

GATI: NOW PART OF THE ALLCARGO POWER

Annual Report **2019-2020**



CORPORATE INFORMATION

Board of Directors

Shashi Kiran Shetty
Chairman and Managing Director

Adarsh Hegde
Joint Managing Director

Arathi Shetty
Non-executive Director

Malini Thadani
Independent Director
(upto April 03, 2020)

Kaiwan Kalyaniwalla
Non-executive Director
(upto June 30, 2020)

Mohinder Pal Bansal
Independent Director

Hari L Mundra
Independent Director
(upto April 01, 2020)

Mathew Cyriac
Independent Director

Cynthia Dsouza
Independent Director
(w.e.f. June 30, 2020)

Chief Financial Officer

Mr Sheetal Gulati
Group Chief Financial Officer
(w.e.f. November 08, 2019)

Mr Deepal Shah
Chief Financial Officer

Company Secretary and Compliance Officer

Mr Devanand Mojidra
Company Secretary

Ms Bhavika Shah
Compliance Officer

Internal Auditor

Mr Mukundan K V

Statutory Auditors

M/s S R Batliboi & Associates LLP

Secretarial Auditors

M/s Parikh & Associates

Solicitors and Legal Advisors

M/s Maneksha & Sethna

Bankers/FI

Axis Bank Ltd.

Citi Bank NA

DBS Bank Ltd.

HDFC Bank Ltd.

The Hongkong and Shanghai
Banking Corporation Ltd.

Kotak Mahindra Bank Ltd.

Standard Chartered Bank

Yes Bank Ltd.

RBL Bank Ltd.

BNP Paribas

ING Belgium NV

KBC Bank NV

ICICI Bank Ltd.

Qatar National Bank (Q.S.P.C)

Axis Finance Limited

Standard Chartered
Investments and Loans
(India) Limited

Registered Office

6th Floor, Avvashya House, CST Road, Kalina, Santacruz (East), Mumbai 400 098.

Tel.: 022-6679 8100 | www.allcargologistics.com | CIN: L63010MH2004PLC073508

Registrar and Share Transfer Agent

M/s Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083.

Tel.: 022-4918 6000 | Fax: 022-4918 6060 | www.linkintime.co.in | E-mail: rnt.helpdesk@linkintime.co.in

27th Annual General Meeting

Wednesday, September 09, 2020 | 2:00 p.m. (IST) onwards

Forward-looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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KEY HIGHLIGHTS

- > World's **# 1** LCL consolidator
- > Revenue: **₹ 7,346 Cr**
- > **Top 20** global ocean freight forwarders
- > Over **25 years** of excellence
- > Countries presence: Over **160**
- > Offices globally: Over **300**

Allcargo Logistics is a global leader in the integrated logistics solutions and the only company in India to offer the widest gamut of logistics services across EXIM and domestic supply chain - operating through more than 300 offices in over 160 countries.

We create services that are innovative and adaptable towards your supply chain needs. For us, logistics is not just a service but an opportunity to create solutions that empower businesses globally. We are committed towards creating benchmarks of quality and consistency to co-create value for all our stakeholders.

KEY MILESTONES

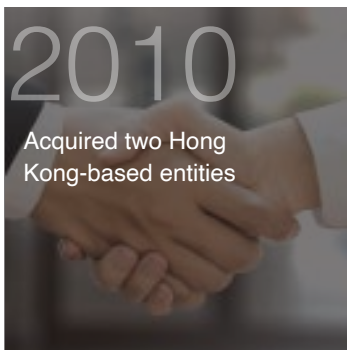
1993

Started as a cargo handling operator at Mumbai Port

all cargo

2010

Acquired two Hong Kong-based entities



2018

all cargo LOGISTICS & INDUSTRIAL PARKS

Launch of Allcargo Logistics & Industrial Parks

1995



Entered into LCL Consolidation - agent of ECU Line

2013

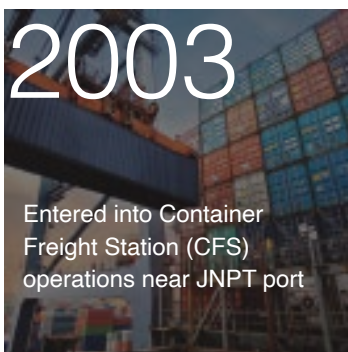
Acquired Econocaribe Consolidator in USA



Launch of Allcargo Greens, an organisation-wide sustainability programme

2003

Entered into Container Freight Station (CFS) operations near JNPT port



2014

Acquired majority stake in FCL Marine Agencies, Rotterdam



2019

Launched one of India's largest Logistics Parks, in Jhajjar

Acquired PAK DA (HK) Logistics Ltd. and Spechem Supply Chain Management (Asia) Pte Ltd.

