

ANNUAL REPORT 2007 - 2008



Growing into the future

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Flexibility:

Bamboo is a real symbol of flexibility. It is used to make thousands of things including housing, airplane "skins", aphrodisiacs, blinds, brushes, crafts, desalination filters, fuel, fishing poles, flooring, food, furniture, medicine, musical instruments, ornaments, paper, rope, scaffolding, umbrellas, walking sticks, wind chimes and many, many, more.



The Bamboo is one of the most remarkable resource on the planet. Both sustainable and plentiful, the Bamboo's list of uses is endless. The Bamboo is strong, flexible and beautiful, in both its natural and finished states. It is an abundant resource that could beneficially replace many of the less sustainable materials now commonly used in our daily lives. Without a doubt, the one plant that has the widest range of use and the widest spread of habitats would have to be the Bamboo. It is a symbol of strength, flexibility, tenacity and endurance.

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Growth:

Bamboo grows faster than any other plant on the planet, the record being an incredible 47.6 inches in a 24 hour period. It has been recorded at 180 feet tall with a diameter of over a foot and with walls, the thickness of which are an inch or more.

Gati growing at an unmatched pace.



Gati was born out of a vision. An idea far ahead of its time, we revolutionised and redefined the Indian logistics industry by pioneering the concept of Express Distribution. Over the last 19 years, we have consolidated our leadership position and have set new benchmarks in service quality and customer satisfaction.

Gati has the largest fleet of over 4000 vehicles on road. We have an extensive nationwide reach, delivering to 603 out of 611 districts. This is supported by state-of-the-art technological initiatives, web-centric value added services, seamless multi-modal network covering road, air, rail and sea and with Mechantronic warehousing facilities of 1.5 million sq. ft. across India.

It gives us immense pride to say that we have successfully stood the tests of time by transforming ourselves in sync with the changing environment. Today, Gati has evolved as a leading Express Distribution & Supply Chain Management organization, providing innovative and cost-effective business solutions.

Gati is taking ambitious leaps in introducing new services, acquiring new businesses and rolling out a growth plan across the Asia Pacific region. The springboards of growth put in place this year will help us continue to dominate the market and retain the leadership position in the Express Distribution and Supply Chain Solutions business.

We have also established a market presence in the Asia Pacific region having offices in China (Shanghai & Beijing), Hong Kong, Singapore, Mauritius, Japan, Sri Lanka, Thailand, Dubai and Nepal. Gati now also has an extensive presence in the SAARC region.

Our business model is more aligned with our clients' needs, which is why our core businesses have shown substantial growth to meet the evolving needs of the customer, and this has resulted in consolidation of services and in the development of infrastructure, thus propelling Gati to the forefront in our business segment.

GATI – The Leader

Ahead in Reach

Gati embarked on a Brand Makeover in 2006, the objective was to recognise the customer as the nucleus of our business. All our energies and resources were pooled together for achieving this one supreme goal. There was a substantial investment that went into this exercise and Gati'ites were trained to imbibe and deliver these Brand Values.

Every Gati'ite today claims complete ownership of providing the highest level of customer service. Our brand values speak of elegant customisation and sensitive streamlining of our resources to provide a premium value to the customer. We have adopted the Domino Discipline, which stands for precision, excellence and interconnectivity.

Our Brand Promise - "Ahead in Reach" drives us to realign our business processes, practices and infrastructure to deliver multi-modal connectivity and seamless distribution solutions across all our markets.

Our customer-centric attitude and commitment drives us to enhance our service levels and deliver the best value to the customer.

As a consequence of this branding exercise we strive to deliver cost-effective business solutions, futuristic distribution solutions and have raised the standard of efficiency levels, which has impacted service levels effectively to ultimately deliver the best value to the customer. We consistently seek excellence across our operations and this helps us harness the exciting opportunities unfolding in the Indian and Global markets.

Ahead in Technology

Technology has been one of the biggest strengths of Gati. We have leveraged Technology to introduce various important solutions like the state-of-the-art data center which ensures zero data loss and storage virtualisation.

