



GATEWAY DISTRIPARKS LTD.

ANNUAL REPORT
2014-15



About The Group

Gateway Distriparks Limited (GDL) is a leading integrated logistics facilitator in India with three synergetic verticals – Container Freight Stations (CFS), Inland Container Depots (ICD) with rail transportation, and Cold Chain Logistics. GDL operates two Container Freight Stations at Navi Mumbai, two at Chennai, one at Visakhapatnam and one at Kochi. These Container Freight Stations have a total capacity of over 600,000 TEUs and offer transportation, container yards for Customs clearance, general & bonded warehousing, empty handling and several other value added services.

Gateway Rail Freight Limited, a subsidiary of GDL, provides inter-modal logistics and operates rail-linked Inland Container Depots at Garhi-Harsaru (Gurgaon, Haryana), Sanehwal (Ludhiana, Punjab), Piyala (Faridabad, Haryana) and Kalamboli (Navi Mumbai). GatewayRail runs regular container train services from these inland terminals to the maritime ports at Nhava Sheva, Mundra and Pipavav, transporting import and export as well as domestic containers. It owns and operates a fleet of 21 trains and over 260 road trailers at its rail linked terminals. GatewayRail also provides first & last mile road transport service for cargo and containers. In addition, it also offers domestic, bonded and transit export-import warehousing facilities at its terminals. The Blackstone Group is a private equity partner of the subsidiary.

Snowman Logistics Limited, an associate company of GDL, is the largest integrated temperature controlled logistics service provider in India, operating 28 temperature controlled warehouses capable of warehousing 85,500 pallets spread across 15 locations. Snowman operates 501 reefer vehicles with a nationwide network connecting more than 500 cities and towns. A majority of its temperature controlled warehouses are ISO 14001, ISO 22000 and FSSAI certified. Snowman also provides its customers with value added services such as inventory management, reverse logistics, labelling, sorting, repacking and blast freezing. With its premium customer service and intricate distribution network, it is the trusted market leader in temperature controlled logistics today. The company was publicly listed in September 2014 and GDL has the majority shareholding of over 40%. Other investors in Snowman include Mitsubishi Corporation, Norwest Venture Partners and International Finance Corporation.

Going forward, Gateway Distriparks and its group companies will look to take advantage of the its strategic network, knowledge and experience in the industry. There are many upcoming key drivers such as e-commerce and Goods & Services Tax which would help unlock further value for the group. GDL will look to expand its footprint across India and pursue opportunities in different avenues across the logistics sector as it strives to grow into India's largest integrated logistics player.

Chairman's Statement



Dear Shareholders,

The past year has seen some macroeconomic changes in the country that have influenced businesses in many ways. The logistics industry is such that via the performance of its customers, a pulse of the economy can be had that indicates how the country is progressing overall and so, it gives me great pleasure to say that the Gateway Distriparks group has once again delivered good results to its stakeholders this year.

While both GatewayRail and Snowman are the future of the Gateway Group where we are seeing maximum growth potential, the CFS business is steady in generating cash flows in the group and as the country's port infrastructure is improving we expect further opportunities for new projects in this sector. Our overall container throughput in both CFS and Rail business has increased by 15% to 637,485 TEUs from 552,321 TEUs in FY14. As our fill factors in Snowman have also increased, we have ramped up our storage capacity to 85,500 pallets from 61,000 pallets in March 2014 with further expansion planned for the current year.

Financials

I. Consolidated Group Results

Consolidated Income of the group has increased by 9% to Rs. 11.24 billion, up from Rs. 10.30 billion in FY14. The Consolidated Group Profit after Tax increased by 38.20% to Rs. 1.88 billion from Rs. 1.36 billion in FY14.

II. CFS Business

CFS throughput increased by 13.9% to 387,138 TEUs from 340,004 TEUs in FY14. We have been able to maintain and grow our market share in all our CFS locations. Income increased by 17.6% to Rs. 3.43 billion from Rs. 2.92 billion in FY14. EBITDA increased by 22.1% to Rs. 1.38 billion from Rs. 1.13 billion in FY14. Profit after tax was Rs. 0.74 billion from Rs. 0.73 billion in FY14.