2005

Acquired stake in ECU Line

2016

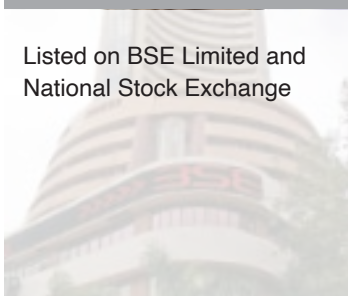
Created ACCI - Making a strong entry into chemicals warehousing sector



2006

Complete acquisition of ECU Line

Listed on BSE Limited and National Stock Exchange



Consolidated global presence under ECU Worldwide

ECU Line rebranded as ECU Worldwide



2020

Acquired strategic stake in GATI





COMBINING STRENGTHS FOR LIMITLESS POSSIBILITIES

- In early December 2019, Allcargo Logistics initiated a strategic decision to acquire Gati, a pioneer in express distribution and Supply Chain Solutions in India. In March 2020, the Open Offer saw an overwhelming subscription from shareholders making Allcargo the Promoter and single largest shareholder of Gati. This move catapulted Allcargo into India's largest logistics company by revenue.
- Two decades after it was set up to provide courier services between Chennai (then) Madras and Madurai in Tamil Nadu, Gati has expanded into a household name in the Indian express logistics market, covering nearly every district—19,000 PIN codes—across the country. In this time, the Hyderabad-based logistics leader has built an enviable roster of customers spanning e-commerce players, small businesses and industry leaders, along with developing unmatched expertise in land and air transportation.
- Recognising the potential to combine Gati's strengths with its own expertise in ocean transportation and its extensive global network, Allcargo acquired a majority stake in the company and is now poised to offer global customers end-to-end multi-modal logistics solutions.
- With this strategic acquisition, Allcargo has attained an enviable position in terms of market leadership with its No. 1 position in the global LCL consolidation business through its wholly-owned subsidiary, ECU Worldwide and an extensive far-reaching network into the hinterlands of India with Gati's domestic express transportation segment.

allcargo + 

SUPPLY CHAIN SOLUTIONS BY



Express Logistics



Cold Chain Solutions



e-Commerce Logistics



Air Freight



Supply Chain Services

SPECIAL SERVICES



Bike Express



Art Express



Student Express



Premium Flexilite



Desk-to-desk Services



Laabh





CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

It gives me an immense pleasure to share with you our company's performance highlights during the financial year FY2019-2020. We faced an unprecedented COVID-19 crisis starting with our operations in China and disruptions spread across the world in March. I am proud of our team, which stood strong against all adversities and remained committed to protecting shareholder value and delivered another year of stellar business performance. The pandemic is leading to paradigm shifts in the business landscape in India and across the world. It is also creating new opportunities for digitally-enabled customer centric organisations. We have always focused on our customers and we are reaffirming our commitment to transformation through innovation in action and entrepreneurship, as we embrace change.

Collaboration to combine strengths

We started this year riding high on the success of completing 25 glorious years in the logistics industry and in spite of the challenges faced we have continued to achieve new success milestones. Our most significant highlight this year has been the strategic acquisition of Hyderabad-based Gati Ltd. India's pioneer in express logistics and first and last mile deliveries. This is our largest acquisition in recent times and we envision an exciting future in this partnership.

It had always been our aspiration to venture into the express logistics and first and last mile delivery segments as it was a logical progression to offer end-to-end integrated logistics. Welcoming Gati into the Avvashya Group family as an Allcargo company gives me great happiness and pleasure. We could not have asked for a better partner. A home-grown company, with consistent leadership over more than two decades, an industry-leading brand, trusted by all. In many ways, Gati is just like us. And in areas where it's not, namely products and services, it complements us perfectly and opens up opportunities for both organisations to offer better, more integrated services to their customers.

