



ANNUAL
REPORT
2002



ANNUAL REPORT TABLE OF CONTENTS
GATI LIMITED

Theme - Making the right moves	<i>one</i>
Making the moves that matter	<i>two</i>
Organisational renewal	<i>four</i>
Customer focused operations	<i>six</i>
Making IT easier	<i>eight</i>
People - the movers and shakers	<i>nine</i>
Outlook - A recharged organisation	<i>ten</i>
Financial highlights	<i>eleven</i>
Board of Directors	<i>twelve</i>
Notice	<i>fourteen</i>
Directors' Report	<i>twenty three</i>
Report on Corporate Governance	<i>twenty six</i>
Management Discussion & Analysis	<i>thirty two</i>
Auditors' Report	<i>thirty six</i>
Balance Sheet	<i>thirty eight</i>
Profit and Loss Account	<i>thirty nine</i>
Schedules	<i>forty</i>
ECS	<i>fifty five</i>
Attendance slip & Proxy	<i>IBC</i>



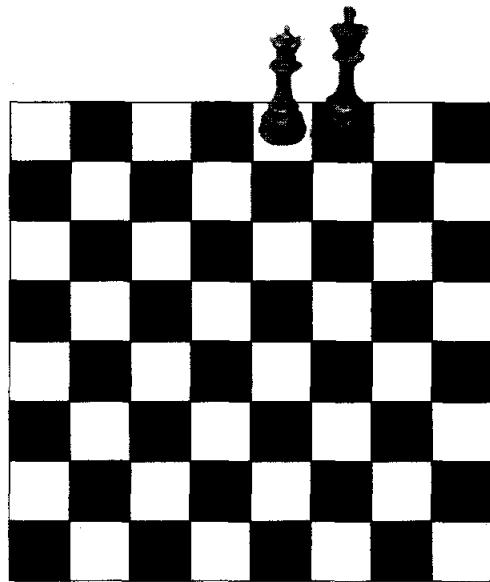
On the cover

Gati has made many moves. Everyone of them decidedly deliberate. Everyone of them adding long term value to the Company.

Changes were made to the business processes and structure. Support systems are getting strengthened. New modes and products are adding to the customer options.

Seen in perspective, Gati is making the right moves. Gati is redesigned. And, rejuvenated.

The format is ready. The cover seeks to capture the excitement in the organisation.



Making the right moves

Gati is making the right moves. The organisation has been redesigned, thereby improving the business focus. The marketing and service team is now nearer the customer. More products and services are on offer, increasing the options for the customer.

Additional delivery channels have been introduced. Two full trains have been added as a mode of delivery. The reach is now in every district of the country. International business has been given a thrust. Gati has presence outside the SAARC countries. Srilanka and Singapore have been added to the Gati map.

Internally, the support systems are also making a difference. IT platform has become customer friendly. The people mind set matches the organisation chart. With focus on customer, deliveries and results, there is a vibrant Gati keen to take the board and score.

At Gati, it is a far more dynamic setup than ever before. Strategies are in place. Tactics have been worked out. The Company is on a higher trajectory. There is a paradigm shift that has readied the Company to meet the needs of the market.

The moves now being made have only one goal. Winning.



FROM THE DESK OF THE MANAGING DIRECTOR

Making the moves that matter

We at Gati had a reasonably good year. The business volume (weight carried) was higher, at a time when the economy was sluggish. It was also a year in which the Company redesigned its approach to business, dismantled the old ways of doing things, and refocused on the customer.

Despite these additional pressures, the top line was maintained, and was as planned for the year. Although the bottom line is lower, it held no surprise. Additional time and costs incurred in redesigning the business processes accounted for lower operating profit. The financial results are hence not exactly comparable.

Every change comes with a price tag. Although the change will be long lasting and strengthen the organisation, the extraordinary costs were charged to revenue, in line with prudential norms. We at Gati do not perceive it as lower profits, but as an investment in transforming the organisation to contemporary needs.

Today, the Company is result oriented, and has increased its visibility with the customer. The marketing and service teams have made themselves accountable and the customer is on a shaking hand distance with the Gati representative.



The Company has more offers in products and service for the customer, and he gets on-line information. At Gati, the business focus has improved, matching customer expectations. Its a rejuvenated Gati that is making an impact in the market.

The operating structure has been refashioned, and is outward looking. The ability of the organisation to respond is better and the customer also has a one-shop-stop to deal with. This has enabled the Gati team to understand the customer better. The response time is faster, and the service level stands improved. The business model is robust, and the team is equipped with competitive strengths.

The need for effecting the change warrants reiteration. In a highly competitive market environment, customers are more demanding. They seek value add-ons. They seek faster flow of information. They need not only closer interaction, but they are willing to treat service providers like us as their business partners.

This meant that Gati had to quickly evolve into a fast paced organisation. We realised we are in the business of moving ideas for our customers. While visibly packages are being handled, in reality the customer wants us to transfer solutions available at one location to multi locations, simultaneously. They need it done in double quick time. They also need assurance.

