



PROGRESSING TOWARDS DELIVERING
1,000,000 PACKAGES EVERY DAY



A N N U A L R E P O R T 2 0 1 5 - 2 0 1 6

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Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include input cost and other factors relating to the Company's operations.

Board of Directors



K L Chugh
Chairman



Mahendra Agarwal
Founder & CEO



N Srinivasan
Director



P Sudhakar Reddy
Director



Sunil Alagh
Director



P N Shukla
Director



Yoshinobu Mitsuhashi
Director



Sheela Bhide
Director



Sanjeev Jain
Director - Finance

Founder & CEO's Review

The company has set itself an ambitious 2020 target of delivering one million packages everyday, while ensuring zero delays and zero damages

FY1516 was a year of significant opportunities as well as challenges for the logistics industry. The B2B Express Distribution business remained subdued with single digit volume growth, and also, there was significant pricing pressure on account of sustained drop in fuel prices that followed the diesel price deregulation in the base year. At the same time, the B2C sector offered tremendous growth opportunities for the industry. Amidst these challenges and opportunities, there was significant increase in the competitive intensity with a number of new logistics players emerging in both B2C and B2B sectors.

In such circumstances, your company has done well by negotiating many challenges, and grabbing the available opportunities, thereby emerging stronger as we enter the next fiscal.

Highlights of FY2016:

- ◆ Consolidated group revenue grew 1% over previous year. This performance was against significant headwinds from diesel price decline which impacted our overall yields.
- ◆ Continued growth in Gati e-Commerce business. Combined e-Commerce and e-Fulfillment Centre revenue grew to ₹ 225 Cr. compared to ₹ 130 Cr. in FY2015.
- ◆ PBT improved quarter-on-quarter through a focussed Value Improvement Programme, that delivered savings in General & Administrative costs and improved Operating expenses through better capacity utilisation within our network.
- ◆ Gati Kausar is all set to commission its first Cold Store in early FY16-17 which will make it an end-to-end solution provider in cold chain logistics sector, offering both cold storage and refrigerated transportation.

Based on the results and in view of our healthy balance sheet, your board of directors recommended to pay out 50% dividend.

While remaining focussed on delivering the in-year results, your company has simultaneously worked towards building the capabilities for the future. The company has set itself an ambitious 2020 target of delivering “one million packages everyday, while ensuring zero delays and zero damages”. This can only happen with appropriate investments in new age Technology, further supported by requisite changes in Network Infrastructure and People. In parallel, the Go-to-Market approach is being refreshed and strengthened to remain ahead of competition.

Over the years, Gati has always maintained its technology edge over competition using its proprietary Enterprise Management System (GEMS) that allows full operational control and visibility, from dispatch to delivery, and from invoicing to receivables collection. Last year, Gati has embarked on a journey to adopt the next level automation in the package handling process. 100% Bar Code scanning of each and every package has been introduced across the network as part of the Shop Floor Automation project (SFA). This automation initiative will ensure better accuracy, visibility and control over packages, thereby improving our service quality significantly.

Gati has always engaged customers with a firm belief that we are not just a service provider to its customers, but that Gati is a business partner to the customer, and thus, the customer's business is our business. Through the last few months, Gati has consolidated its various product lines into a 'One Gati' organizational framework so that our field teams in sales and operations engage customers with integrated end-to-end solutions using our various product lines, rather than provide individual product services. This Go-to-Market approach of serving the customers' need in entirety rather than in parts is beginning to show its impact, and the results will be visible in the immediate future.

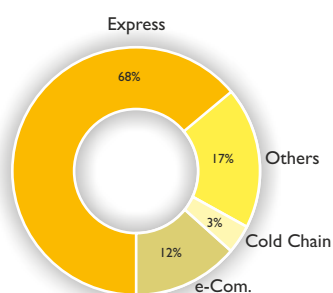
In summary, we have an exciting future ahead. The actions taken internally within the company and the improving macro-economic situation in the country, further buoyed by recent policy initiatives and the regulatory changes being pursued by the government, including the much anticipated introduction of GST framework in the this financial year, all point towards a great year in the new fiscal 2016-17. The future holds immense opportunities and we are fully geared, to deliver on our commitments to various stakeholders.



