

India's Pioneer in Express Logistics

Investor Presentation
June 2021



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Pioneer in Express Logistics

In a nutshell



Network Leader in Logistics

Pan India
668
offices across India

735
out of 739
Indian Districts Covered

Global Offices
across more than
160
Countries

98%
GOI approved
Pin-codes coverage

Reach Widest in Industry



4.1 Mn sq. ft.
Warehousing space across
multiple Locations

Area
Coverage



31 Hubs

Total
Hubs



300
Group offices in more than
180 countries

Global
Access

Deeper Customer engagements



8 out of Top 10
Auto Companies



8 out of Top 10
Pharma Companies

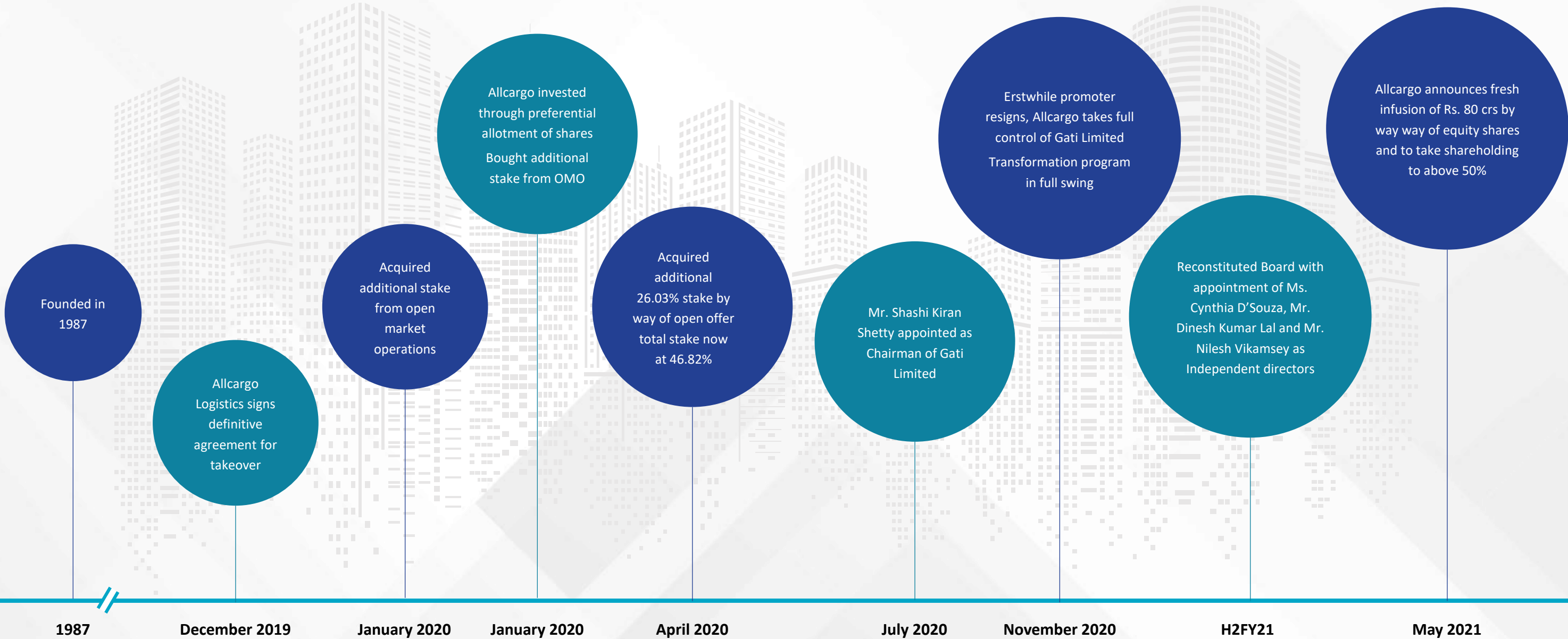


7 out of Top 10
Retail/Textile Companies



Major
E-Com Companies

Gati joins Avvashya Group



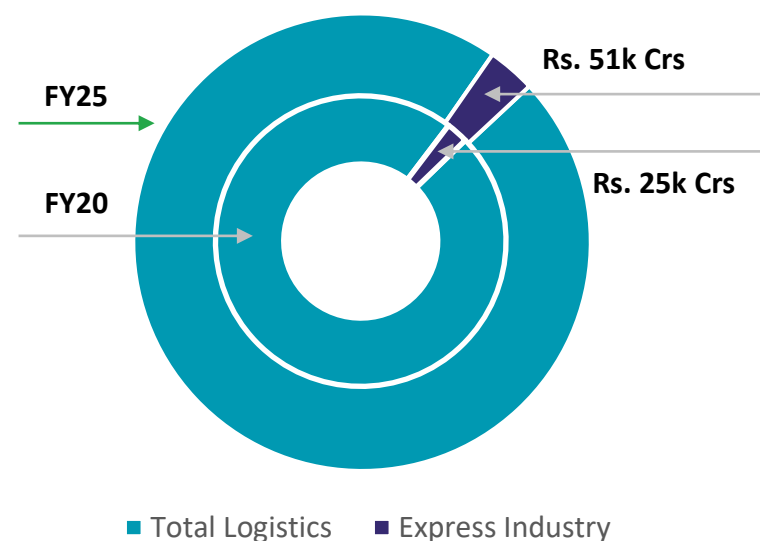
Industry with limitless opportunities

fastest growing segment in the industry

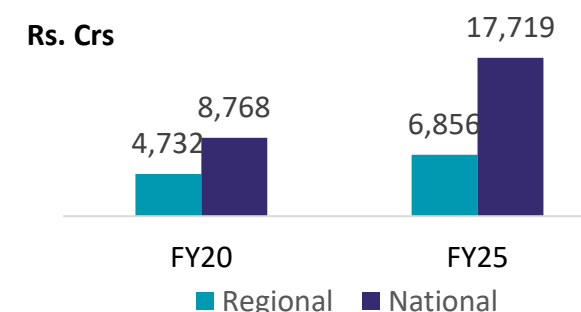
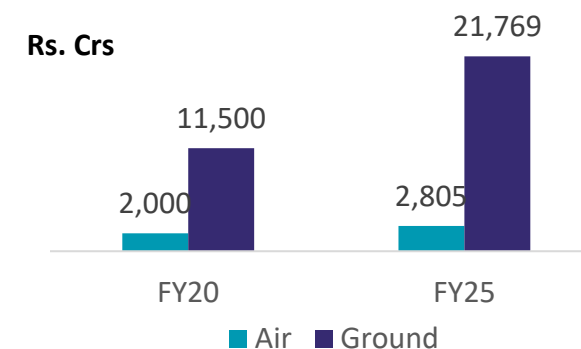
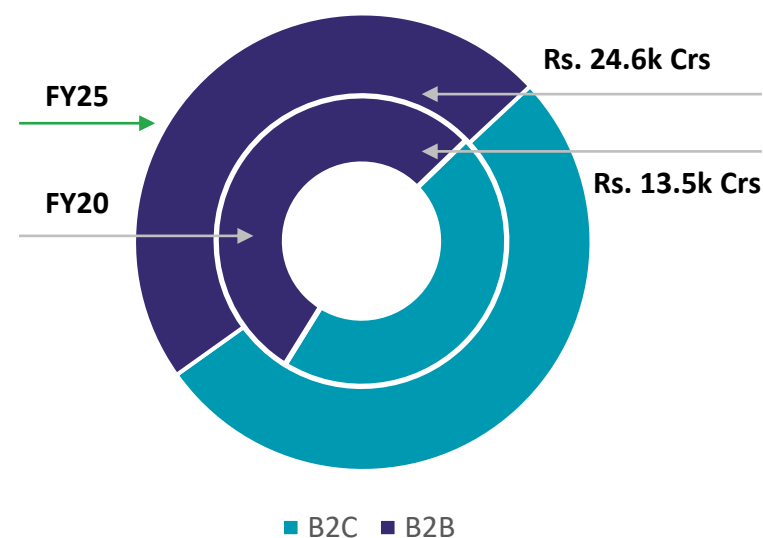


Surface + Air + Ecommerce + Contract Logistics
Total Available Market is ~Rs 52,500 crs*

Niche Contribution in Logistics Industry*



Accelerated growth Opportunities*



Short Term
ACHIEVED

Medium Term
**Launchpad
FY21**

Long Term



Maintained
market share in
FY21



Grow > Market
+ Improve
margins based on
Q4FY21



Market
Leadership
Opportunity
Potential

**Management
speak**

Express contributes 2.5% (approx.) to Indian Logistics Sector. Logistics sector poised to grow 10-12% CAGR by 2025, mere 100 bps market share could double market opportunity for Express Industry

**Market share gains
in growing industry**

National players would grow at a faster pace of ~20% CAGR compared to regional players. Exciting growth in B2C segment however profitable growth remain would remain key focus

Poised for Growth through Transformation

foundation for sustainable growth



Balance Sheet Restructuring

Key Focus Areas: Reduction in subsidiaries, addressing contingent liabilities, sale of non-core assets
Target: Asset light model focusing on express and ecommerce

Reduction in Debt

Key Focus Areas: Reduction of debt through proceeds from sale of non-core assets. Interest rate rationalization.
Target: Interest savings resulting higher PAT margin and improved RoCE

Profitability

Key Focus Areas: Transformation program rigorously targeting fixed & variable costs. Attain industry level margins.
Target: Market share growth, cost optimization and attain industry level margins. RoCE benchmarking