Gati had to move. To seize the opportunities in the market, the frontline had to move to the customer. Single window concept was brought in, thereby offering options that suit the customer needs. While Gati has presence in all the 585 districts in the country, there was a need for a coordinated approach. Task completion and result orientation was brought in.

In a people business, there was greater need for support, and the Company structure was reworked. IT platform was strengthened, and both customers and operating managers were provided with on-line information.

What we have generated will add to the organisational credibility. There is greater accountability in the service team. The variables and the information flow are in their control. While they are enabled to perform better, the satisfiers have been enhanced. It's a win-win situation in that the customer, employee and thereby company needs are being fulfilled. We did what we set out to do.



Report

JUR

The opportunity before us is nothing short of extraordinary, and we believe there is a huge market out there for the taking. We have the right network, the right products, the financial strengths and the right people. We believe we are uniquely positioned and are making the right moves.

What we have generated will add to the organisational credibility. There is greater accountability in the service team. We did what we set out

There is a freshness and vibrancy in the organisation. Team Gati is keen to perform and our customers shall be the first beneficiary. Our strategy is aimed at quality products and services, productivity, leadership in targeted markets and higher returns. The combination of new business initiatives and our increased focus on customers will culminate in a stronger Gati.

We shall be the most preferred company to do business with and one that is attractive to investors. The outlook is encouraging. Our stakeholders stand to gain from every one of our moves.



REVIEW OF OPERATIONS

Organisational renewal

Gati is a movement company. While many see us collecting, transporting and delivering cargo, packages, parcels etc, we actually are moving ideas. In logistics we move, stock, distribute and add to the productivity of customers. We improve the visibility for the products of our customers.

The existing organisation structure needed to change with the present day requirements. We had to move with the world. Iterating the transformation process would make it self explanatory.

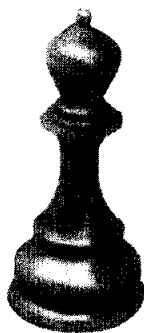
The old way of doing business (largely based on geographical and department wise) was dismantled. The organisation has become result bound. Hierarchies were broken and made less important. What matters to the customer is delivering competence.

There is concern for processes, tasks, assignments, and why and how we can make things happen. Gati is concerned with professional achievements. The present structure demands an enhanced professional approach to solutions.

During the year, Gati made its presence felt in all the 585 districts of the country. The Company's strength is its network, knowledge of the country and roads.

Gati has always been a pioneer in the industry. From November 2001, in association with Indian Railways, Gati runs every week a full train, Millennium Parcel Express, between Mumbai and Kolkata. This is a success, which prompted us to introduce another weekly train between Delhi and Mumbai in July 2002. These initiatives have provided the customers with an additional time bound option.

Today, Gati moves quicker, better, and offers value advantage to the customer. It is no more pick-up and deliver. Solutions are provided, and the customer is helped to select offers, which meet his specific requirement.



Another milestone of the year was internationalising of operations. Gati has gone beyond SAARC countries and has a presence in countries like Dubai and Singapore. Even in this new area, the Company is present in all segments of the business - cargo and courier segments, as well as both inbound and outbound. Alliances with leaders in the segment, will offer advantage to both partners. Ultimately, the customer will gain by the knowledge and reach of Gati as well as the competency of the foreign partner.

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The year was an investment into the future. The focus is clear. There is greater clarity of market and its needs, organisational strengths, resources, and the processes required to achieve objectives. The Company has a firmer grip on the market. The internals have been strengthened. The reach has further improved. The support systems are being wired to provide the latest in technology. More important, the visibility to the customer has improved.

Most moves of the year give confidence to view the future with optimism.





Customer focused operations

As the Olympians would say, Faster, Higher, Stronger. Gati says, Quicker, Better, Economical.

After the redesigning of the marketing and service structure, Gati brand is far more powerful. The strength of, and trust in it, is creating opportunities in logistics and supply chain management.

Customers are aware that Gati is a dependable business partner bringing the best logistic and service solutions. We incorporate the most efficient supply chain metrics to drive sales and achieve cost savings for them.

Our competitive strength is enormous. We have a countrywide network and knowledge of the geography. We are strong in all modes of transport and our reach is *the best*. Add to these, *industry knowledge*, management expertise, dedication to customer service and commitment to innovation. We stand differentiated in a crowded industry.

We have already achieved demonstrable progress in operational excellence, which entails safe, reliable and efficient company wide performance. We are building our capability through better work processes, enhanced training, sharing of lessons learned and increased focus on recognition and accountability.

In a few months, Gati will be adding power to its service levels. Within 2 hours of pick up and delivery, we will have updations to our website www.gati.com. The customer will be kept informed as his consignment moves.