In order to speed up decision making and data analysis, an Oracle based Business Intelligence and Data

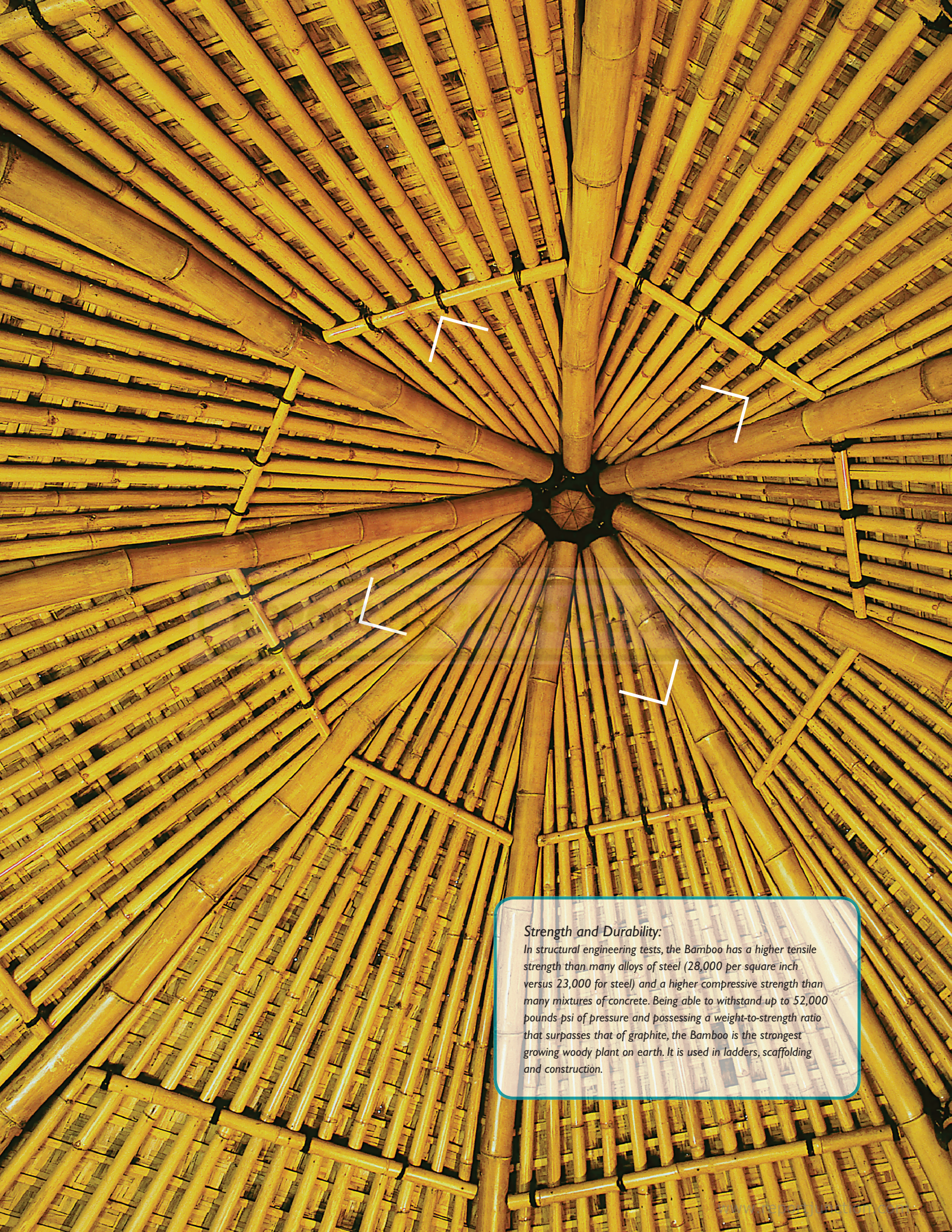
Warehouse project has been set up, another strategic initiative which showcases Gati's technology prowess.

Given the increase in the load and network traffic, an alternate backup data link to the Head Office Data Centre using RF technology has been provided.

Ahead in Quality and Customer Service

In the emerging competitive environment in India, Quality improvement aligned in line with the business objectives would be a key growth driver. During the year, after an external audit by the certifying authority NQAQSR, Gati has been recommended for continuation of the ISO 9001:2000 certification.