Digital

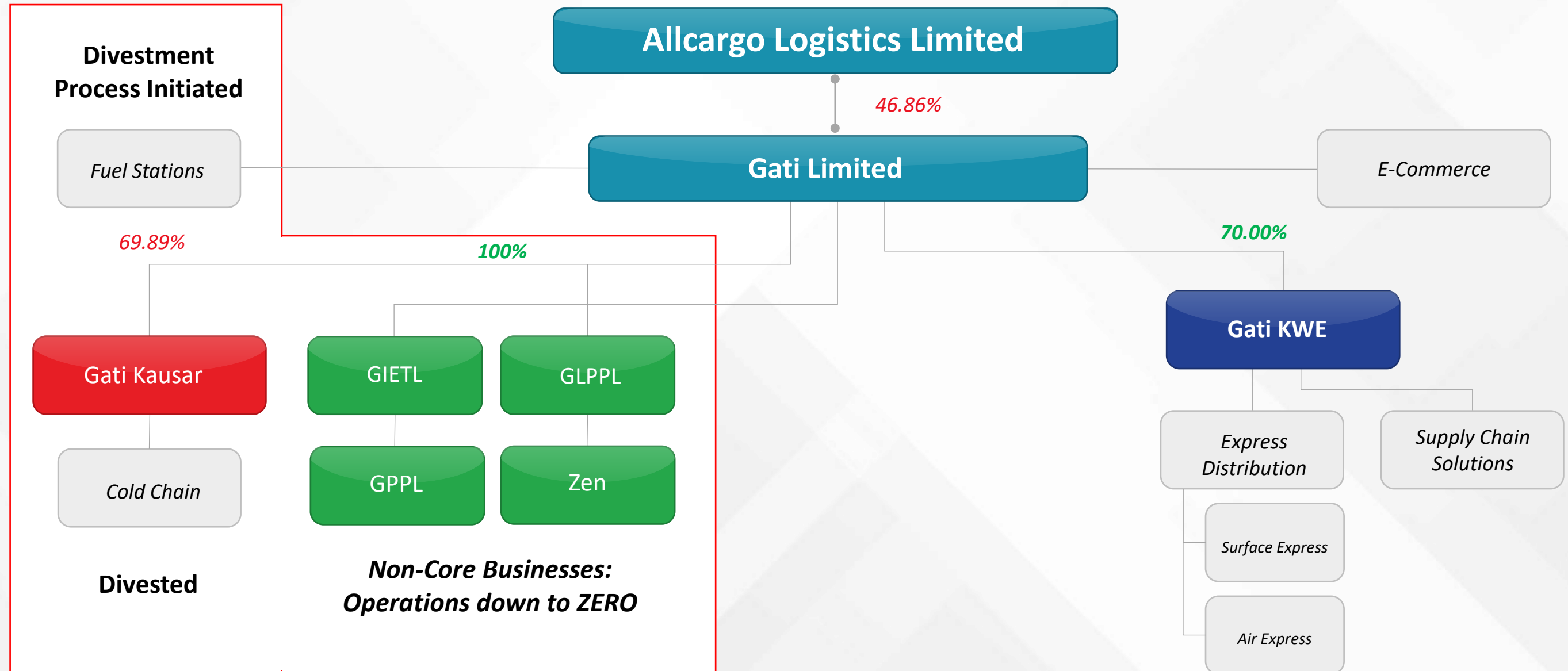
Key Focus Areas: Enhance customer experience. Data driven decision making.
Target: Customer delight, ease of doing business.

Governance

Key Focus Areas: Strengthen Internal governance through processes and people.
Target: Attracting & retaining top talent enabling best practices

Re-alignment of Corporate Structure

Focused approach

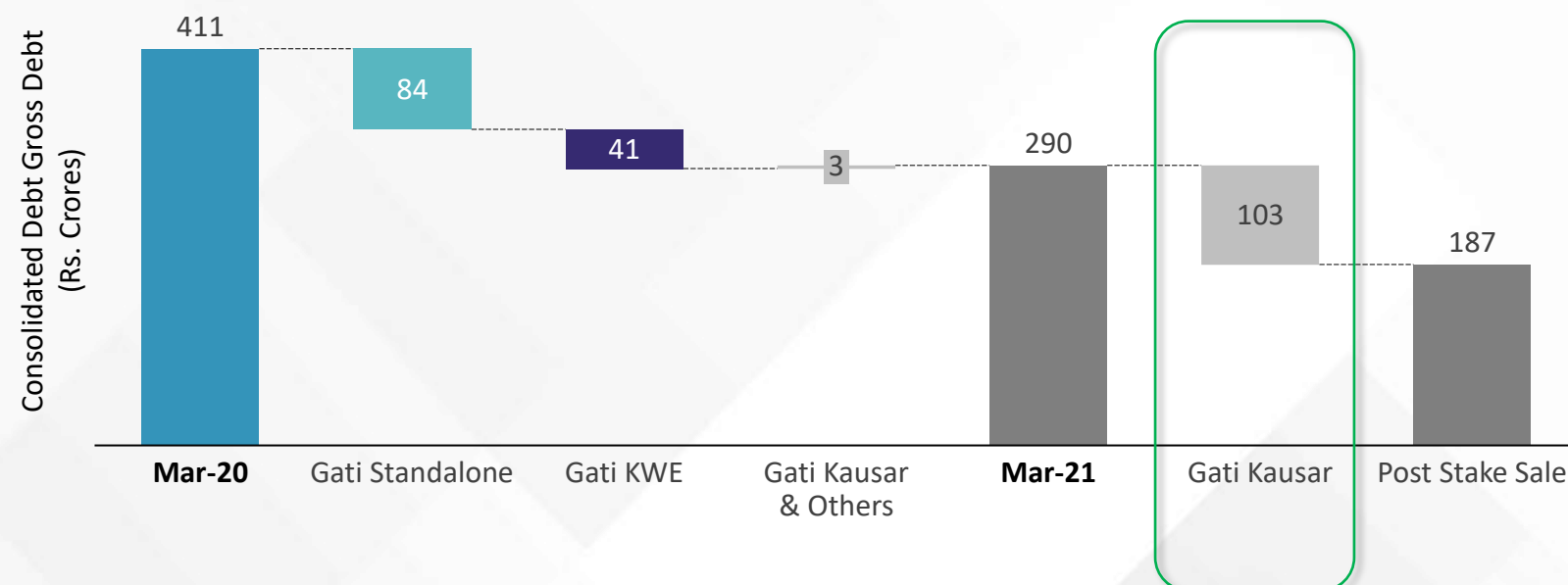


Balance Sheet Restructuring

Getting future ready



Gati Kausar Stake Sale



Sale of Non-core assets

Amount Received*

Rs. 57 crores

Amount Yet to be received*

Rs. 14 crores

Additional Assets Identified for sale

Rs. 170 crores

Divestment of Fuel Stations

Term Sheet Initiated

- Expected to complete in FY22

Divestment of Brown Tape

Rs. 1.1 crores^

- Divested entire stake

Reduction in Contingent Liability

Rs. 122 crores

- Reduction in tax liability. Net payment of Rs 16 crs in FY21 and additional payment of Rs 22.5 crs in Q1FY22 VsV scheme

