

A large portrait of a middle-aged man with dark hair and a mustache, wearing a dark blue suit, white shirt, and a yellow patterned tie. He is standing in front of a large, abstract painting with warm tones of orange, red, and yellow. The portrait is partially cut off by a white diagonal line that separates it from the text below.

Message from the Chairman

Dear Shareholders,

I am very happy to share with you our company's performance highlights for the financial year FY2019-20.

The past year has indeed changed the way businesses function. As the world transcends this phase; it calls for rethinking with renewed emphasis on Technology, Innovation and Sustainability. With the global economy now showing signs of recovery and with governments initiating interventions for trade revival and growth, the future is poised for striding ahead with optimism and hope.

I am proud that our company stood resilient and has delivered another year of strong business performance.

Exploring possibilities through collaboration

With the conclusion of the strategic acquisition by Allcargo Logistics - India's largest integrated logistics services provider and the global LCL consolidation leader - Gati is now an Allcargo Company.

Allcargo's glorious legacy of over two decades, culture of conducting business professionally and adhering to the highest standards of corporate governance, resonate well with Gati's business values.

As an Allcargo Company, Gati can now offer its customers the opportunity to explore Allcargo's services like NVOCC, Container Freight Stations and Inland Container Depots, Project Logistics, and Contract Logistics to tap into the strengths of Allcargo's global

network that operates through more than 300 offices in over 160 countries.

Gati's extensive domestic reach into more than 19,800 PIN Codes and 735 out of 739 districts along with excellence in express distribution and first & last mile logistics combined with Allcargo's worldwide presence and expertise in diverse logistics verticals, enable us to offer truly end-to-end logistics services to customers in India and across the world.

Our company's warehousing, supply chain management and cold-chain distribution businesses are perfectly complemented by Allcargo's contract logistics solutions and there is great scope to join forces to offer customers an enhanced range and scope of services.

What remain as prerequisites to the success of this collaboration are closer interactions within the teams, getting the Gati and Allcargo teams to align to a common culture and values. We also need a futuristic approach to adapting digital tools and technology, agility, restructuring business processes and operations. While doing all of this we are making sure that customers and their business needs continue to be at the centre of all that we do.

Renewed leadership and futuristic transformation

Post the strategic acquisition by Allcargo, significant efforts are being directed towards restructuring key aspects of the business, and streamlining operations for enhancing performance. External turnaround consultants have been engaged to manage this organisation-wide transformation in a professional, effective, result-oriented manner.

Project Avvashya, our transformation project aspires to 'Redefine Gati' by channelizing team spirit to increase growth and efficiency, and thereby to optimise our sales, operations and processes.

All these efforts are expected to help our company consolidate its position as India's premier express distribution company and grow into a digitally-enabled, customer-focused, futuristic organisation that will set new performance benchmarks with its asset-light business model.

Business performance

The Total Revenue for FY2019-20 stood at INR 1711.67 crores as compared to INR 1863.19 crores in FY2018-19.


The slowdown in the Indian economy due to the COVID-19 pandemic and lockdowns led to challenges like fluctuations in demand, shutdowns in factories, transport and labour issues, etc. However, with the ease of restrictions now, businesses including ours are gradually opening up and are on the path towards recovery.

The Government of India has announced several policy initiatives which have been helpful towards improving the overall economy

and industry in particular. These initiatives include GST (and E-way Bill), 'Make in India', giving logistics an infrastructure status and most recently the Government's call to build 'Aatmanirbhar Bharat' or self-reliant India. All these initiatives indicate promising growth for the logistics sector. Further, the Government has introduced a PLI scheme (production-linked incentives) that would help to lay more emphasis on domestic production. The Government's intention is to incentivize various sectors such as pharmaceuticals, medical devices, electronics, mobile phone manufacturing and electronic component units to name a few.

As these sectors pick-up, there will be a consequent demand and opportunities for logistics services. Our company is well-positioned to leverage these opportunities with its wide scope of services along with an extensive domestic and global network. The thrust towards the pharmaceutical sector is of particular significance to Gati Kausar, our cold chain solutions business that has the capabilities to offer specialised solutions for pharmaceutical logistics amongst various other sectors.

It is expected that the current challenging times will open up avenues for new business potential in India. A substantial rise in the e-commerce segment, which seems to be one of the key trends observed during the pandemic, is leading businesses to relook at their logistics footprint. An increase in the demand for essential goods, the need for social distancing which is moving consumers towards buying online and the emergence of new delivery models like kerbside pick-ups, floating carts, etc. are driving growth in the e-commerce sector.