Reinforcing our commitment to high standards of quality we conduct Internal Audits, ISO Training and Awareness programs regularly, to ensure that we continue to improve and enhance the quality of service delivery across our portfolio of services.



Strength and Durability:

In structural engineering tests, the Bamboo has a higher tensile strength than many alloys of steel (28,000 per square inch versus 23,000 for steel) and a higher compressive strength than many mixtures of concrete. Being able to withstand up to 52,000 pounds psi of pressure and possessing a weight-to-strength ratio that surpasses that of graphite, the Bamboo is the strongest growing woody plant on earth. It is used in ladders, scaffolding and construction.

Gati Milestones

Gati is dedicated to quality service and this obsession has helped us reach new milestones. With the initiation of Gati Cargo Management Services in 1989, a new revolution was started in the Indian Cargo Industry.

2007

- Launched a joint Courier and Air Cargo Service with Air India, also with co-branding on the freighters.
- Opening of Mega state-of-the-art Mechanronic Express Distribution Centre in Bangalore.
- Gati acquired Zen Cargo Movers Pvt. Ltd., a Delhi based company which is engaged in the business of clearing house (CHA). Gati has acquired it for clearing the inbound international shipments.
- Gati acquired Kausar India Ltd., which is in the business of transportation of perishable goods in refrigerated trucks.

2005

- State-of-the-art Mechanronic warehouses with APL racking and modern handling equipment in major cities across India.

2003

- Gati@web: Gati simplified the internal processes and moved to Oracle platform for faster and better communication.
- Gati goes global with India-centric distribution solutions. Made a foray into Singapore, the international business hub, to widen its reach.

1999

- Gati International - Gati expanded to SAARC region through tie-ups with the postal departments of Bhutan and Maldives.
- P.D. Agarwal Learning Foundation: The P.D. Agarwal Development Centre was set up in Pune exclusively for employee training and development.

1997

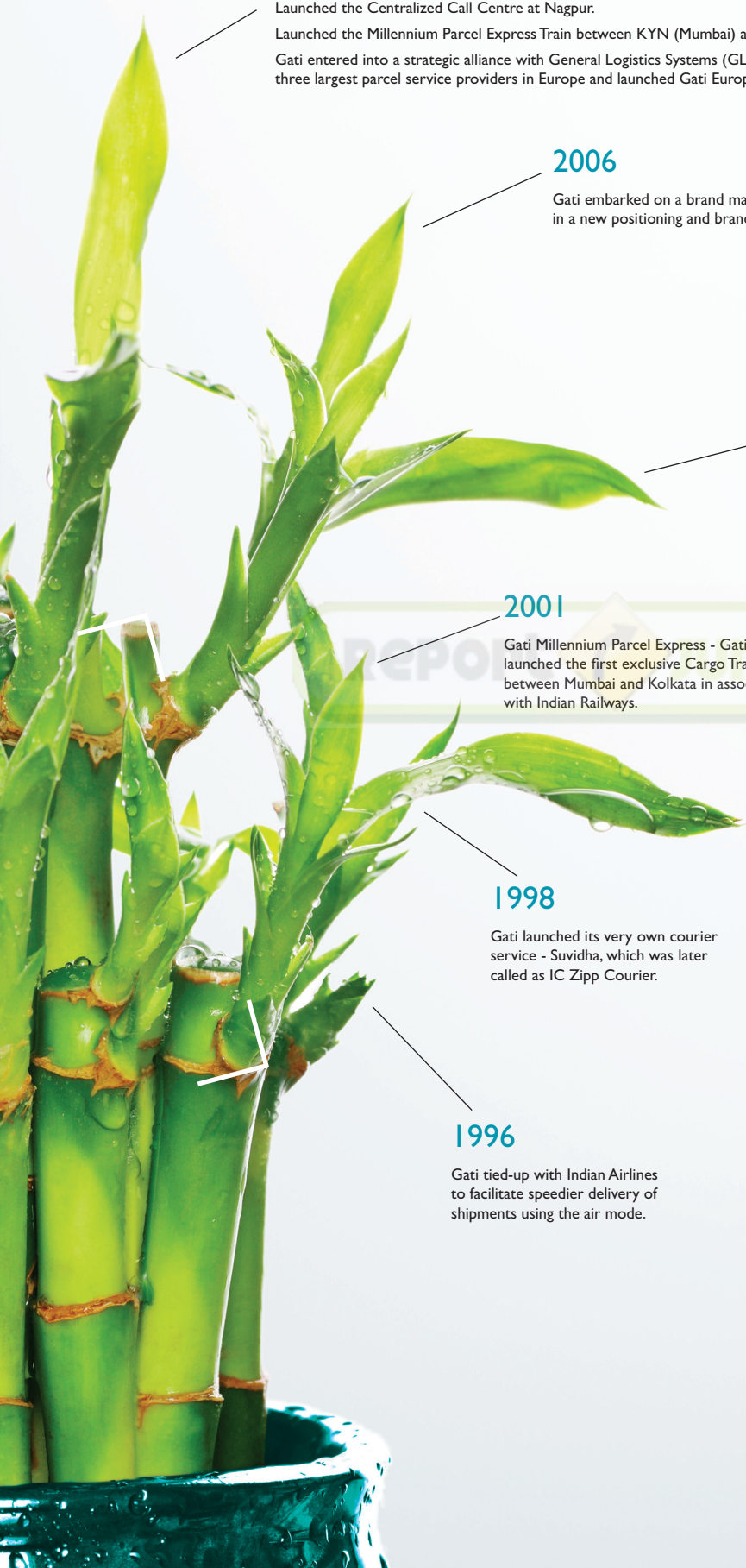
- Looking at the big picture - Logistics
Gati introduced the concept of 3rd Party Logistics (3PL). It later evolved to offering SCM solutions to customers in different verticals.