Focus on Asset Light Strategy

Rs. 16.3 crores^

- Disposed 242 Commercial Vehicles for one-time book loss of Rs 6.9 crs*

* As on 31st March, 2021

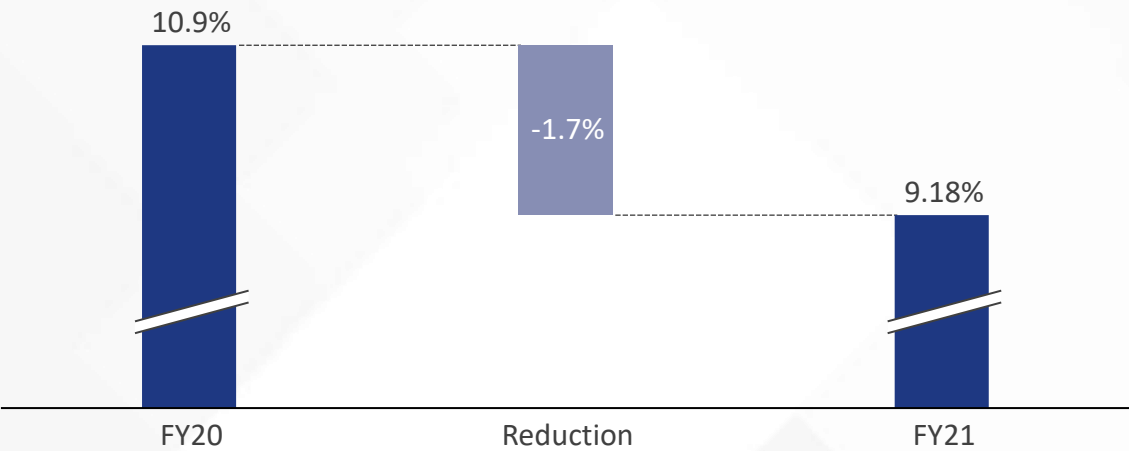
^ Realized till date is Rs. 12.2 crores

Debt Focused

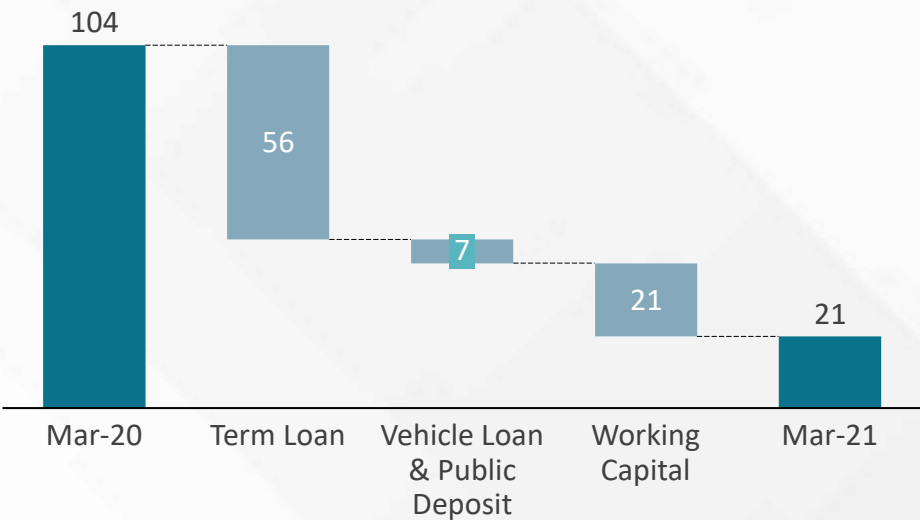
Deleveraging drive



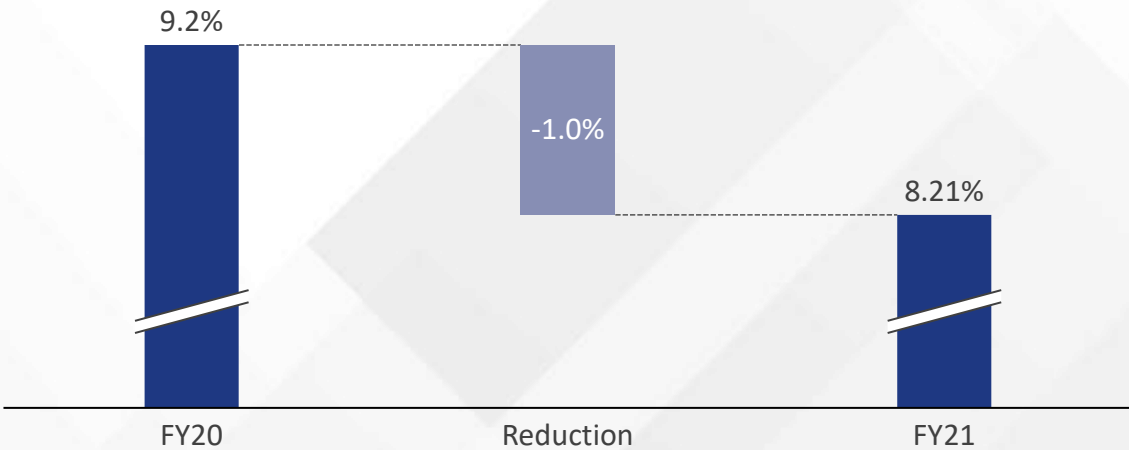
Average Cost of Funds



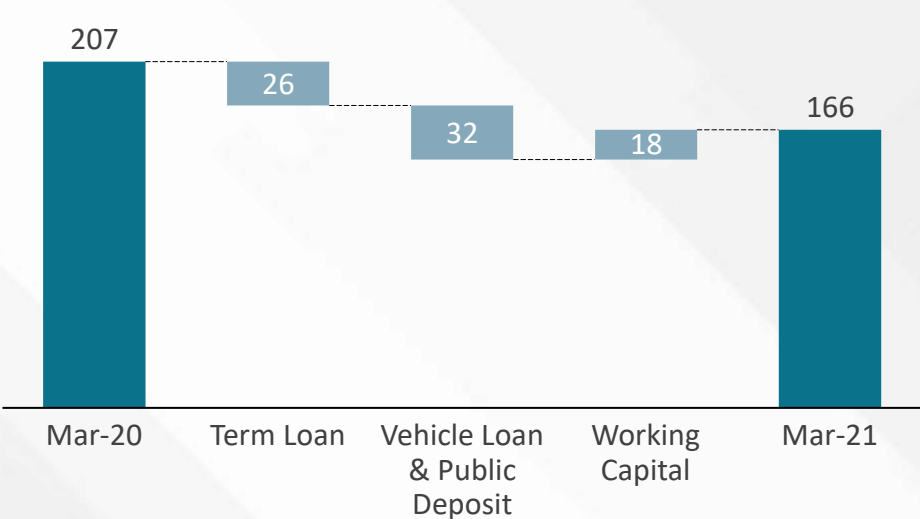
Debt Repayment



Average Cost of Funds

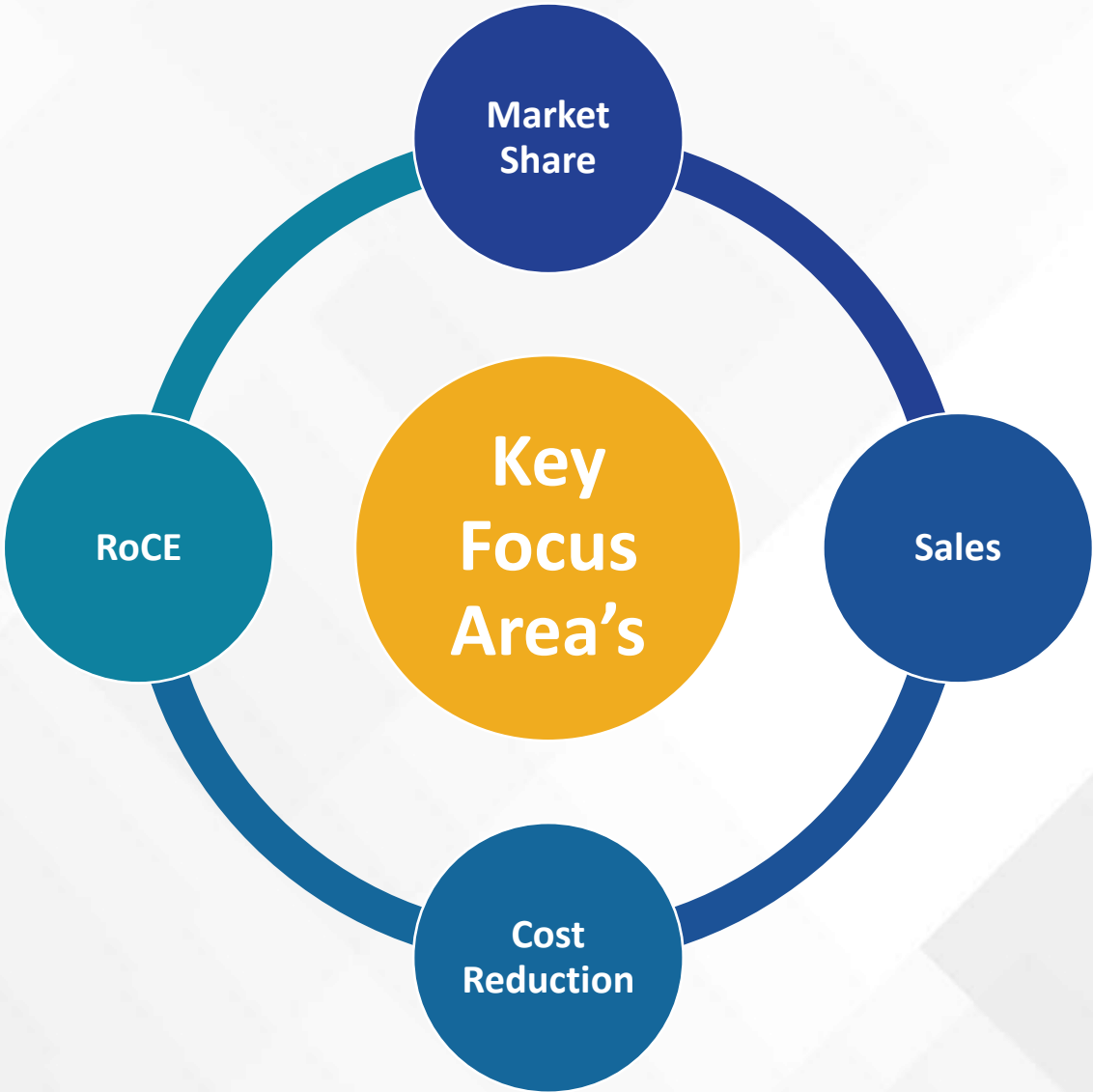


Debt Repayment

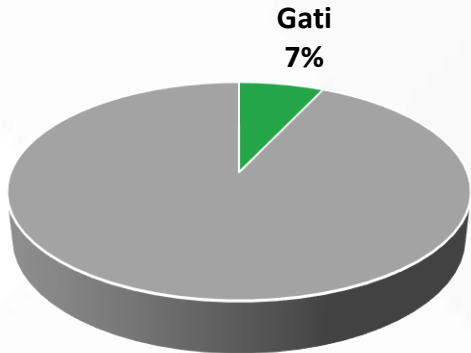


Express – Driving Force of Business

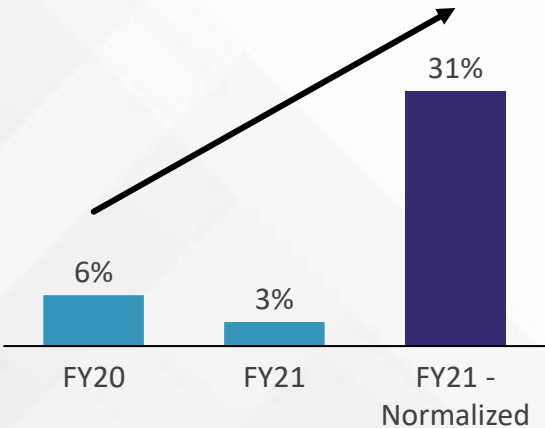
Core to future growth



Market share*

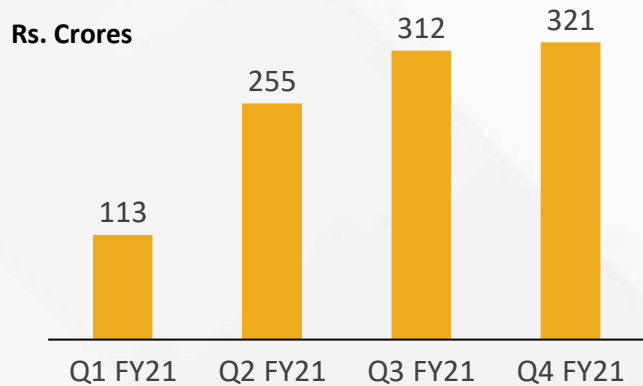


RoCE

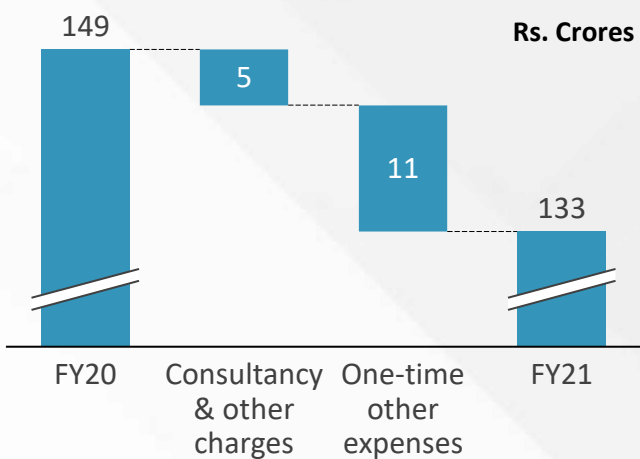


* Internal Estimates

Sales



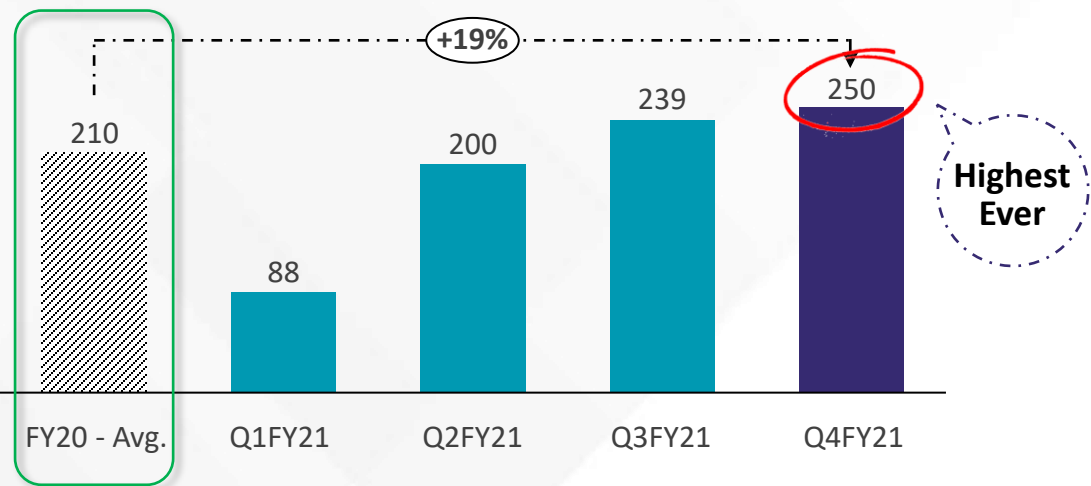
