

# GATEWAY DISTRIPARKS LTD.



ANNUAL REPORT 2013-14



## About The Group

Gateway Distriparks Limited is the only logistics facilitator in the whole of India with three verticals which are synergetic and capable of being interlinked – Container Freight Stations (CFS), Inland Container Depots (ICD) with rail movement of containers to major maritime ports, and Cold Chain Storage and Logistics. GDL operates two Container Freight Stations at Navi Mumbai, two at Chennai, one at Visakhapatnam and one at Kochi. These CFSs have a total capacity of over 600,000 TEUs and offer transportation & storage, general and bonded warehousing, empty handling and several value added services.

GDL's rail operations are handled by a subsidiary, Gateway Rail Freight Limited (GatewayRail) in which The Blackstone Group of USA has made a private equity investment through Blackstone GPV Capital Partners (Mauritius) V-H Ltd. GatewayRail provides inter-modal logistics and operates its own Inland Container Depots/Dry Ports. GatewayRail operates rail linked facilities at Garhi-Harsaru (Gurgaon, Haryana), Ludhiana (Punjab), Asaoti (Faridabad, Haryana) and Kalamboli (Navi Mumbai). GatewayRail own and operates a fleet of 21 trains and 230+ road trailers at its rail linked terminals. GatewayRail operates regular container train service from these ICDs/Dry Ports to the maritime ports at Nhava Sheva, Mundra and Pipavav, transporting import and export as well as domestic containers. All major shipping lines operate from these GatewayRail terminals for both export and import.

The third vertical consists of cold chain logistics solutions through the subsidiary, Snowman Logistics Limited in which Mitsubishi, IFC (World Bank) and Norwest Venture Partners are investors. Snowman is one of the largest integrated temperature controlled logistics service provider operating 23 temperature controlled warehouses capable of warehousing 58,543 pallets and 3,000 ambient pallets spread across 14 locations with an ability to service customers on a pan- India basis. Snowman operates 370 reefer vehicles with a nationwide network connecting 242 cities and towns. A majority of its temperature controlled warehouses are ISO 14001 (TUV-SUD), ISO 22000 (TUV-SUD) and FSSAI certified. With its premium customer service and intricate distribution network, it is the trusted market leader in temperature controlled logistics today.

Going forward, Gateway Distriparks plans to utilise its land banks to further extend capacities, expand its presence in new locations with the backing of a strong management team, and look at new avenues and verticals to become an all-encompassing service provider in the logistics industry in India.

# Chairman's Statement



Gateway Distriparks Limited (GDL) is on the threshold of completing two decades as an active participant in the fast expanding port related logistics segment in India. During this twenty year-period, GDL has established itself as a fairly large CFS operator, a successful rail cargo operator and the operator with the largest network of cold chain facilities in the country.

In FY 2014, GDL Group showed robust performance. Container rail and cold chain businesses both delivered strong results while the CFS business has maintained its throughput.

## During the year ended 31 March 2014 :

- Consolidated Income grew by 6% to Rs. 10.30 billion (crossing the milestone of Rs. 10 billion in a year), up from Rs. 9.70 billion in FY 2013.
- Container Throughput was 552,321 TEUs, compared to 576,228 TEUs in FY 2013.
- Consolidated Group Profit after tax grew by 7% to Rs. 1.36 billion, compared to Rs. 1.27 billion in FY 2013.

### a) CFS

CFS throughput was at 340,004 TEUs (FY 2013: 342,662 TEUs). Our CFSs at JNPT and Chennai maintained their performance and the CFS at Visakhapatnam increased its throughput. Our new CFS at Vallarpadam, Kochi and second CFS at Chennai, which was revitalized, became fully operational towards end FY 2014. Profit after tax was Rs. 0.73 billion (FY 2013 – Rs. 0.89 billion).

### b) Rail

Gateway Rail Freight Limited's two dry ports at Gurgaon & Ludhiana and its terminal at Kalomboli in Mumbai are fully operational. A third dry port at Faridabad commenced rail operations recently after some delays in getting the necessary approvals, which were pending for some time. The company operates 21 container trains and 230+ trailers covering EXIM trade across the country. Rail throughput was 212,317 TEUs (FY 2013: 233,566 TEUs). Profit after tax for FY 2014 increased by 86% to Rs. 521.87 million from Rs. 279.89 million in FY 2013.

### c) Cold Chain

Snowman Logistics Limited has emerged as the leading cold chain management company in the country operating out of 14 locations across the country. In the eight years since GDL entered this business, Snowman has increased its capacity from 10,000 pallets to 80,000 pallets as at end July 2014. The capacity was 61,000 pallets at the end of FY 2014. The company's income in the year under consideration increased by 36% to Rs. 1,552.33 million up from Rs. 1,141 million in FY 2013. In FY 2014, EBITDA increased



by 49% to Rs. 380.10 million from Rs. 254.98 million in FY 2013. In FY 2014, the Profit after tax increased by 18% to Rs. 224.79 million from Rs. 190 million in FY 2013.

### Outlook for Future

During the year, India's export grew by 3.98% to USD 312 billion. EXIM Container traffic in Indian ports has grown by around 10% per annum in the past decade to 7.47 million TEUs in FY 2014. The country's premier container port JNP recorded throughput of 4.16 million TEUs during the year (FY 2013- 4.26 million TEUs) while the container traffic at Chennai, the second largest container port was 1.47 million TEUs during the year (FY 2013- 1.54 million TEUs). The prospects for India's EXIM trade are uncertain in the medium term, because of global economic situation. Indian Shipping Ministry, however, has an ambitious maritime plan to triple the country's port capacity by 2020.