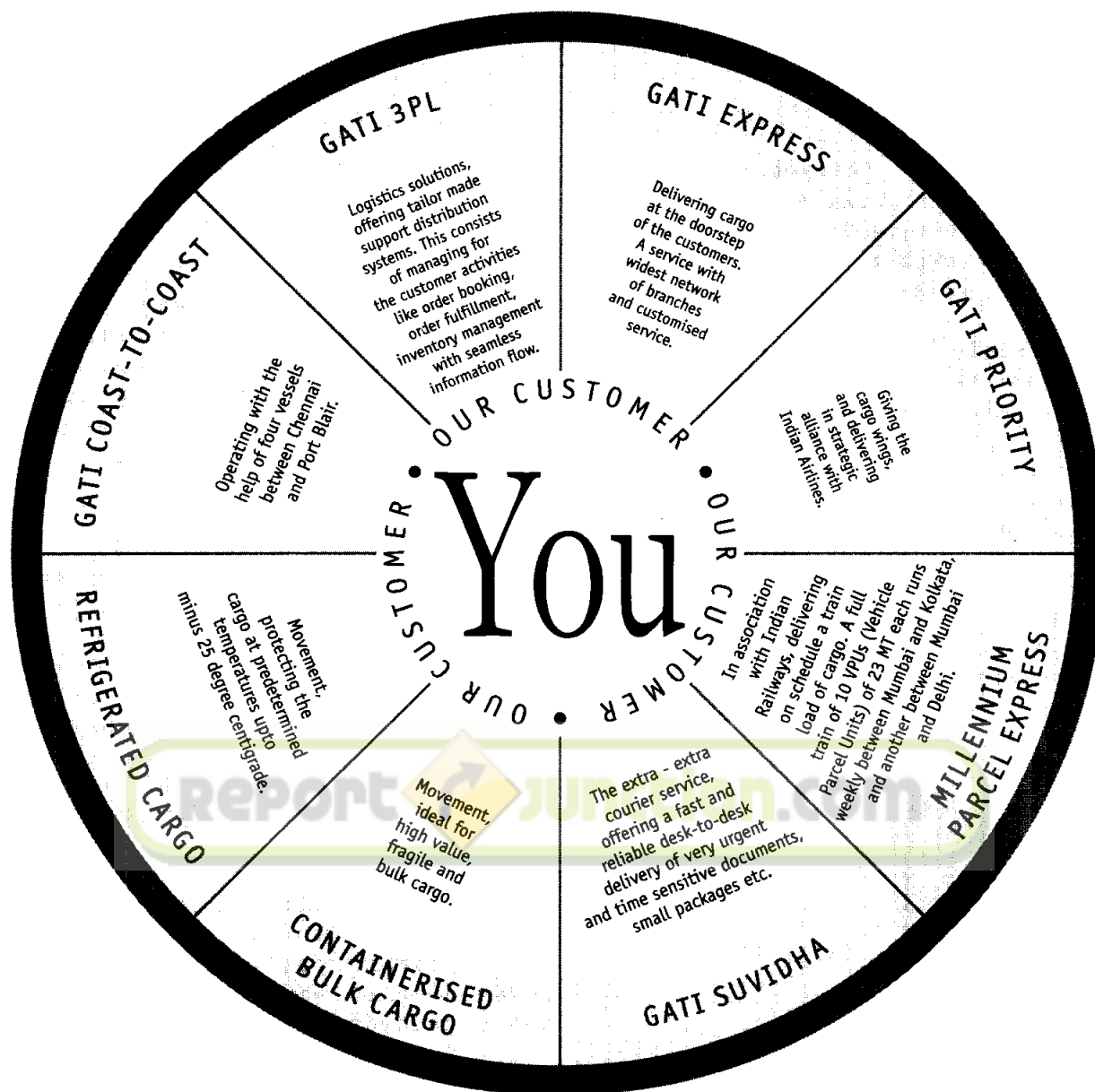
We define success by how well we create value for our customers, shareholders and 1,800 employees. We are value focused and not volume driven. The result is the customer gets more attention.

We encourage creative cooperation between customers, vendors, associates and employees. Partnering together has helped in breaking down traditional boundaries. By combining our experience, talents and strengths, and anticipating the needs of our customers, we have often achieved desired results.





PRODUCT MATRIX





Making IT e a s i e r

Gati is investing heavily into information technology. Considerable logic has gone into charting the IT needs. The detailed road map showed where to invest, the networking required and the benefits that the customers and operating managers would gain.

Gati is building this technology as a source of competitive advantage. A sturdy IT model, called gati@web is being implemented. On completion in a few months, customers would have live info of cargo movement within 2 hours of its pick-up or delivery. The information process would add power to service levels.

The quality of service that the customer sees would perceptibly change.

Even now, there is real time computer based systems for product receipt, storage and shipping. Actually we are delivering greater economic value to customers.

During the year, the Company's web site was totally revamped and relaunched. The new web site has the state-of-the-art technology and is comparable to any international corporate website. The site not only provides corporate information, but also a user friendly module for customers to track and trace their consignments.

Another user friendly website was launched. Gati3pl.com is a web based Warehouse Management Software giving complete logistics solutions. This software facilitates customers to monitor their inventory at various Gati warehouses across the country.

An intranet site called "Gati.net" was launched with the object of connecting every Gati. Gati.net gives information of all corporate policies, daily news relating to Company's business and facilitates discussion forums.

IT is not just fast computing, or even a medium of communication. It is becoming a powerful aid to marketing, a key part of a service provider and a decision making tool. When gati@web is implemented, there will be an added thrust to Gati's competency.