OH's Reduction



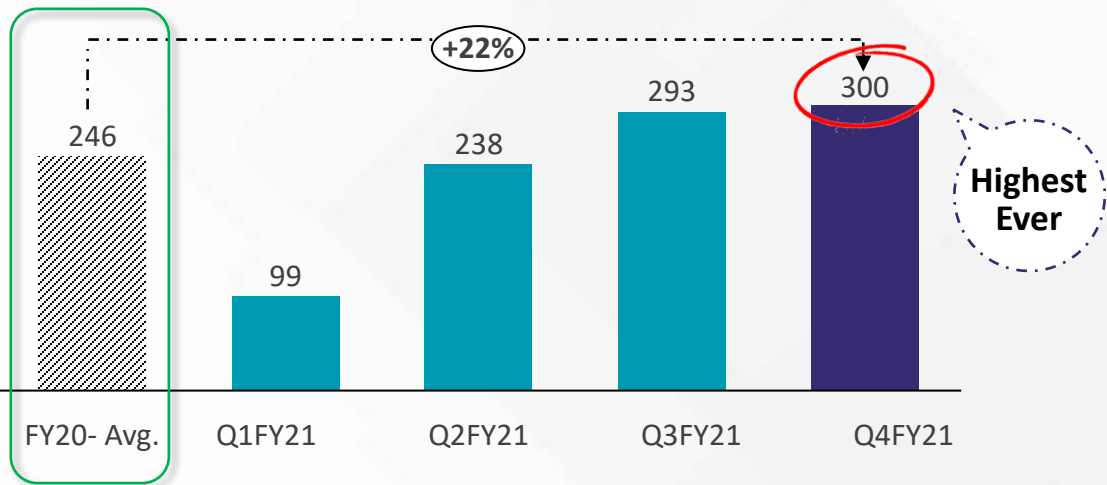
Milestone Q4 for Surface Express



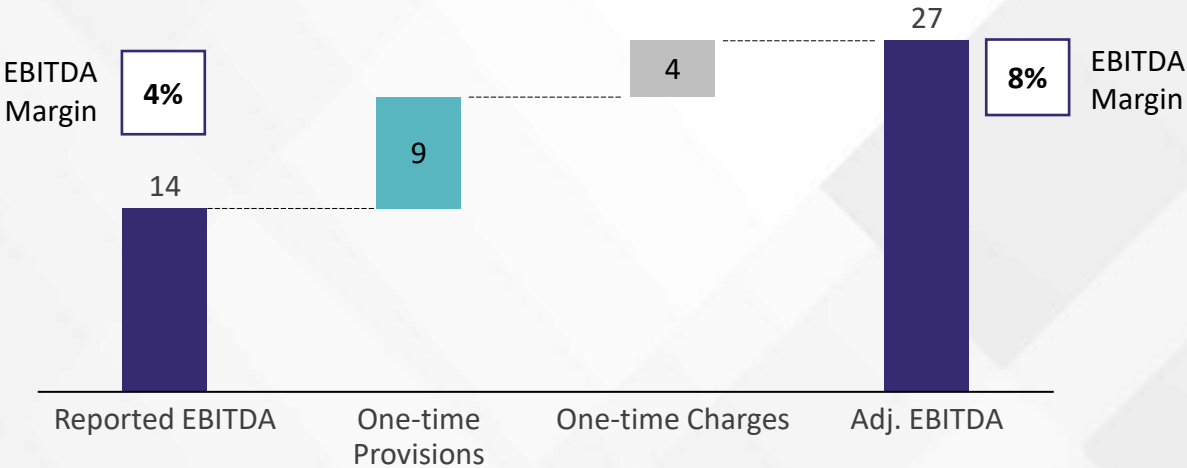
Volumes ('000 MT) 19% growth in Q4 FY21 exit rate vs. FY20 average



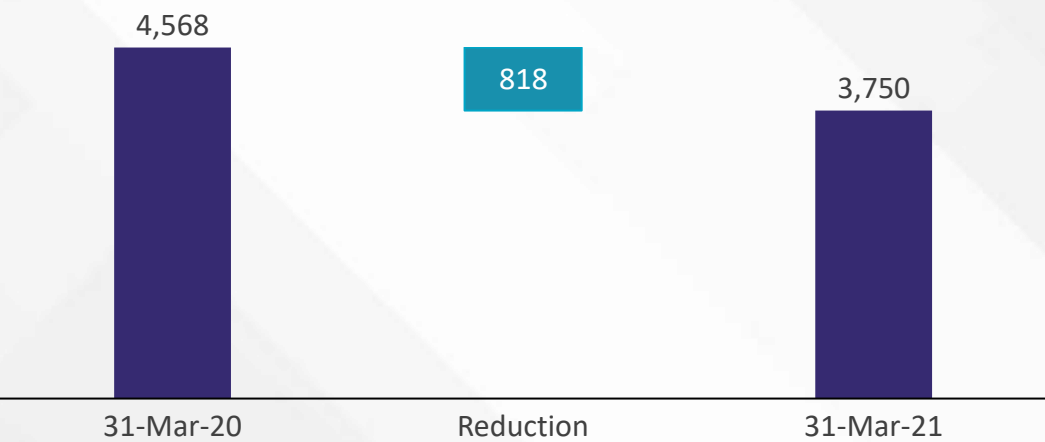
Revenue (Rs. Crores) 22% growth in Q4 FY21 exit rate vs. FY20 average



EBITDA



No. of Employee



Digital Transformation

Journey, not a destination

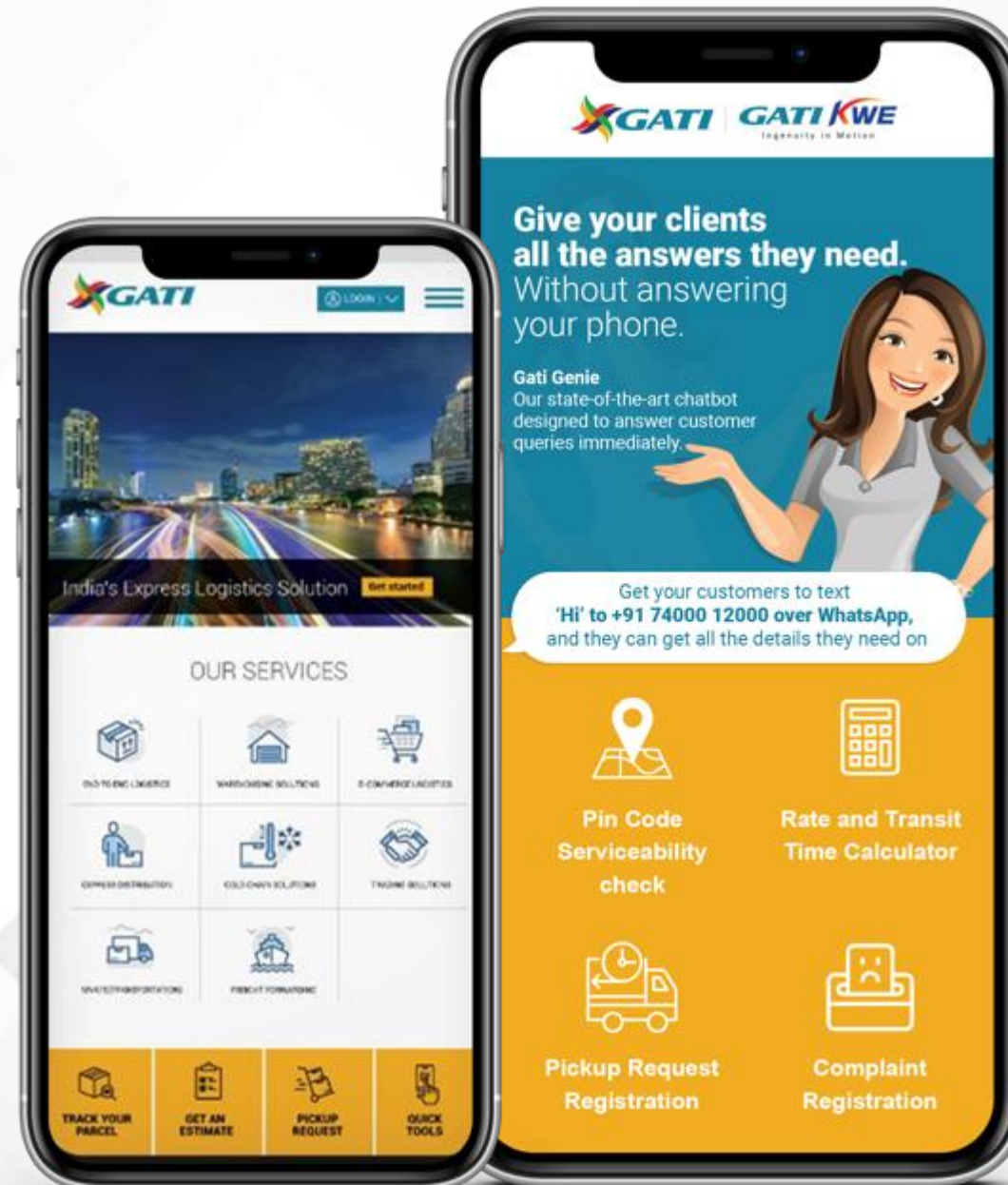
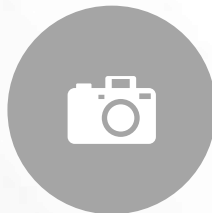


Digitize Call Centre

Launched in October 2020 to offer omni-channel customer service and improve customer experience. It has capabilities of shipment tracking through whatsapp and has been integrated with live chat, website, customer app and offers all services such as pick up request, complaint registration, claim management etc.

