

GATI: 'Go to Market' strategy to drive future growth

Riding on an impressive 2009-10 performance, Gati has announced their 'Go to Market' vision strategy for 2014 silver jubilee. To achieve the goal, Gati has decided to restructure the core business into two dedicated divisions - Gati Express Distribution and Gati RedSun Supply Chain & Cold Chain Solutions, as well as demerge Shipping division into a wholly owned subsidiary.

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Beating all expectations, Gati has done a complete turnaround from its performance last year and has announced its 2009-2010 full year performance

which clearly puts its trajectory on a steep growth path. The Revenue has shot up to Rs 20,847 lakh for the Q4 this year as compared to Rs 15,836 lakh for same period last year which is a growth of 31.6 per cent. The revenue for the year 2009-10 has also shot up to Rs 75,122 lakh as compared to Rs 63,016 lakh for year 2008-09 which is a growth of 19.2 per cent. Gati has also outperformed on the EBITDA level by delivering a solid 39.9 per cent growth over last year, i.e., Rs 8,611

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lakh for the year 2009-10 compared to Rs 6,153 lakhs for the year 2008-09. The profit after tax this year is Rs 1,511 lakh, as compared to 1,505 lakh loss for last year which is an increase of 200.4 per cent.

The Express Distribution & Supply Chain division was the star performer with an exceptional performance on revenue and EBITDA growth. This growth reflected by 43.5 million parcels delivered this year compared to 33.1 million parcels delivered last year which

is a growth of 31.5 per cent. Gati's penetration now reaches 622 out of the 626 districts covering 132,106 locations across the country. Most significant of all, the major thrust towards rural markets resulted in an increase from 14 per cent to 18 per cent QoY.

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"With our strategy to build upon our core strengths of Express Distribution towards Solutions and Knowledge offerings to our customers, Gati will form the new division for Supply Chain & Cold Chain. Under the brand Gati RedSun, the new division will offer both Cold & Ambient Supply chain solutions. This move will also allow us to bring into alignment our existing subsidiary and the Kausar Brand as a product offering under the new division. Under RedSun, we will offer complete E2E Cold Chain Solutions including temperature sensitive Storage and product life cycle management. Last year has seen us strengthening our Supply Chain business and we are now geared to take on larger and more sophisticated contracts for management of our customers total supply chain. With a focus on the Auto, Telecom and Consumer Electronics sector, we are confident we shall be the market leader in supply chain business in the country," Agarwal added.



Mahendra Agarwal, Managing Director & CEO

Considering shipping as more “cyclical” needs a different kind of strategy for sustained growth, the Board of Directors also decided to demerge the shipping

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As per the new restructuring, Gati Express Distribution will handle express parcel and freight services, transport solutions, and international express and freight. Similarly, Gati RedSun Supply Chain Services will comprise Kausar cold chain distribution, RedSun cold chain solutions, contract logistics, business process outsourcing services, re-engineering & consultancy services, etc.

into a wholly-owned subsidiary. The shipping division of Gati will be known as Gati Shipping. “Strategically, this now allows us to focus our internal investment efforts on the core elements of Express Distribution and Supply Chain, with a special focus on the Cold Chain,” Agarwal informed.

RedSun Supply Chain Services will comprise Kausar cold chain distribution, RedSun cold chain solutions, contract logistics, business process outsourcing services, re-engineering & consultancy services, etc.

While expanding their visibility in the domestic market, Gati is also focusing

strongly on the global market, especially in the APAC. “Our focus is on India, while we will ramp up our presence in the APAC region. Today, through our International Division, Gati is present in Thailand, Singapore, China, Dubai and Hong Kong. We recently opened our offices in Malaysia and shall soon be doing the same in two more countries this half. SAARC business continues to show steady growth and we are looking at offering Indian customers the benefit of a seamless Asia Pacific wide Distribution and Freight Forwarding solutions,” Agarwal said.

Commenting on the growth strategy, Agarwal said that the company is open to partnerships and acquisitions for accelerated growth in the global market. “We are also open to acquisitions or partnerships in the APAC region as this allows us to foster an accelerated growth strategy. The team is working on this and we shall make periodic announcements on this,” said Agarwal. ❖