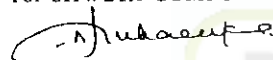
The Important Features of the Odd Lot Scheme are :-

- The Scheme is absolutely optional to facilitate the disposal of Odd Lot Shares and you are free to avail yourself of any other offer that may be available.
- The Scheme opens immediately and at present there is no time fixed for closure of the scheme.
- The Shares offered by you will be sold in the open market on first-cum-first-served basis through recognised Brokers of the Stock Exchange as per the Stock Exchange norms against prevailing competitive market price.
- Gati Corporation Limited offer this service to you absolutely free of cost and hence no service charges or Brokerage will be deducted from the amount payable to you by selling your Odd Lot Shares.
- For your benefit we are enclosing partly filled in Transfer Deeds alongwith the Form of Acceptance.

We trust you will find this offer acceptable. For further clarifications, please go through the Terms and conditions at the reverse.

Yours faithfully,

For **SHWETA COMPUTERS LIMITED**


ARUN LUHARUKA

Director

Encl : Form of Acceptance and Transfer deeds.

FORM OF ACCEPTANCE**APPLICATION FOR SALE OF ODD LOT SHARES OF GATI CORPORATION LTD (GCL)**

Folio No.	Name and Address of Shareholder(s)	Cert No.	No. of Shares	Distinctive Nos.
		Total		

To,

M/s. Shweta Computers Limited
1-7-74/79, "Devaki Chambers", S.D. Road,
Secunderabad - 500 003.

Dear Sir,

I/We am/are the holder of above shares and I/We wish to sell all of them under the ongoing scheme of Gati Corporation Ltd. (GCL) concerning Odd Lot Shares. I/We have gone through the enclosed Terms and Conditions and will abide by the same. My/Our acceptance is irreversible and irrevocable.

I/We enclose the share certificates as well as the Transfer Deeds, duly filled in and signed, for your necessary action.

Thanking you,
Yours faithfully,

(Signature of Ist Holder)

(Signature of Jt. Holder)

(Signature of Jt. Holder)

Dated :

TERMS AND CONDITIONS FOR DISPOSAL OF ODD LOT SHARES

1. This is not an invitation but a facility being extended to the investors to help them to dispose of their odd lot shares and is entirely optional. The offer is open only for purchase of odd lot shares from Indian Nationals, resident in India having a clear and unencumbered title to the shares. SCL will not entertain requests from shareholders/public to sell to them odd lot shares.
2. The offer is open till further notice. As such, for the time being there is no cut off date for the odd lot holders to avail of this offer. It is an on-going service made available to the odd lot holders. However, whenever the Company announces book closure/record date for the purpose of dividends, rights, bonus, etc. the scheme will be temporarily suspended during the book closure period. The scheme may also be temporarily suspended for any internal administrative reason. The Company may decide to close the offer in future without notice or giving any reason thereto.
3. On receipt of the valid set of documents, the odd lot shares received from the various shareholders will first be consolidated into marketable lots in the name of SCL and then sold at the best available market price through recognised broker(s) or any other Corporate Body at the discretion of SCL at the earliest. On receipt of the amount from the broker, the same will be distributed to the odd lot holders of Shares. The amount payable would therefore be remitted latest within 6 weeks from the date of receipt of the valid set of documents. However, the above period would get extended in case of any disruption in the stock market operations or inability to carry out transactions due to any other reason beyond the control of SCL.
4. In case the sum of the number of shares received from the various investors does not constitute a marketable lot, such shares will not be sold immediately but kept pending and sold only when a marketable lot is formed.
5. The odd lot holders interested in this scheme are required to send the application form and the preprinted transfer deed duly signed and witnessed along with the relevant share certificates to :-
SHWETA COMPUTERS LIMITED, 1-7-74/79, S.D. ROAD,
DEVAKI CHAMBERS, SECUNDERABAD - 500 003. (A.P.)
6. The documents submitted should be complete in all respects as per the instructions on the application form, failing which the documents will be returned to the odd lot holders under objection. Separate sets of documents should be executed for each Registered folio. Also note that the transfer deed is valid for one year from the date of presentation stamped on the top of the deed. The odd lot holder can use another transfer deed if the validity of the deed has expired.
7. The amount payable will be sent to the first named holder by an "Account Payee" D D as soon as the sale proceeds are realised. The DD will be made out giving the bank/branch name, the account number and the name of the shareholder.
8. SCL will not be liable for any loss in transit of any documents/cheques. Any loss on account of fluctuation in the market rate during the period of sale/transit will also not be the liability of SCL. SCL will have the sole discretion to accept or reject any application without assigning any reason for the same.