Digital Payment Solution

Partnered with Paytm to be our payment gateway partners for providing digital payment solution for all our customers. This would enable customers pay real time via net-banking, credit cards, debit cards, UPI and digital wallets.



Data Analytics

Leveraging data analytics, AI and ML tools to enhance customer experience, reduce TAT and bring about cost efficiencies in different areas of business including Finance, Operations, Sales and HR.

Customer Portal

Revamped portal launched to enhance customer experience which gives access to plethora of information and access to a bouquet of functionalities such as dashboards & reports, raise pick up requests among others.



Board Members



Mr. Shashi Kiran Shetty
Chairman

A first-generation entrepreneur , visionary leader and turnaround specialist leading Allcargo to next generation of growth



Mr. Adarsh Hegde
Managing Director

Seasoned Logistics professional acclaimed for leading teams in achieving exponential business growth and enhancing customer experience



Mr. Yasuhiro Kaneda
Nominee Director
Managing Director of KWE South & Southeast Asia with extensive experience in the logistics industry



Mr. P N Shukla
Independent Director
Railway Logistics Subject matter expert



Mr. Masaru Kobayashi
Nominee Director,
Considerable experience in warehousing and distribution management



Mr. Bala Aghoramurthy
Deputy Managing Director,
Logistics expert with extensive experience in Operations & Quality management



Mr. Nilesh Vikamsey
Independent Director
Ex-President of ICAI (2017-18) & ex-Chairman of Federal Bank



Mr. Kaiwan Kalyaniwalla
Non-Executive Director Legal
doyen with extensive experience in Corporate, Commercial & Tax law



Mr. Sheela Bhide
Independent Director
IAS officer acclaimed for heading & executing several critical GoI projects



Mr. Vibhu Prakash Annaswamy
Nominee Director
Accomplished Supply Chain Management professional with experience across the world



Ms. Cynthia D'Souza
Independent Director
Acclaimed Business Strategy and HR & OB transformation expert



Mr. Dinesh Kumar Lal
Independent Director
Shipping industry veteran and Director at AP Moeller - Maersk and Gujarat Pipavav Port Ltd.



Mr. Nilesh Vikamsey
Independent Director
Ex-President of ICAI (2017-18) & ex-Chairman of Federal Bank



Mr. R. Ramachandran
Independent Director
Ex-Chairman of Andhra Bank (2010 - 2012) and Ex-Whole time Director of Syndicate Bank (Dec'08 to Sept'10)

Spearheading

Risk Governance & Internal Audit Strengthening

Tax Governance

Focus on Systems & Processes

Leadership Team

Driving unified goals



Mr. Adarsh Hegde
Managing Director,
Gati-KWE

Seasoned Logistics professional acclaimed for leading teams in achieving exponential business growth and enhancing customer experience



Mr. Bala Aghoramurthy
Deputy Managing Director,
Gati-KWE

Seasoned Logistics expert with extensive experience in Operations & Quality management, Ex-Unilever



Mr. Rohan Mittal
Chief Financial Officer &
Chief Transformation Officer

Turnaround and Transformation expert adept at Financial & Operations Transformation, Ex-PWC



Mr. G. S. Ravi Kumar
Chief Information Officer

IT expert with 20+ years of experience in building and scaling platforms, credited for Developing & implementing a customized ERP solution at GATI



Mr. Patram Choudhary
Chief Supply Chain Officer

Seasoned Operations & Supply Chain professional with 25+ years of experience in operations transformation to achieve cost efficiencies.



Mr. Mandar Babre
Chief Business Development
Officer

Ex-Owens Corning, Head of Quality, TPM & Continuous improvement Asia Pacific



Mr. Pavel Chopra
Chief HR Officer

People leader with 20+ years of experience in People, Performance and Culture transformation, Ex-Sony



Mr. Mukundan
Chief Risk Executive

Seasoned Risk & Internal Audit professional with over 30+ years of experience in driving Governance, Risk and Compliance



Mr. Manish Jain
National SME Sales Head

Highly regarded Sales & Marketing logistics professional with acclaimed for driving teams in achieving exponential growth. Ex-TCI Xpress



Mr. Charles Devlin D'Costa
National Operations Head

Well rounded logistics professional with extensive experience in operations, Network management, Business partner management, Ex-Regional Director at DHL SmarTrucking

Limitless possibilities of Supply Chain

Power of One



Allcargo is the **World's No. 1 LCL** consolidator with a global network that covers more than 180 countries and over 2,400 tradelanes, reducing the transit time and improved cargo security

- ❖ **Largest global LCL network**
- ❖ Largest pool of experienced specialists globally
- ❖ Local expertise to handle customs and compliance
- ❖ **HUBS at all major locations** across the globe for faster connectivity
- ❖ Large volumes leading to preferential freight rates with shipping lines
- ❖ **Global network** leveraged to serve tradelines that reduce trans shipment cost and time

Advantages



- ❖ **31 Express distribution Centers** and **84 distribution Warehouses**
- ❖ **More than 5000 vehicles** across the country
- ❖ Wide network and an optimized route planning system enables disciplined delivery
- ❖ **24/7/365 service** level monitoring system that ensures safety, security and on time delivery.
- ❖ Online tracking, SMS and e-mail updates of your shipment in transit.



Advantages



an allcargo company

Gati offers the flexibility to choose and customize from a range of services, based on the needs and convenience; eventually driving **cost-effective and time-sensitive services for parcels, freights and special cargo movement**

Integrated service offerings

Unified end-to-end solutions



Global Presence Local Network Leadership*

Integrated Solutions



Basket of Offerings



Increased Reach



Cost Side benefits



Now GATI with Allcargo can offer end to end value chain services in a single rate/contract



*Gati covers 99% of the GOI approved Pincodes

Customized logistics solutions

Solutions for varied sectors



Initial Success

Customer engagements



Service Offerings

Diversified & Integrated



Services

India's leading Express Logistics and Supply Chain Solutions partner & With End-to-End services to meet customer needs