III. Rail Business

Rail throughput grew by 18 % to 250,347 TEUs from 212,317 TEUs in FY14. Income grew by 22% to Rs. 6.99 billion from Rs. 5.73 billion in FY14. EBITDA increased by 58.7% to Rs. 1.77 billion from Rs. 1.12 billion in FY14. Profit after tax doubled to Rs. 1.05 billion from Rs. 0.52 billion in FY14. GatewayRail operates 21 container rakes between North and West India, servicing the EXIM trade primarily, and has been able to maintain healthy margins through the advantage of double stacking and hub and spoke by developing and leveraging a network of state of the art ICD rail terminals at strategic locations.

IV. Cold Chain Business

Our Associate Company Snowman Logistics Limited (SLL) has emerged as the leading cold chain logistics company in the country operating out of 15 locations across the country. Snowman's income increased by 33.7% to Rs. 2.08 billion from Rs. 1.55 billion in FY14, EBITDA increased by 23.7% to Rs. 470.20 million from Rs. 380.14 million in FY14, and Profit after tax increased by 10.1% to Rs. 247.49 million from Rs. 224.79 million in FY14. Currently, GDL's shareholding stands at 40.4%, after SLL's IPO during the year, which was quite successful and saw strong investor response.

V. Dividend

The Company has paid interim dividends totalling Rs. 7 per equity share of face value Rs.10 per share for FY15 maintaining the same dividend rate as the previous year.

Challenges

While we see certain challenges in the logistics industry such as delays in development of port infrastructure, high operational costs like labour and transportation, or a temporary slowdown in India's EXIM trade due to macro factors like currency markets, we are still optimistic about the Company's growth due to its inherent strengths and ability to maintain market leadership in all its segments and geographies. We have created tailor-made advanced Information Systems that help us with the challenge of maintaining our costs and by regularly investing in new equipment we are able to ensure high operating efficiency. By creating a strategic Pan India network in each of our business segments we are able to create value while providing customised solutions to our customers, and we pride ourselves in maintaining high quality standards at all our facilities while cultivating strong relationships with our vendors in order to create unmatched service levels to sustain customer satisfaction and retention.

The Future

While we are the market leaders in the CFS business in India since inception, we are also the largest private container train operator and the largest cold chain logistics provider in the nation. The Gateway Group has always expanded its reach and network in markets foreseeing future demand and will continue to do so in all its business segments. We are keen to develop new CFS, ICD or Cold Store locations and are constantly identifying and researching new geographies where we could be present. We have also identified some new lines of businesses that we are currently evaluating which are related to our industry and where we feel we can integrate and leverage the Group's existing strengths and create synergies for higher efficiencies. We are focused on giving returns to our shareholders in all our strategies and believe that we will have many opportunities to do so in the years to come.

Our Environment

We understand that conducting business in a socially responsible manner is paramount and the Gateway Group continues to support the sustainable development of our community through initiatives aimed at creating a positive impact in the local geographies where we operate. We believe in conducting fair business and respect the needs of our community, partners, employees, and stakeholders.

Acknowledgement

As you are all aware, Mr. Gopinath Pillai was the Chairman of Gateway Distriparks for the past 19 years and has stepped down from the Board of Directors this year. I would like to thank him on behalf of the Company for his guidance which was instrumental in bringing the Gateway Group to its current position as a leading integrated logistics player in the country. I look forward with confidence as the Gateway Group will continue to build on the platform which has been created and achieve new heights in the future.

I would also like to thank the Board of Directors, our partners, customers, employees, and shareholders for their support and trust.

With Warm Regards,

Prem Kishan Gupta

Chairman & Managing Director



Table of Content

Contents

Page No.