Note :Please send the documents and share certificates preferably by Speed/Registered post to our address given on the reverse. All documents received by us will be duly acknowledged. We will not be responsible for loss or whereabouts of any request for transfer under the concerned scheme against which no acknowledgement has been issued from this end.



You are requested to accept my/our application and arrange to send the sale proceeds, by an A/c. Payee Cheque/DD on favour of my Banker, as per details mentioned below, to my/our address given below.

1. Name of Bank	_____	Branch	_____
2. A/c. Type	_____	A/c.No.	_____

Address of 1 st Holder	Name of the Holder(s)	Signature(s)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(as per the specimen signatures registered with the Company)

Thanking you,

Yours faithfully,

Signature of 1st Holder)

Dated :

(Signature of Jt. Holder)

(Signature of Jt. Holder)

NOTICE

Notice is hereby given that the 4th Annual General Meeting of the shareholders of the Company will be held on Saturday, the 30th October, 1999 at 3.00 PM at Hotel Viceroy, Lower Tank Bund, Hyderabad 500 080 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Audited Profit and Loss Account for the year ended 30th June, 1999 and the Balance Sheet as on that date together with the report of Auditors thereon.
2. To declare a Dividend.
3. To elect Directors.
4. To appoint Auditors in place of retiring Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs.10,00,00,000 (Rupees ten crores) to Rs.17,00,00,000 (Rupees Seventeen crores only) by creation of further 7,00,000 (Seven Lacs) Redeemable Preference Shares of Rs.100/- (Rupees one hundred) each.

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT the existing CLAUSE V of the Memorandum of Association of the Company be and is hereby substituted by the following :

CLAUSE V

The Authorised Share Capital of the Company is Rs.17,00,00,000 (Rupees Seventeen Crores only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- (Rupees ten only) each and 7,00,000 (Seven lacs) Redeemable Preference Shares of Rs.100/- (Rupees one hundred) each with such rights, privileges and conditions attached thereto as may be determined by the General Meeting at the time of issue. The Company has and shall always have the power to divide share capital from time to time and to vary, modify and abrogate any rights, privileges and conditions attached to the shares in such manner as may for the time being be provided in the regulations of the Company.

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

RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, the ARTICLE 3 of the Articles of Association of the Company be and is hereby substituted by the following :

ARTICLE 3

The Authorised Share capital of the Company is Rs.17,00,00,000 (Rupees Seventeen Crores only) divided into 1,00,00,000 (one crore) Equity Shares of Rs.10/- (Rupees ten) each and 7,00,000 (seven lacs) Redeemable Preference Shares of Rs.100/- (Rupees one hundred) each with power to increase or reduce the capital of the Company and to divide, sub-divide or consolidate its shares from time to time in such manner as is permitted under the Act.

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 80, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association of the Company and subject to such terms and conditions as may be determined by the Board of Directors ("the Board", which terms shall be deemed to include for the purpose of this resolution any committee of directors) and subject to such approvals, consents, permissions or sanctions of the appropriate authorities that may be required and agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer/issue/allot Redeemable Preference shares of Rs.100/- each aggregating to an amount not exceeding Rs.7 Crores to Person or Persons, Financial Institutions, Banks, Mutual Funds, Bodies Corporates etc., in accordance with the SEBI guidelines, if any, on Allotment of Preference Shares.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such things and acts as may be necessary and expedient and to settle any matter, may arise in connection therewith."

By Order of the Board

for GATI CORPORATION LIMITED

A S SANDHU

Deputy General Manager (Finance) &
Company Secretary

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

Date : 9th September, 1999

Notes

1. a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. A Proxy need not be a member.
b) Proxy form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting.
2. The Share Transfer Books and the Register of Members will remain closed from 29th October, 1999 to 30th October, 1999 (both days inclusive) to determine eligibility for payment of dividend, if any.
3. The Dividend, if declared, will be paid to those shareholders whose names appear on the Register of Members on 29th October, 1999 subject to the provisions of section 206A of the Companies Act, 1956.
4. The members are requested to intimate any change in their address with pincode, if any, immediately and quote Folio Number in all correspondence. They are also requested to bring their copy of Annual Report while coming to the meeting.
5. Non-Resident Indian shareholders are requested to inform the Company immediately about:
 - a) The Change in the residential status on return to India for permanent settlement.
 - b) The particulars of NRO Bank Account in India, if not furnished earlier.
6. Members are requested to intimate under the signature of the sole/First joint holder of their Bank Account Number, Type of Account, Saving(SB) or current(CA), name and address of the Bank, in which they intend to deposit the Dividend Warrants, so that the same can be printed on dividend warrants to avoid the incidence of fraudulent encashment of the instrument.
7. The members may also note that M/s Shweta Computers Ltd., were appointed as Trustees for disposal of fractional shares and for remitting the proceeds to the respective shareholders. They have already disposed off the shares and the proceeds will be remitted by them shortly.
8. The members are requested to surrender their older certificates (issued by the then Transport Corporation of India Limited (now known as TCI Industries Limited) the transferor Company under the Scheme of Arrangement) to M/s Shweta Computers Limited, Secunderabad as requested by the said company vide their letter dated 25.10.1998 and reminder letter of 13.04.1999 and obtain their new share certificates of 4 Companies including this Company.
9. The Shares of the Company are at present listed on following Stock Exchanges viz. Hyderabad, Calcutta, Bangalore, Delhi, Madras and Cochin. The listing fees for the year 1999-2000 has been paid to each of the above Stock Exchanges.