- Service 01

Surface Express

Complete Range of Surface Express services
- Service 02

Air Express

Complete Range of Air Express services
- Service 03

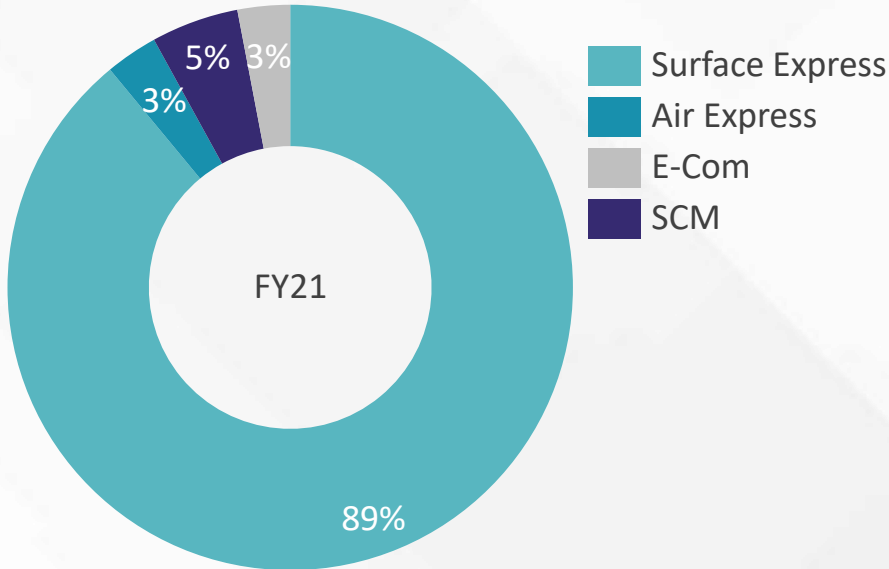
E-Comm Logistics

India's first integrated e-Commerce logistics solutions provider
- Service 04

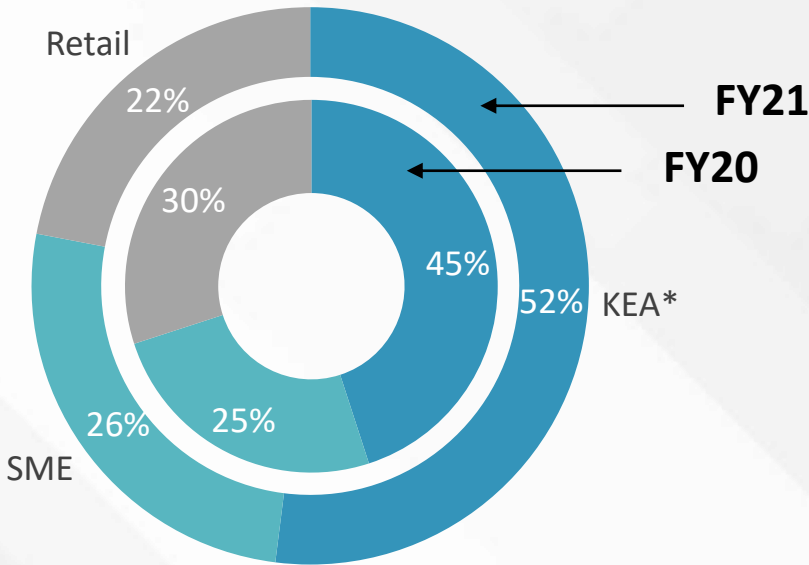
SCM Solutions

Supply chain management solutions

Revenue Contribution



Client-wise Share



* - Key Enterprise Account

Surface Express Distribution



Complete range of Express Distribution Services



Multi-modal delivery to **99% of Government of India approved pincodes**



Provision to move **time-sensitive parcels, freight or special cargo**



Customised end-to-end logistics solutions



Unparalleled reach to over 99% of India's districts



State-of-the-art tracking services



Quick and trusted claim process



Over 5,000 trucks and rail services



Over 600 offices

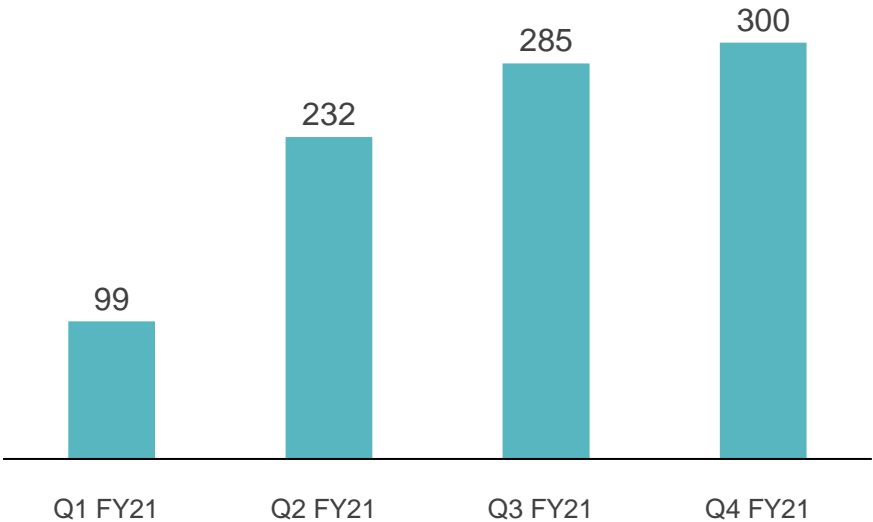


Reverse logistics expertise

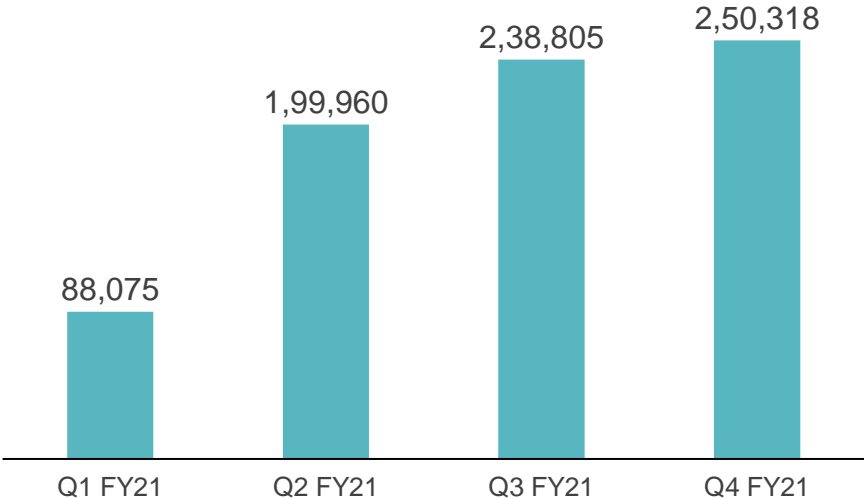


Guaranteed on-time deliveries

Revenue (Rs. Crores)



Tonnage handled (MT)





Customized Air Freight solutions and Guaranteed air deliveries across the country in Tier 1 and 2 cities



Direct connection to 34 commercial airports across the country ensuring **deliveries within 24 to 48 hours**



Truly end-to-end Air freight solutions



Direct connectivity to India's major commercial airports



Customized solutions for customer's requirement



Unmatched convenience – multiple cut-offs, late pickups. Next Day delivery

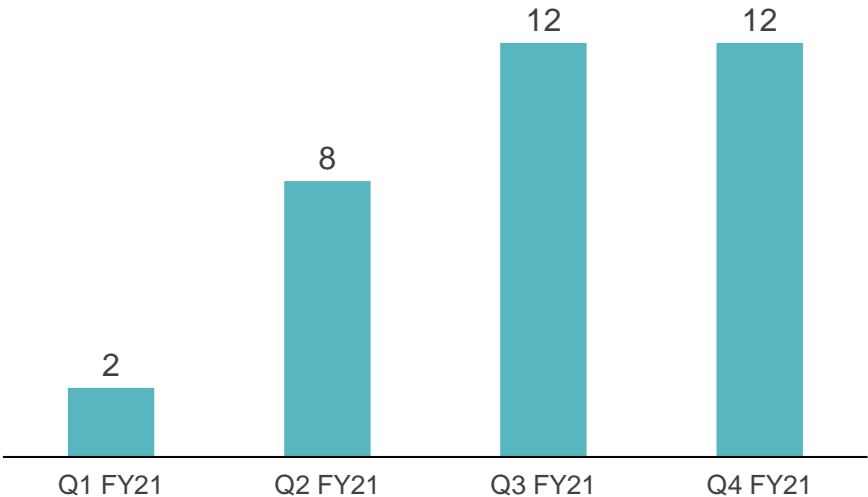


Trained staff for Dangerous Goods

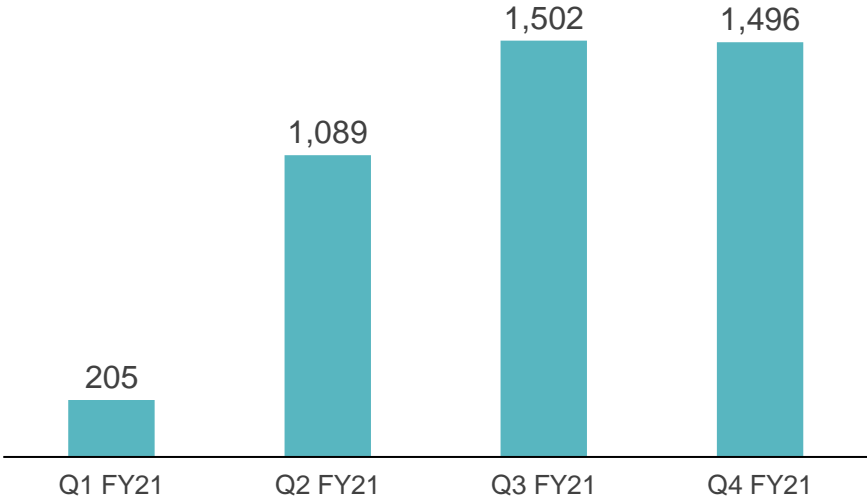


Tie-up with India's Leading commercial airline

Revenue (Rs. Crores)



Tonnage handled (MT)



E-Commerce Logistics



One of the India's first **integrated e-Commerce logistics solutions** provider



Expertise in **last-mile** deliveries



Services to cover the needs of both, individuals and enterprises



Value-added service like COD, Card Payments and more



Return to origin and Return to vendor services



Order consolidation and one-ship services



API-enabled – Real-time tracking and update



Fulfilment centers - Shared and dedicated

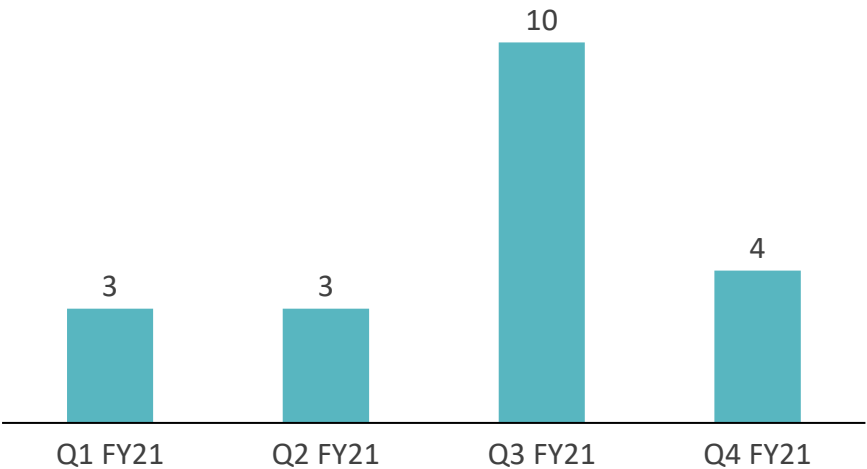


Unparalleled reach to over 19,800 pin-codes

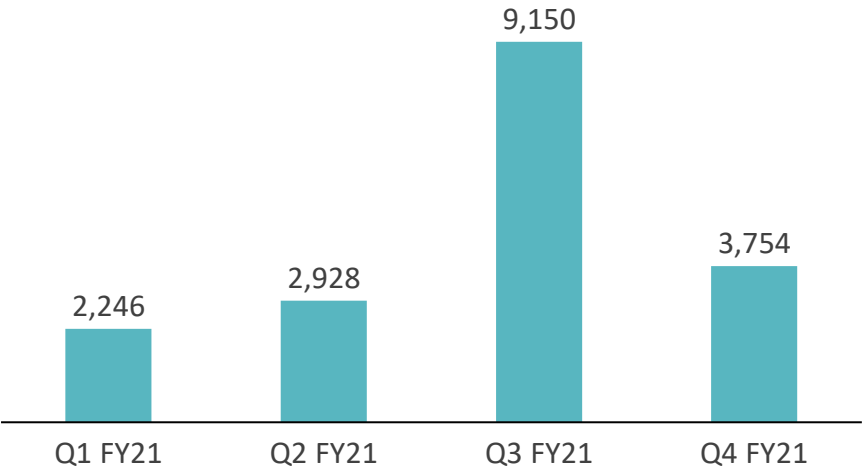


24x7 support

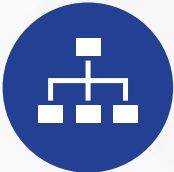
Revenue (Rs. Crores)



Tonnage handled (MT)



Supply Chain Management Solutions



Seamless *management of the customers' entire supply chain*



Value-added Services for greater convenience for the customer



Strong infrastructure with support that offers: **Shop Floor automation, Material Handling, tech enabled warehousing and Ranking & conveyor belts**