With an asset-light model, focus on technology and customer-centric operations, Gati fits in just right with our vision and plans for the future and I see immense scope and

potential going forward. As Gati's nationwide reach and services bolster our own range of services across the global network operating via more than 300 offices in over 160 countries, we are in a position to truly straddle India and the world, offering an unmatched range of logistics services to our global and Indian customers. While it is the culmination of a long-standing dream, this is also just the beginning of a new era for us. There is significant amount of work we need to do in order to take this collaboration to desired success.

Collaboration is the theme of this annual report and has been driving our activities in the year gone by. Today, as the world grapples with the impact of COVID-19 on global trade and economy, collaboration assumes even greater significance. In this post-COVID 'new normal' era, collaboration at every level of the business and across the logistics ecosystem will prove crucial to tide over and continue on the path of growth.

Embracing change

In response to the COVID-19 outbreak and to contain its spread, most parts of the world went into a complete lockdown during the past few months. With social distancing emerging as the only plausible way to flatten the curve, a large chunk of the global workforce moved from regular offices to working from home and connecting remotely.

Even in our organisation, our teams across the world were given the requisite support and equipment to continue being productive from their homes and only the minimum number of staff members required to keep our CFSs, warehouses, sites and other facilities operational, supported us immensely by working on the frontlines.

Even as restrictions ease, the threat from the virus continues to be imminent and remote operations will be an essential requirement of the new normal. The current situation has also brought to the fore, the tremendous importance of leveraging digital tools and technology. My son, Vaishnav Shetty, who is the Executive Director at ECU Worldwide, our wholly-owned global subsidiary, has taken on the mantle of leading the organisation's digital play and driving business ahead by implementing numerous tools, software and online platforms.

Innovation in action

We are living in a world where business environment is increasingly more Volatile Unpredictable Complex Ambiguous (VUCA) and the current times have established this even more starkly.

If we are to succeed in an ever-evolving business environment, we need to be agile and able to unlearn old ways and relearn new ones quickly and more efficiently. Our entire way of doing business needs to undergo a transformation with processes and operations being re-engineered to enable digitisation and optimisation. It is time to increase focus on innovation and to ensure that it is followed by implementation and execution.

We have undertaken major organisational transformation projects at Allcargo Logistics, ECU Worldwide and Gati. While these will be driven by internal teams dedicated solely to these projects, we have decided to engage with the most competent external professionals for advisory and consultancy to support and guide us in our transformation journey.

At Allcargo Logistics and ECU Worldwide, Project Voyager will aim to transform organisational performance in terms of cost optimisation, sales and customer-centricity, which is core to our business. At GATI, Project Avvashya will be the key to helping the organisation in its transformation to regain its leadership position in the express logistics business with

best-in-class processes, technology, and facilities supported by healthy financials.

New ideas are integral to our business. We continuously seek to maximise our impact through value creation for our clients by delivering world-class solutions leveraging IT, digital platforms and newer technologies that present themselves in the future.

ECU360, our state-of-the-art online platform that has been launched in some countries is a step in the right direction. With easy navigation and a host of features, it lets customers ship with a click. We have empowered customers to conduct business 24x7 and complete transactions independently so as to experience the convenience of seamless cargo transportation. The young, energetic team led by my son Vaishnav Shetty has been quite successful in implementing ECU360 in some of our key regions. In today's world, digital is an absolute given and we aspire to set industry-leading benchmarks.

Business impact at the global and Indian level

While COVID-19 has had a considerable adverse impact on our business, our global network has helped us to mitigate the situation to a certain extent.

During the lockdown in China, our business in other parts of the world kept us afloat and by the time various other countries went into lockdown, operations had gradually started to resume in China. Difficult times present challenges on cash flow, but we have been doing our best and working on innovative solutions in collaboration with customers, partners and vendors.

Our dedicated Crisis Management Team has been constantly assessing the situation and having deliberations and discussions to take strategic decisions in interest of our organisation.

I am very proud to note that our team members serving on the frontlines, 'Corona Warriors' as we call them, have kept operations running at our CFSs, warehouses, project sites and all other facilities. Every safety precaution including distancing, disinfection, using sanitizers, masks and temperature checks for staff members and visitors has been taken along with complete adherence to all the requisite restrictions and protocols.