Explanatory Statement Under Section 173(2) of the Companies Act, 1956.

Special Business

Item No.5, 6 & 7

The Present Authorised Share Capital of the Company is Rs.10 Crores consisting of one Crore equity shares of Rs.10/- each. The Company proposes to issue Redeemable Preference Shares to any Person or Persons, Financial Institutions, Banks, Mutual Funds, Bodies Corporates etc. In view of the proposed issue and allotment of Redeemable Preference shares, the Authorised Share Capital of the Company is required to be increased to Rs.17 Crores dividend into 1,00,00,000 (One crore) Equity Shares of Rs.10/- each and 7,00,000 (Seven lacs) Redeemable Preference Shares of Rs.100/- each and to make consequential change in the Memorandum and Articles of Association of the Company.

None of the Directors is interested in this resolution.

Item No.8

It is suggested to issue Redeemable Preference Shares to raise the funds to partly finance the Capital Expenditure on upgradation of Information Technology and Infrastructure expansion. Accordingly, the Company may issue Redeemable Preference Shares to any Person or Persons, Financial Institutions, Banks,

Mutual Funds, Bodies Corporates etc., to meet the requirement of funds for the aforesaid purpose.

Further, in accordance with section 81(1A) and in pursuance of SEBI guidelines, consent of the members of the Company by way of a Special Resolution is required to be obtained for issuing/allotting shares, debentures or other financial instruments to any Person or Persons, Financial Institutions, Banks, Mutual Funds, Bodies Corporate etc., whether or not they are members of the Company.

None of the Directors of the Company is interested in this resolution.

By Order of the Board

for GATI CORPORATION LIMITED

A S SANDHU

Deputy General Manager (Finance) &
Company Secretary

Registered Office :

1-7-293, M G Road

Secunderabad 500 003.

Date : 9th September, 1999

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fourth Annual Report and Audited Statement of Account for the year ended 30th June, 1999.

FINANCIAL RESULTS

	12 Months ended 30th June, 1999 (Rs.in Millions)	15 Months ended 30th June, 1998 (Rs.in Millions)
Income	1628.99	1544.28
Profit before Interest, Depreciation & Taxation	112.49	110.07
Interest	41.89	50.40
Depreciation	29.14	33.68
Profit before tax	41.46	25.99
Provision for Tax	4.00	0.50
Taxes for earlier years	0.03	—
Profit after Tax	37.43	25.49
Balance brought forward from previous year	7.17	7.49
Transfer from Debenture Redemption Reserve	2.80	—
Balance available for appropriation	47.40	32.98
Appropriations :		
Proposed Dividend	7.51	5.01
Tax on Dividend	0.83	0.50
Debenture redemption Reserve	—	2.90
General Reserve	35.00	17.40
Balance Carried forward	4.07	7.17
	47.40	32.98

DIVIDEND :

The Directors recommend payment of dividend of 30% amounting to Rs.7.51 millions for the current year as against 20% (Annualised 16%) for the previous year.

BUSINESS :

The growth and development of Express Cargo industry is related to Economic and Industrial Development. Despite a slowdown in industrial growth, the Company has recorded an impressive growth of 32% with an income of Rs.1629 millions during the current year as against annualised Rs.1235 Millions (Rs.1544 millions for the fifteen months period) during the last year.

On profit point, the Company has done extremely well. Profit after tax has increased from Rs.20 Millions, Annualised (Rs.25 Millions for 15 months) to Rs.37 Millions during current year i.e. growth about 85%.

This commendable performance was possible due to continuous upgradation of quality of our services, customer base expansion, entry into niche market and offering cost effective solutions to the changing customer needs. Our endeavour to build and sustain competitive advantage through network expansion and technology upgradation also resulted in Value Addition leading such impressive growth.

Gati's strength is derived from its unparalleled network of Branches and Service locations, safety and reliability in transit, substantial investment in information technology, training and professional work force.