Best-in-class Warehouse Management System



Integrated Warehousing and Distribution



Option of order and inventory-based models

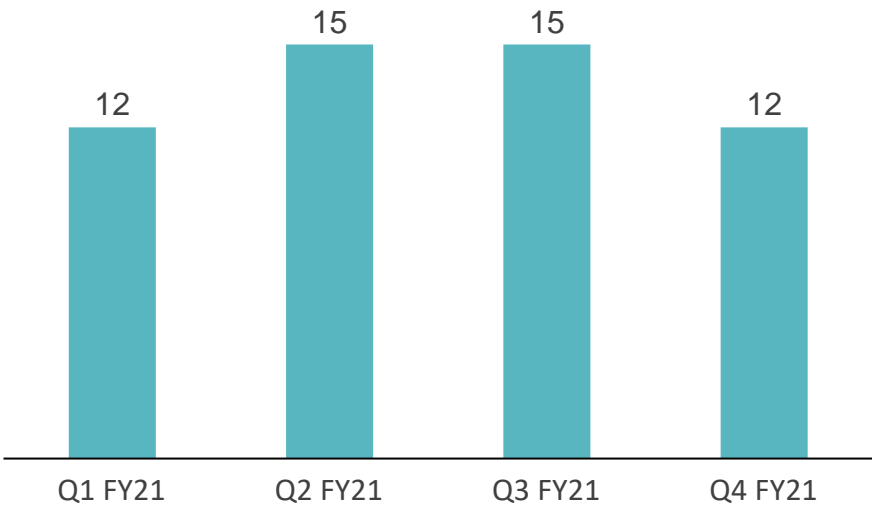


Inventory and purchase order management

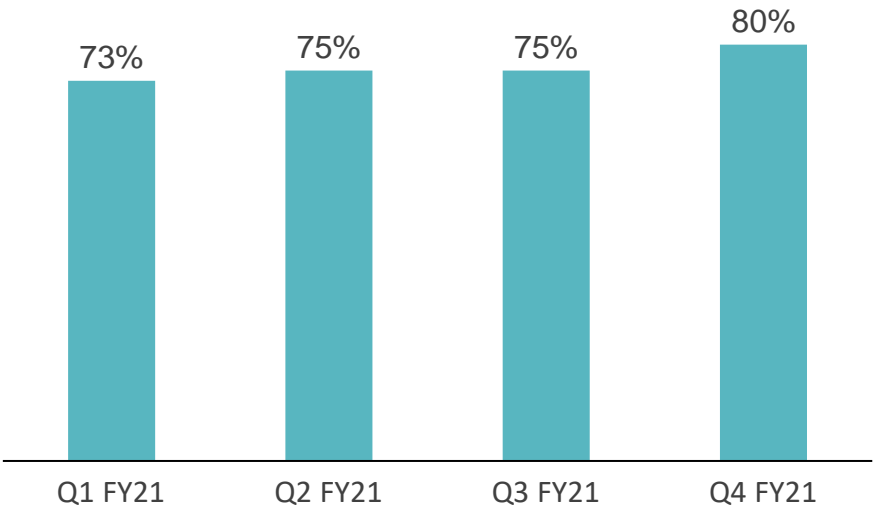


Customized solutions for multiple industries

Revenue (Rs. Crores)



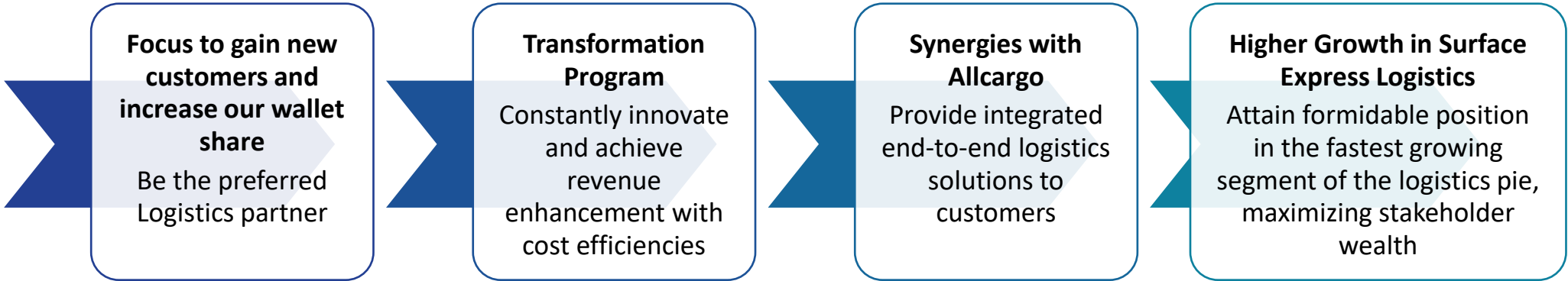
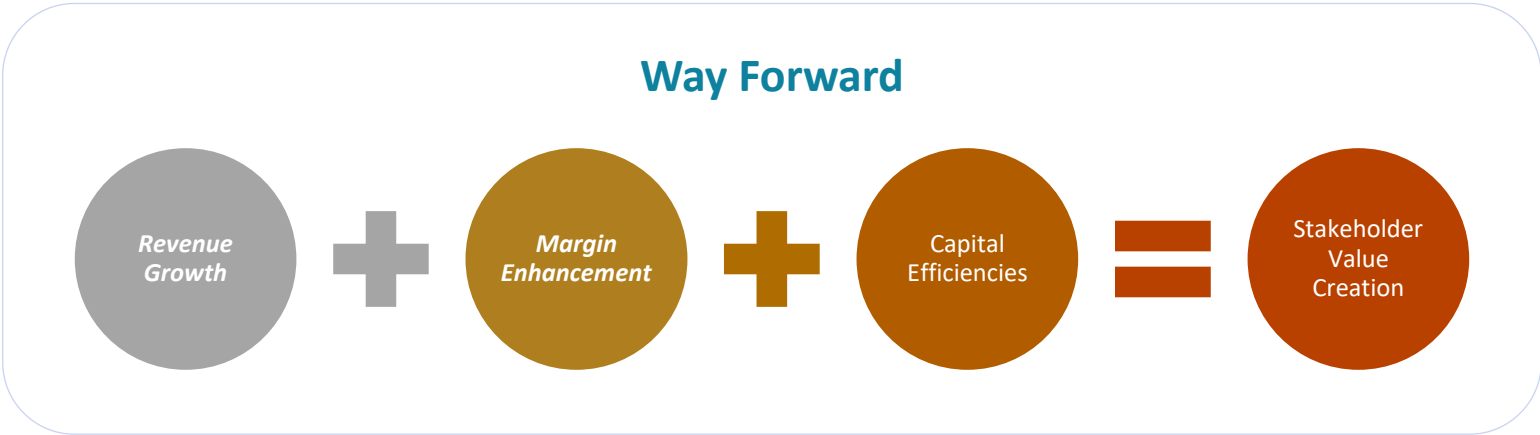
Utilization (%)



Opportunities & Aspirations



Particulars	Opportunities
Revenue CAGR	Higher Revenue CAGR through various initiatives
Gross Margin	Enhance margins through increased productivity
EBIDTA CAGR	Drive Cost Optimization
EBIDTA Margin	
PAT CAGR	Asset light, low debt strategy would lead to higher EBITDA to PAT conversion
PAT Margin	
ROCE (%)	Capital Efficiencies through higher profitability
ROE (%)	



The growth stage is typically characterized by a strong growth in sales and profits, and restructuring of Balance sheet will benefit the company at large and reap fruits of market share gain

Key Highlights for Q4 FY21



Super Hubs

Commenced work on the state-of-the-art Super hub in Delhi, with evaluations underway for 4 other locations. Mumbai & Bangalore to be commenced in Q4FY22

Warehouse Capacity

During the year warehouse capacity has been rationalized with significant investment in upgrading infrastructure across key warehouses to efficiently meet the increase in demand of Consumption led business

E-commerce

On the E-Com front have witnessed tailwinds which led to increase in volumes driven by new customers such as PayTM, Snapdeal, Ship rocket etc.

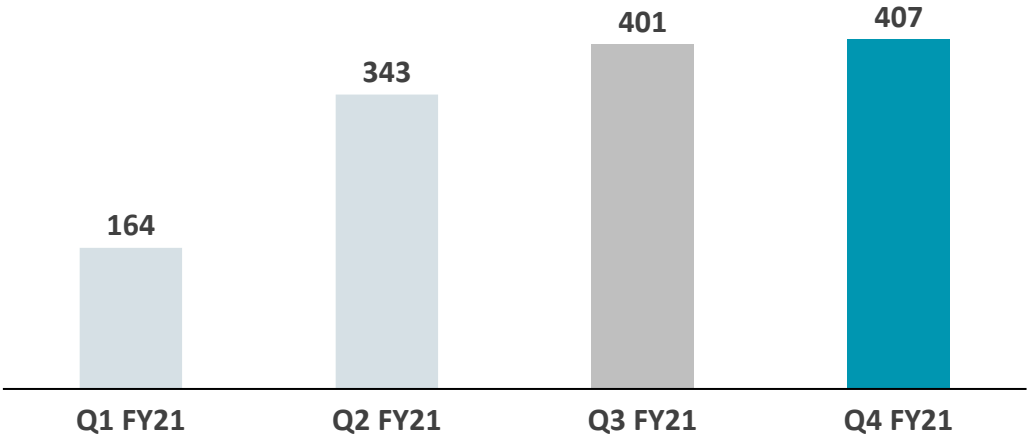
Business Development

- Signed 3,600+ new customers across KEA and SME in FY21
- Synergies from Allcargo started to flow – During the year received 28 leads on the Express business side

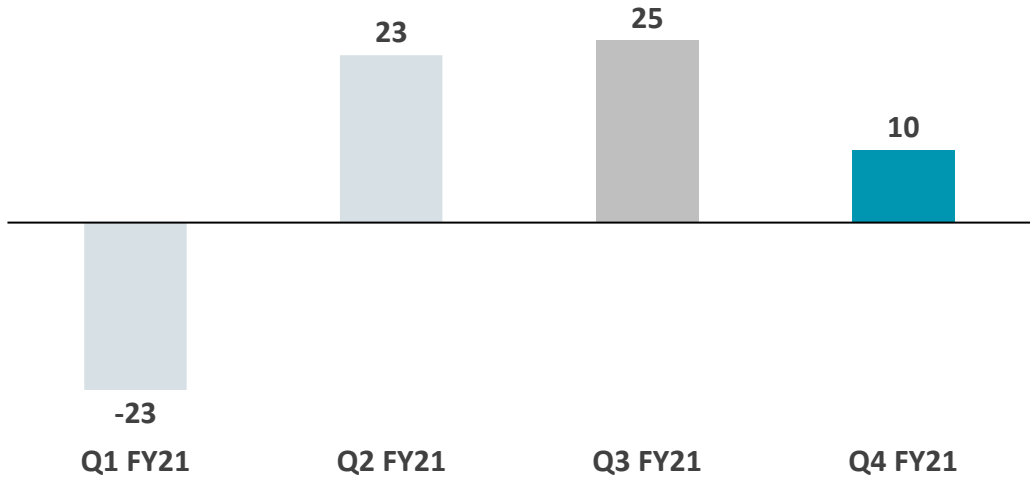
Consolidated Performance



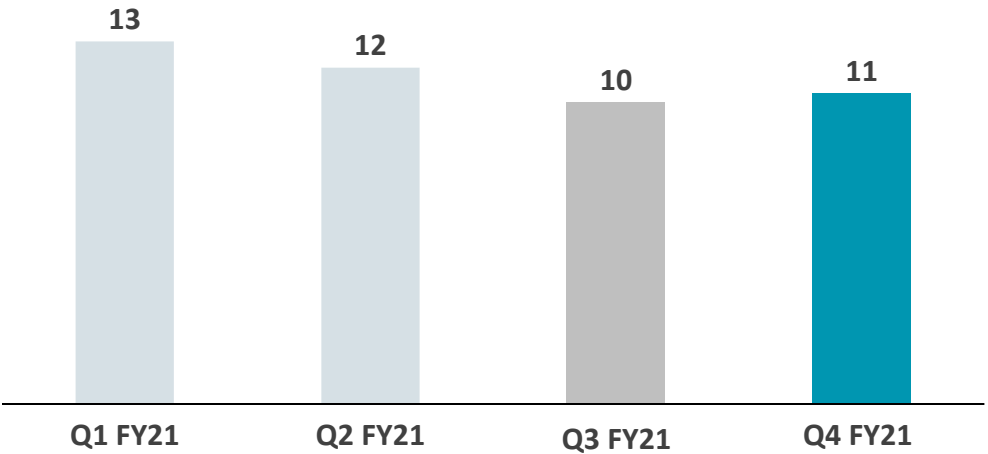
Revenue (Rs. Crores)