1989 - 1995

- Launched Gati Desk-to-Desk Cargo, a new concept of door-to-door service. On time, intact! Or your money back! At the time of launch, a Money Back Guarantee offer was given in case of delay in delivering shipments.
- Cash-On-Delivery (COD) - Gati started a unique value-added service called Cash-On-Delivery (COD) for the benefit of customers.
- Call Free Number - Gati was the first in the logistics industry in India to introduce the concept of a Call Free Number.

Presence:

The Bamboo can be found all over the world in varied climates, from the cold mountainous regions to the hot tropical areas. They can be found in North and South America, throughout East Asia, northern Australia, and southern Africa. There are some fifteen hundred species that are native to every continent except Europe.



2008

Launched the Centralized Call Centre at Nagpur.

Launched the Millennium Parcel Express Train between KYN (Mumbai) and Guwahati.

Gati entered into a strategic alliance with General Logistics Systems (GLS) one of the three largest parcel service providers in Europe and launched Gati Europe Express.

2006

Gati embarked on a brand makeover. This resulted in a new positioning and brand identity.

2004

Gati introduced mechanized racking systems in the automated warehouse at Panvel, Maharashtra.

2001

Gati Millennium Parcel Express - Gati launched the first exclusive Cargo Train between Mumbai and Kolkata in association with Indian Railways.

1998

Gati launched its very own courier service - Suvidha, which was later called as IC Zipp Courier.

1996

Gati tied-up with Indian Airlines to facilitate speedier delivery of shipments using the air mode.

Recognition

- First logistics company in India to be awarded ISO 9001 certification.
- Voice of Customer Award for "The Best Logistics Company '03" in a survey conducted by Frost & Sullivan.
- The Champion CIO award for less than Rs. 1000 crore category of the Enterprise Connect Award-2005.
- Amity HR-excellence award in 2005.
- Indira's Super Achievers award for training and development in 2005.
- 'Best Logistics Partner' by HCL Infosystems for 2005-2006.
- Consumer SuperBrand status in the logistics category for 2006-2007.
- Nominated for the NDTV Business Leadership Awards 2006 in the logistics category.
- Our Managing Director & CEO Mr. Mahendra Agarwal has been awarded the "Entrepreneur of the year award" by Hyderabad Management Association in its 36th annual function in the year 2008.

Environmental effects:

It is believed that if the Bamboo were planted on a mass basis, it could completely reverse the effects of global warming in just 6 years and provide a renewable source of food, building material and erosion prevention.