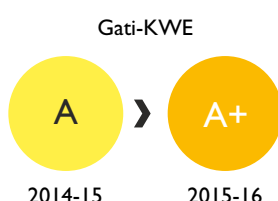
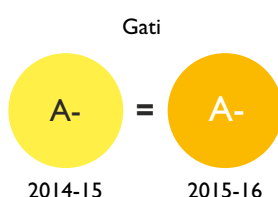
Mahendra Agarwal
Founder & CEO

Key Performance Indicators (Consolidated)





Revenue Break-up



Credit Rating



Total Income (₹ in Million)

FY16	    	16818
FY15	    	16627
FY14 (9M)	  	11272
FY13	   	12895





Current Ratio

FY16	    	1.29
FY15	   	1.23
FY14 (9M)	    	1.32
FY13	    	1.34

EBIDTA (%)

FY16	    	09
FY15	    	09
FY14 (9M)	   	08
FY13	   	08


Interest Coverage

FY16	    	2.53
FY15	    	2.88
FY14 (9M)	   	2.24
FY13	  	1.69

EBIT (%)

FY16	   	06
FY15	    	07
FY14 (9M)	    	07
FY13	   	06

ROCE (%)

FY16	   	15
FY15	    	18
FY14 (9M)	  	08
FY13	  	08

Earning Per Share (₹)