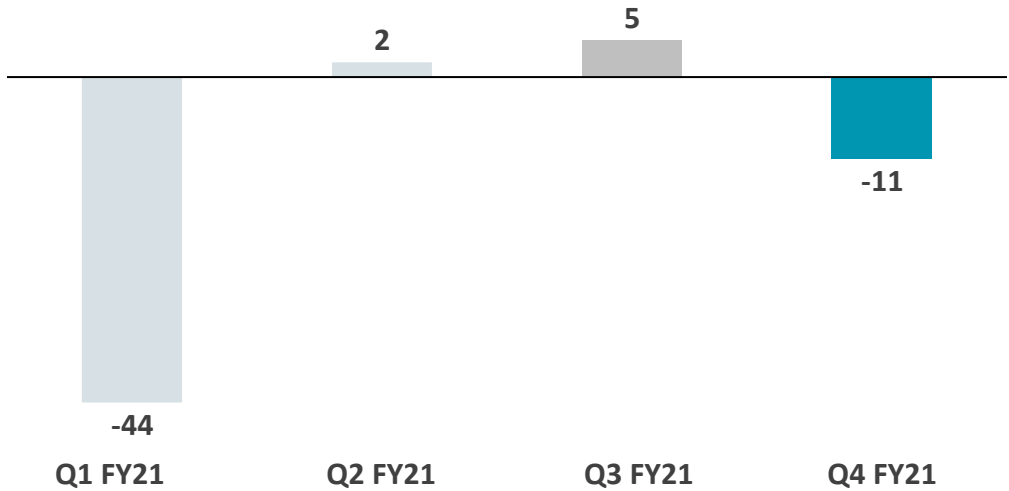
EBITDA (Rs. Crores)



Interest Cost (Rs. Crores)



PBT* (Rs. Crores)



*Pre-exceptional Items

Consolidated Profit & Loss



Particulars (Rs. Crores)	Q4FY21	Q4FY20	Y-o-Y	Q3FY21	Q-o-Q	FY21	FY20	FY19
Revenue from Operations	407	370		401		1,314	1,712	1,863
Other Income	2	5		0		10	13	16
Total Revenue	409	375	8.8%	401	1.8%	1,325	1,725	1,879
Direct Overheads	305	293		302		989	1323	1,427
Gross Margin	104	83	25.2%	100	3.9%	335	402	452
Gross Margin (%)	25.3%	22.0%		24.8%		25.3%	23.3%	24.1%
Employee Expenses	49	44		44		163	188	186
Other Expenses	44	52		31		135	164	156
EBITDA	10	-13	NM	25	-59.4%	38	50	110
EBITDA Margin (%)	2.5%	-3.5%		6.2%		2.8%	2.9%	5.9%
Depreciation	10	12		10		40	44	30
EBIT	0	-26	NM	15	NM	-3	6	80
Finance Cost	11	14		10		45	54	45
Pre-Exceptional PBT	-11	-39		5		-48	-48	35
Exceptional Items	173	0		21		205	0	0
Post Exceptional PBT	-184	-39	NM	-16	NM	-253	-48	35
Tax	-10	31		11		-7	36	12
Profit After Tax	-173	-71	NM	-26	NM	-246	-84	23

Consolidated Balance Sheet



ASSETS (Rs. Crores)	FY21	FY20	FY19
Non-current assets	764	1,149	1,112
Property, Plant and Equipment	144	523	567
Capital work-in-progress	0	0	5
Right to Use	73	85	0
Intangible Assets	6	4	3
Intangible Assets Under Development	0	2	0
Goodwill	426	426	426
Financial Assets			
(i) Investments	0	0	2
(ii) Loans	5	6	12
Deferred Tax Assets(net)	24	6	4
Non Current tax assets (net)	83	96	71
Other non-current assets	3	3	22
Current assets	473	444	377
Inventories	4	10	12
Financial Assets			
(i) Investments	0	78	0
(ii) Trade receivables	195	205	239
(iii) Cash and cash equivalents	42	34	17
(iv) Bank balances other than (iii)	14	15	30
(v) Loans	20	21	12
(vi) Other Financial Assets	2	29	33
Other Current Assets	35	23	32
Assets held for sale	160	30	2
TOTAL	1,237	1,594	1,490

EQUITY AND LIABILITIES (Rs. Crores)	FY21	FY20	FY19
EQUITY	610	847	846
Equity Share Capital	24	24	22
Other Equity	585	822	825
Non-Current Liabilities	98	175	184
Financial Liabilities			
(i) Borrowings	26	97	169
(ii) Other Financial Liabilities	0	1	7
(iii) Lease Liability	60	69	0
Provisions	11	8	8
Current liabilities	530	572	459
Financial Liabilities			
(i) Borrowings	145	154	114
(ii) Trade Payables	89	116	149
(iii) Lease Liability	11	10	0
(iv) Other Financial Liabilities	206	222	160
Other Current Liabilities	51	32	35
Provisions	4	2	2
Current tax liabilities (net)	23	36	0
TOTAL	1,237	1,594	1,490

Consolidated Cash Flow Statement



Cash Flow Statement for the year ended (Rs. Crores)	Mar-21	Mar-20	FY19
PBT	-253	-48	35
Adjustments	298	108	67
Operating profit before working capital changes	45	59	103
Changes in working capital	12	-4	20
Cash generated from operations	57	55	122
Direct taxes paid (net of refund)	-8	-27	-24
Net Cash from Operating Activities	49	28	99
Net Cash from Investing Activities	135	-83	-42
Net Cash from Financing Activities	-173	71	-58
Net Change in cash and cash equivalents	10	16	-2
Opening Cash Balance	34	17	19
Closing Cash Balance	44	34	17

Project Avvashya – Redefining Gati



Pillars of Transformation

Process

Result till date

Sales Acceleration

Accelerating Sales growth, especially in retail and KEA



- Established result-oriented sales organization structure – aligned to meet demand of enterprises, SME and Retail customers
- Achievement of zero >30 days complaints (non-claims); below 150 <15 days complaints achieved

Operational Excellence

Building Capacity and becoming asset light



- Deployment for flexi-vendors to effectively substitute company vehicles while managing direct costs
- New franchise policy drafted and ~20 new franchise onboarded under the new policy
- STC interventions identified to process and efficiency improvement

Technology & Processes

Setting digital strategy roadmap and critical decision on CRM



- Salesforce implementation kicked off, targeted for Q2FY22 launch
- Customer portal redesign project in progress – in discussion with key service providers
- WhatsApp bot Phase 2 launched – customer daily usage jumped 3x from January to April 2021

Talent and Organization

Revised organization sizing, new structure, for key functions and talent infusion



- Organization resizing target achieved within targeted period
- Selection and implementation of new HRMS – DarwinBox – for improved processes and efficiency in HR function

Overhead & Finance

Optimizing Fixed costs, budgeting processes and improved order-to-cash cycle control



- Launch of new credit control policy and risk platform – for NBDs and existing customer control
- Incremental efforts to reduce annual rental costs through launch of GDW program

Our CSR Vision

GATI to be a socially responsible corporate by fulfilling responsibilities as a member of the society and community, thereby creating a positive impact to the stakeholders with a concern towards environment.

Scope of Activities

Programs

Education



Adopt Government Schools, School Infra Development, Sports activity Development, School Events Celebration, Student meritorious Award

Community



Managing Orphanages and conducting inmate's health check up, regular health check up for Drivers and Handlers, Blood Donation Camps

Environment Sustainability



Solid Waste management, Energy and water conservation, Tree plantation wildlife, Conservation livelihood

Rural Development Project & Others



Multipurpose community Centre, Relief and rehabilitation during natural calamities, Donations to medical research projects

CSR completed, ongoing & future projects

- Battle against Covid -19
- Two Gati Govt. Schools (Hyderabad & Nagore)
- Drushti eye camp project – LV Prasad Eye Institute for Cataract disease
- Jeevan coping Cancer Project - LVPEI for Cataract surgery
- Run for girl child – 2021



Awards and Accolades



<p>Company of the year</p> <p>World Leadership Congress & Awards 2021</p>	<p>Best Transporter</p> <p>Honda</p>	<p>Continuous Improvement</p> <p>Asia Manufacturing Supply Chain Summit</p>	<p>Most Inspiring Entrepreneur</p> <p>NITIE</p>
<p>Supply Chain Personality of the Year</p> <p>Mr Shashi Kiran Shetty awarded at ILSC - 2021</p>	<p>CIO Power List</p> <p>Centre of Recognition & Excellence</p>	<p>5S Excellence Award Supply Chain Excellence Best 3PL Services</p> <p>Confederation on Indian Industry Awards</p>	<p>Customer Centric</p> <p>Business Partner Abbott</p>
<p>Excellence in Logistics & Supply Chain</p> <p>CCI Scale</p>	<p>Company of the Year Innovator of the Year Best Road Service</p> <p>ELSC Awards</p>	<p>Road Transportation</p> <p>Indian Chamber Of Commerce</p>	<p>Power Brand</p> <p>Planman Media</p>

Thank You



an allcargo company

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