The rail business could grow rapidly because of the potential for savings in cost and time by moving cargo in containers on Railways network, provided rail haulage charges remain reasonable. There has been a strong trend towards containerization of cargo movement on Indian Railways network in the past few years. Government has taken initiatives to upgrade the railways network and to set up dedicated freight corridors, which will also boost rail traffic in the long run. We will continue to strengthen our container train fleet, expand operations at our Inland Container Depots (ICD) near Gurgaon, Ludhiana and Faridabad, to become a dominant player in the container rail business.

Demand for cold chain logistics services (Cold stores and refrigerated transport) has shown strong growth due to increase in consumption of perishable products and due to the supply chain requirements of organized retail chains. Our cold chain logistics business provides services to large FMCG companies and organized retail chains. The company has also expanded its platform to include new items such as pharmaceuticals and industrial products. We are also increasing the size and reach of our refrigerated transport services to cater for the increased demand.

The main challenges for Indian logistics sector are inadequate infrastructure, small scale of operations - compared to many other countries and uncertain global economic environment. Despite these challenges, we are optimistic that the Indian economy will show strong economic growth due to its inherent strengths. Our initiatives taken for expansion and addition of new lines to our businesses will yield positive results in future.

Our strengths are a network of CFSs, ICDs, cold stores, container trains and trailer fleet, strategic alliances & joint ventures, combined with a strong sense of customer orientation and reliable services. GDL's pan-India integrated logistics infrastructure should ensure strong growth in the future.

### Dividend

The Company has paid interim dividends totaling Rs. 7 per equity share of face value Rs.10 per share for FY 2014 (FY 2013 – Rs. 7 per share). We have not recommended final dividend for FY 2014.

### Acknowledgement

GDL continues to take initiatives to be a model corporate citizen setting standards of innovation, efficiency and reliability in all its businesses.

I want to express on behalf of the Board of GDL, a special thanks to Mr K J M Shetty and Brig. (Retd.) Kirpa Ram Vij, who have served as Directors of the company with great distinction and who have now retired from the Board. Mr Shetty, who is a retired IAS officer, was the Chairman of the Audit Committee ever since GDL became a listed company. He was thorough and meticulous in carrying out his duties as the Chairman of this very important committee. Brig. Vij joined GDL as it's first CEO and is the person responsible in setting up a management system that prevails even today. After his retirement as CEO, he was appointed an Independent Director and his knowledge of and contacts in the shipping industry were invaluable to the Group. My deep gratitude to these two gentlemen for their significant contribution to the growth of GDL Group.

Finally I want to thank my fellow Directors, our partners in various businesses, customers who patronize our facilities, employees and shareholders for their valued contributions.

**Gopinath Pillai**





# Table of Content

## Contents

Page No.

Directors, Bankers & Auditors .....	9-11
Directors' Report (including Management Discussion & Analysis) .....	13-17
Corporate Governance Report .....	19-28
Independent Auditors' Report .....	30-31
Annexure to Independent Auditors' Report .....	32-33
Balance Sheet .....	34
Statement of Profit & Loss .....	35
Cashflow Statement .....	36-37
Notes to Accounts .....	38-61

## CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report .....	63-64
Balance Sheet .....	66
Statement of Profit & Loss .....	67
Cashflow Statement .....	68-69
Notes to Accounts.....	70-100
Statement under Section 212 of the Companies Act, 1956 related to Subsidiary Companies.....	102
Results at a glance.....	Inside Back Cover





Mr. Gopinath Pillai  
*Chairman*



Mr. Prem Kishan Gupta  
*Deputy Chairman & MD*



Mr. K. J. M. Shetty



Mr. M. P. Pinto



Mr. Shabbir Hassanbhai



Mr. Arun Agarwal



Mr. Kirpa Ram Vij



Mr. Sat Pal Khattar



Mr. Saroosh Dinshaw



Mr. Bhaskar Avula Reddy



Mr. Ishaan Gupta



# Board of Directors

1. Mr. Gopinath Pillai - Chairman
2. Mr. Prem Kishan Gupta - Deputy Chairman & Managing Director
3. Mr. Shabbir Hassanbhai
4. Mr. Sat Pal Khattar
5. Mr. Kirpa Ram Vij
6. Mr. K. J. M. Shetty
7. Mr. M. P. Pinto
8. Mr. Arun Agarwal
9. Mr. Saroosh Dinshaw
10. Mr. Ishaan Gupta

## COMMITTEES OF THE BOARD OF DIRECTORS

### A) AUDIT AND INVESTORS RELATIONS COMMITTEE

1. Mr. K. J. M. Shetty-Chairman of the Committee
2. Mr. M.P. Pinto
3. Mr. Saroosh Dinshaw
4. Mr. Gopinath Pillai
5. Mr. Shabbir Hassanbhai

### B) REMUNERATION AND ESOP COMMITTEE

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

## 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. Mr. Ishaan Gupta
6. Mr. Mathew Cyriac
7. Mr. Richard B. Saldanha
8. Mr. Gurdeep Singh

### Snowman Logistics Ltd:

1. Mr. Gopinath Pillai– Chairman
2. Mr. Masakazu Sakakida
3. Mr. Prem Kishan Gupta
4. Mr. Shabbir Hassanbhai
5. Mr. M P Pinto
6. Mr. A K T Chari
7. Mr. Saroosh Dinshaw
8. Mr. Ravi Kannan

### Gateway Distriparks (Kerala) Limited :

1. Mr. M. P. Pinto- Chairman
2. Mr. Gopinath Pillai
3. Mr Prem Kishan Gupta
4. Mr P. Narayan
5. Mr Raghu Jairam

Gateway East India Private Limited and Gateway Distriparks (South) Private Limited are wholly owned subsidiaries. Chandra CFS And Terminal Operators Private Limited is a wholly owned subsidiary of Gateway Distriparks (South) Private Limited.