What remain as prerequisites to the success of this collaboration are closer interactions within the teams, getting the Gati and Allcargo teams to align to a common culture and values.

Being one of India's premier express distribution companies with our expertise in supply chain management, first and last mile deliveries, and well-designed as well as optimally-functioning hub-and-spoke model, digitalisation and technology; we can look at leveraging multiple opportunities arising from the growth in e-commerce.

The way ahead for businesses seems likely to be a decentralised in approach. This can offer greater flexibility and strike the right balance between proximity to industry clusters as well as consumption centres. We can establish effective partnerships with marquee customers for our warehousing solutions along with numerous value-added services like inventory optimization, risk management and contingencies strategies, sales and operations planning.

Our company's major strength is our wide range of services that include express distribution (Surface and Air), warehousing solutions, e-commerce logistics, cross border commerce, and cold chain (Gati Kausar). As a result, we can customise and deploy the right solutions at the right touch points in the supply chain based upon our customers' requirements.

This transition from being a premier express logistics company towards becoming a logistics powerhouse has been accentuated by continuous system changes, regular people training and upskilling, operations enhancements and customer education.

Our vast network has grown and we have expanded connectivity. In collaboration with over 4000 business partners/associates, we operate India's largest fleet of more than 5000 vehicles. In light of increasing customer demands and expectations, we continue to increase routes, reduce transit times, and expand our warehousing footprint.

During the current COVID-19 crisis, our company stepped up and managed operations effectively and also took various steps to ensure the safety of staff members, drivers, handlers, customers and all stakeholders. The senior management and the EDC/ Zonal teams, with support from our team members led this effort to keep business going. To mitigate the impact of the pandemic and the lockdown; various steps were undertaken by us such as tracking employees to ascertain their safety, providing food and shelter to staff, handlers and drivers, tracking and helping truck drivers who were stuck in far-flung areas due to the lockdown, being in constant touch with customers for their requirements and supporting them with safe and hygienic delivery of essential goods.

Focus on technology, people and processes

Our company is focused on process automation and improvement of procedures to ensure timely delivery of shipments. We have been significantly investing in a robust IT infrastructure, which remains the backbone of our processes, to continuously upgrade systems and implement innovative processes to further improve operational efficiency.



We focus on education, environmental sustainability, community development and rural development initiatives to empower and enrich lives.

Given the nature of the logistics industry, human resources play a vital role in the growth and success. Our company strives to enhance the competence and skills of its employees through various training and development initiatives, implemented across the organisation.

We believe in adhering to the highest standards of corporate governance and have implemented a robust system of internal controls, documented policy guidelines, well-defined organisation structure and predefined delegation of authority covering all corporate functions and operating units. These help us protect the company's assets from unauthorised use or losses, the reliability of financial controls, and compliance with applicable laws and regulations.

Care and concern for the society

Our company, rooted in strong values of contributing our bit and giving back to society, has Corporate Social Responsibility (CSR) ingrained in its culture. We are always looking for opportunities to make a positive difference and change lives for the better.

We believe that our business success belongs not only to us, but also to the people and communities amidst which the business operates, prospers and thrives.

We focus on education, environmental sustainability, community development and rural development initiatives to empower and enrich lives.

In recent times when the COVID-19 outbreak wreaked havoc, our company took on the mantle to contribute to COVID-19 relief in various ways. In addition to providing free food and essential goods at various places to help the local community, we also provided food and shelter to more than 3000 staff members, handlers and drivers during the course of the lockdown.

Looking ahead

As the economy gradually recovers, there is reason to look ahead with hope and optimism. In the new normal, businesses are de-risking by relocating manufacturing and diversifying their supply chains. This is likely to open up new business possibilities in India, especially in the areas of warehousing and e-commerce. Changing patterns in consumer behaviour characterised by a shift towards online shopping and increased demand for deliveries of essential and nonessential commodities would bolster this trend further.

Our company is adequately equipped to deliver exceptional operational efficiency and meet increasingly high standards of customer service and experience.

Our company has also aligned its activities to fulfil its objective of delivering 1 million packages per day. Besides, the strategic acquisition by Allcargo Logistics provides us the much needed impetus to grow and explore opportunities in the international market.

Moving forward, our focus remains on improving customer experience and leveraging our strong network to achieve operational excellence while creating avenues to sustain long-term shareholder value. As we steadily steer ahead, I take this opportunity to thank all our stakeholders for their trust, confidence and faith in the company's management.

I would also like to extend my gratitude to the Gati Board for its guidance and support, enabling us to take the company towards next-level growth and success.

Regards,



Shashi Kiran Shetty
Chairman