FOCUS AREAS FOR 1999-2000

In the fast changing market scenario, where e-commerce and cutting edge information technology have become the driving forces of change, Gati has plans to explore the new business opportunities. While Gati would maintain its leadership in the retail express business, the focus for the next year would be on the emerging "Third party logistics solutions" business.

Strategies are also being formulated to tap the business potential offered by e-commerce, which would enable Gati to enter new market segments viz., "business to home", services. Gati is also launching an "Express Package Service" under the name "Suvidha" to cater to the "non-document and package" segments. With these launches, Gati would emerge as a "total services" provider in the Indian logistics industry.

During the ensuing year, major thrust would also be on expansion of Gati's network through opening of outlets in most of the districts in the country. The expanded network would enable Gati to establish a formidable competitive advantage by enabling the Company to deliver the shipments to any town in the country. This vast network would also support rural marketing efforts of many companies.

The Company has plans to enter into International Business through SAARC countries. Operations to Nepal and Sri Lanka have already commenced and the services will be extended to other SAARC countries in near future.

ISO 9001 CERTIFICATION

Your Directors are pleased to inform that the Company has been awarded ISO 9001 certification for design, marketing and providing cargo management services by NQA Quality Systems Registrar Limited for Northern Regional Office, New Delhi and Head Office. The Company is in the process of obtaining ISO 9001 certificate for the entire Company during the ensuing year.

INFORMATION TECHNOLOGY AND Y2K COMPLIANCE :

Your Directors are happy to inform you that your Company has taken appropriate and effective steps to ensure Y2K compliance of all Systems. Significant progress has been made in this direction and all the existing systems of the Company would become Y2K compliant by October, 1999. The company does not envisage any disruptions of its operations due to Y2K problems.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

In terms of Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the Board is pleased to give the following particulars.

A. CONSERVATION OF ENERGY

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, particulars with respect to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo are given hereunder :

1. SHIPPING DIVISION

Shipping Division has taken adequate steps to maintain the operation of the Vessels at optimum speed and engine efficiency to conserve the fuel.

2. CARGO MANAGEMENT SERVICES DIVISION

The following energy conservation measures were taken by the Company in Cargo Management Services.

- i) Drivers Training Programmes are being organised regularly to improve their operating skills which result in conservation of energy.

- ii) The Company is endeavouring to ensure the pollution check of vehicles engaged by the Company on a regular basis.

- iii) The Company use low weight containers to conserve fuel consumption.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of foreign exchange earned/ utilised during the year are given as additional information in Schedule 21 - Notes on Accounts.

SUBSIDIARY COMPANY

The entire investment in equity shares of Bhoruka Textiles Limited were disposed of on 15.06.1999. Accordingly, Bhoruka Textiles Limited ceased to be a subsidiary company with effect from 15.06.1999.

The statement relating to the remaining Subsidiary Company namely Gati Investments Limited pursuant to Section 212 of the Companies Act, 1956 together with the Balance Sheet as on 31st March, 1999 and Profit & Loss Account for the year ended on that date and the Directors Report and Auditors' Report are annexed hereto.

PERSONNEL

The employee relations continued to be cordial during the year. Your Directors wish to place on record their sincere appreciation of the devotion and dedicated efforts put in by the employees at all levels.

The Statement of Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended forming part of this report are annexed.

FIXED DEPOSITS

The Company accepted fixed deposit from the Public and Shareholders of the Company during the year. At the end of the financial year the balance of the fixed deposit accepted was Rs.3.14 Millions. There was no unclaimed deposit as on 30th June, 1999.

DIRECTORS

Dr Ram S Tarneja and Dr P Sudhakar Reddy retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.



AUDITORS

The Auditors M/s R S Agarwala & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, have expressed their willingness to be re-appointed.

M/s K B Chitrakar & Co., Chartered Accountants, Auditors for Branches in Royal Kingdom of Nepal, retire at the conclusion of the forthcoming Annual General meeting and being eligible have expressed their willingness to be re-appointed.

GENERAL

Your Directors wish to place on record their appreciation of the support, which the Company continues to receive from the Financial Institutions, Company's Bankers and Business

Associates. Your Directors also place on record their appreciation for the support extended by the Shareholders and Fixed Depositors. Your Directors wish to express their appreciation of wide customers support specially Indian Airlines Corporation Limited for their co-operation throughout the year.

Your Executive Management team led by Mr.M.K.Agarwal, Managing Director deserve to be complemented for their unstinted efforts and enthusiasm.

For and on behalf of the Board

Secunderabad,
September 09, 1999

M.K.Agarwal
Managing Director

Ram S.Tarneja
Director

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