FY16	   	4.20
FY15	    	4.70
FY14 (9M)	  	2.70
FY13		1.10

Turnover on Cap Employed

FY16	    	2.33
FY15	    	2.49
FY14 (9M)	  	1.20
FY13	  	1.35

Awards & Accolades - FY1516



Founder and CEO received Most inspiring entrepreneur of the year award by NITIE



Digital Icon of the year by CIO power list, Core-Media Group



ELSC supply chain packaging company of the year ELSC Conclave



Indian Powerbrand of the year by Planman Media



Top assessee of service tax from Committee of Commissioners, Hyderabad



Logistics Icon of the year by CIO power list, Core-Media Group

About Us

Board of Directors

K L Chugh
Chairman

Mahendra Agarwal
Founder & CEO

N Srinivasan
Director

P S Reddy
Director

Sunil Alagh
Director

P N Shukla
Director

Yoshinobu Mitsuhashi
Director

Sheela Bhide
Director

Sanjeev Jain
Director - Finance

Board Committees

Audit

N Srinivasan - Chairman

P S Reddy - Member

P N Shukla - Member

Nomination & Remuneration

P S Reddy - Chairman

K L Chugh - Member

P N Shukla - Member

Stakeholders Relationship

Sunil Alagh - Chairman

Mahendra Agarwal - Member

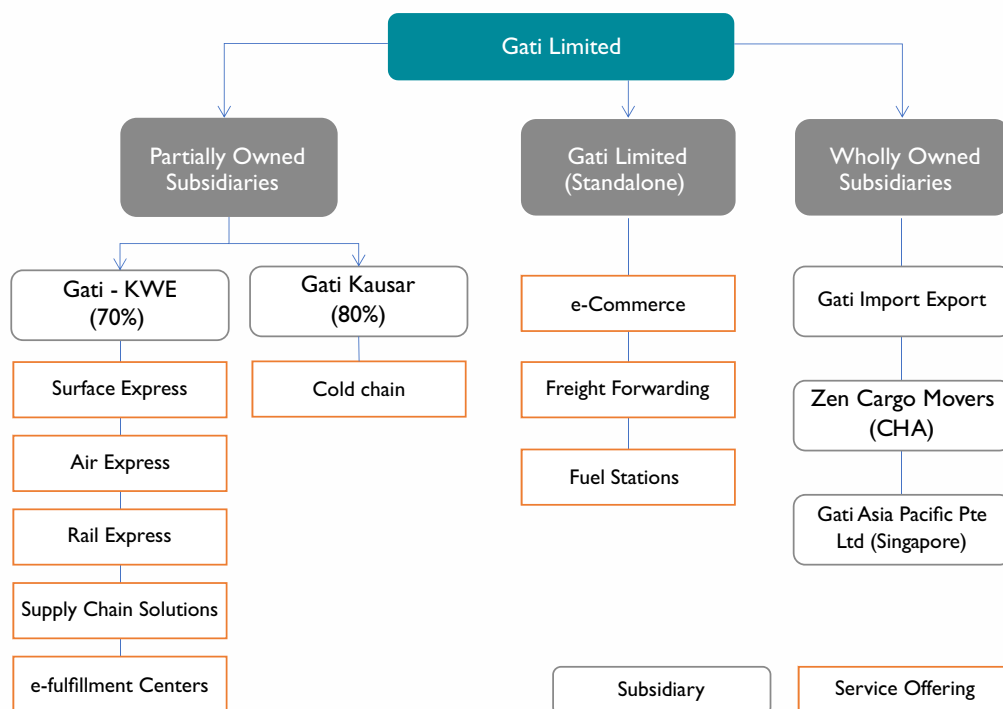
Corporate Social Responsibility

Sheela Bhide - Chairperson

P S Reddy - Member

Sanjeev Jain - Member

Group Structure



People

6000 + Work force

4000 + Business Partners



Reach

140208 Delivery locations

99% districts in India

Presence



Network

608+ Offices
e-Fulfillment Centers
at strategic locations
5 million+ sqft warehousing space



Fleet Strength

5000 + Express Fleets
220 Reefer Trucks
2400 Last mile e-Com.
delivery fleet strength

Key Managerial Personnel

Mahendra Agarwal
Founder & CEO

Sanjeev Jain
Director - Finance

Bala Aghoramurthy
President & Whole Time Director
Gati-Kintetsu Express Pvt. Ltd.

VS N Raju
Company Secretary, Chief Investor
Relations & Compliance Officer
(resigned w.e.f. April 28, 2016)

Statutory Auditors
M/s R S Agarwala & Co.
Chartered Accountants

Bankers
State Bank of India
HDFC Bank Limited
ICICI Bank Limited
AXIS Bank Limited
DCB Bank Limited
Syndicate Bank
The South Indian Bank Limited
The Karur Vysya Bank Limited

Regd. & Corp. Office
Plot No. 20, Sy. No. 12
Kothaguda, Kondapur
Hyderabad - 500 084
Tel: 040 - 7120 4284
Fax: 040 - 2311 2318
Email: investor.services@gati.com
Website: www.gati.com
CIN: L63011TG1995PLC020121

Registrar & Transfer Agents
Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B
Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad - 500 032
Tel: 040 4465 5000 - 152
Fax: 040 4465 5024
Email: mohsin.mohd@karvy.com
Website: www.karvy.com

Business Segment - Express Distribution



To retain the leadership in Express Distribution Business, Gati-KWE will continue to enhance its on-time delivery assurance

The Express distribution and supply chain management business of the group is managed by Gati-Kintetsu Express Private Limited (Gati-KWE) a joint venture company between Gati Ltd and Kintetsu World Express - Japan's leading logistics provider. Gati-KWE's multi modal transportation service, unmatched reach, wide route network, well-built infrastructure and strong technology ensures that every customer gets an integrated, seamless and cost effective solution right from planning, transportation, routing till delivery.

Key Strategies

To retain the leadership in Express Distribution Business, Gati-KWE will continue to enhance its on-time delivery assurance. We will achieve this goal by increasing network, enhancing delivery mechanisms and by adoption of technology. To provide integrated supply chain solutions and improve supply chain efficiencies of our clients, Gati-KWE will partner with clients to identify cost - benefit opportunities that drive value for their business. We achieve this by addressing critical operational constraints, freeing up working capital, improving the flow of information, reforming business processes and implementing shop floor automation & system driven poka-yoke techniques to deliver sustainable competitive advantage.