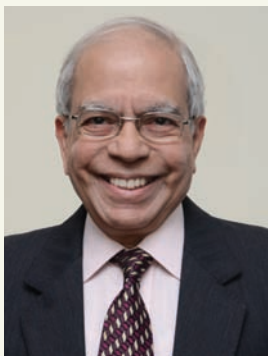
Directors, Bankers & Auditors	9-11
Directors' Report (including Management Discussion & Analysis)	13-19
Annexure A - Corporate Governance Report	21-30
Annexure B - Particulars of Annual Return	31-38
Annexure C - Nomination And Remuneration Policy	39-40
Annexure D - Secretarial Audit Report for the year ended March 31, 2015	41-43
Annexure E - Related Parties Contracts	44
Annexure F - Corporate Social Responsibility	45
Annexure G - Whistle Blower Policy / Vigil Mechanism	46-50
Annexure H - Particulars of Employees	51-52
Annexure I - Subsidiaries / Associate	53-54
Annexure J - Risk Management Policy	55-58
Independent Auditors' Report	60-61
Annexure to Independent Auditors' Report	62-63
Balance Sheet	64
Statement of Profit & Loss	65
Cashflow Statement	66-67
Notes to Accounts	68-92

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report	94-95
Balance Sheet	96
Statement of Profit & Loss	97
Cashflow Statement	98-99
Notes to Accounts.....	100-130
Results at a glance.....	Inside Back Cover



Mr. Prem Kishan Gupta
Chairman & MD



Mr. M. P. Pinto



Mr. Shabbir Hassanbhai



Mr. Sat Pal Khattar



Mr. Saroosh Dinshaw



Mr. Bhaskar Avula Reddy



Mrs. Chitra Gouri Lal



Mr. Arun Agarwal



Mr. Ishaan Gupta

Board of Directors

1. Mr. Prem Kishan Gupta-Chairman & Managing Director
2. Mr. Shabbir Hassanbhai
3. Mr. Sat Pal Khattar
4. Mr. M. P. Pinto
5. Mr. Saroosh Dinshaw
6. Mr. Bhaskar Avula Reddy
7. Mrs. Chitra Gouri Lal
8. Mr. Arun Agarwal
9. Mr. Ishaan Gupta

COMMITTEES OF THE BOARD OF DIRECTORS

A) AUDIT COMMITTEE

1. Mr. Shabbir Hassanbhai-Chairman of the Committee
2. Mr. Prem Kishan Gupta
3. Mr. M. P. Pinto
4. Mr. Saroosh Dinshaw
5. Mr. Bhaskar Avula Reddy

B) STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Mr. Bhaskar Avula Reddy -Chairman of the Committee
2. Mr. Prem Kishan Gupta
3. Mr. Shabbir Hassanbhai
4. Mr. M. P. Pinto
5. Mr. Saroosh Dinshaw

C) NOMINATION, REMUNERATION AND ESOP COMMITTEE

1. Mr. M. P. Pinto-Chairman of the Committee
2. Mr. Sat Pal Khattar
3. Mr. Saroosh Dinshaw

D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Mr. Prem Kishan Gupta-Chairman of the Committee
2. Mrs. Chitra Gouri Lal

BOARD OF DIRECTORS OF SUBSIDIARY COMPANIES

Gateway Rail Freight Limited

1. Mr. Prem Kishan Gupta – Chairman & Managing Director
2. Mr. Gopinath Pillai
3. Mr. Sat Pal Khattar
4. Mr. Shabbir Hassanbhai
5. Mrs. Chitra Gouri Lal
6. Mr. Ishaan Gupta
7. Mr. Mathew Cyriac
8. Mr. Richard B. Saldanha
9. Mr. Gurdeep Singh

Gateway Distriparks (Kerala) Limited:

1. Mr. Prem Kishan Gupta- Chairman
2. Mr. Shabbir Hassanbhai
3. Mr. Bhaskar Avula Reddy
4. Mr. P. Narayan
5. Mr. Raghu Jairam

Gateway East India Limited and Chandra CFS and Terminal Operators Private Limited are wholly owned Subsidiaries.

BOARD OF DIRECTORS OF ASSOCIATE

Snowman Logistics Limited

1. Mr. Gopinath Pillai– Chairman
2. Mr. Prem Kishan Gupta
3. Mr. Tomoyuki Masuda
4. Mr. Shabbir Hassanbhai
5. Mr. M. P. Pinto
6. Mr. A. K. T. Chari
7. Mr. Saroosh Dinshaw
8. Mrs. Chitra Gouri Lal
9. Mr. Ravi Kannan