




MESSAGE FROM THE CHAIRMAN

Transformation: The key to unlocking new levels of potential

Dear Shareholders,

I am happy to share with you our company's performance highlights for the financial year FY2020-21.

It has been a year full of challenges that started with the impact of the global COVID-19 pandemic and ended with grappling an unprecedented second wave that caught the country off-guard.

But nevertheless, with logistics being one of the essential services, we have been resilient, held the fort and kept business going.

En-route to transformation

The dictionary defines transformation as - *a complete change in the appearance or character of something or someone, especially so that that thing or person is improved.*

At Gati, this is exactly what we have been pursuing for a little more than a year now. We are transforming at every level – in terms of business, people, technology and operations – all driven by just one simple objective - Grow sustainably while delivering excellence to our customers.

We are fostering a culture that lends itself well to embracing change and nurtures our ability to be agile and flexible.

Transformation to enable value-driven sustainable growth

Gati's transition into 'An Allcargo Company' has been one for the books. Team members from both organizations have been collaborating very effectively and customers stand to benefit immensely from the cross-selling of customised solutions that combine the strengths and expertise of both.

In October 2020, we have taken a landmark step by launching the Avvashya Vision, Mission and Values 2.0. With the remarkable ways in which digital transformation is disrupting industries and levelling the playing field for competition from diverse sources, our Vision, Mission and Values are the roadmap that will guide us to create logistics magic, worldwide.

Our transformation project – Project Avvashya – is moving in the right direction. Across the areas of Sales Acceleration, Operational Excellence, Technology and Processes, Quality, Talent and Organization as well as Cash and Overheads, the team is geared to surpass its performance in the coming months.

Not only have we internally restructured our teams at the zonal and business vertical level to reinforce strengths, but also strengthened the Gati Board with the inclusion of Allcargo's senior leaders and brought in talent from within and outside the industry to take us to the next level.

We believe that the safety, welfare and positive employee experiences are very important. It is a matter of great pride that for the second consecutive time, Gati has been declared a 'Great Place to Work' with an ever-highest score of 71. We aspire to a hat-trick of this recognition in the coming year with even better numbers in the high range of 80s.

Transformation in India's logistics industry

Whether it's ensuring supply and deliveries of medical and essential supplies or keeping the wheels of e-commerce turning so that people could

stay home and stay safe, the logistics industry has been at the forefront in current times.

Today, this USD 200 billion industry is set to grow at a CAGR of 10% and cross USD 300 billion in the next five years. Considering the various infrastructure investments on the anvil, the government's focus on reducing logistics cost and building a digital logistics ecosystem, the logistics sector is likely to open up various avenues with great potential.

The industry is going digital, and so are we. By optimizing operations, enhancing efficiencies across global and domestic supply chains, making it feasible for global businesses to explore India as a destination to diversify, etc. transformation in logistics is inevitable and we are ready for it.

Transformation in business performance

The Total Revenue for FY2020-21 stood at INR 1,324 crs as compared to INR 1,714 crs in FY2019-20.

A number of factors like disruption due to lockdowns and curfews to contain the spread of COVID-19, changing customer behaviour and consumption patterns, the organization's strategic decisions to focus on businesses that are our core expertise and exit non-core ones, a restructuring of assets, and many others have had an impact on revenue numbers in the short term.

Despite these fluctuations, overall, we have kept up our performance and emerged as a reliable partner offering safe, swift and timely deliveries to our customers. A key role has been played by our team members who have gone out of their way to deliver the best to our customers.

Considering the huge contribution of our warriors on the frontlines, working hard to keep business moving, we took a number of steps to ensure their physical and mental well-being and keep their morale high. Regular virtual interactions, engagement activities, a special COVID task force to assist with hospital and quarantine facilities if needed, we conducted. We transformed the way we

work and modified our operations to make sure not only our employees but even our drivers, handlers, equipment operators, customers entering our premises and all other stakeholders remained completely safe. All regulatory protocols right from temperature and oxygen checks to regular sanitization and social distancing were strictly implemented and continuous awareness carried out to reiterate their importance. Additionally, we also coordinated with our parent company Allcargo to help transport essential medical supplies for different state governments. Together, we made sure we emerged stronger. And now, we look ahead to a promising future.

Being one of India's premier express distribution companies, we are looking at enhancing our connectivity and reach that extends to every corner of the country with upcoming high-tech Surface Transshipment Centres (STC) that enable better operational efficiency, productivity and throughput. In collaboration with Allcargo, we are also offering last mile transportation to its CFS-ICD customers. We are also investing in new modern and state-of-the-art distribution centres across the country.

Our retail business transcended its month-on-month targets multiple times in the past year, and our next step would be to set new records and keep delivering on our promise. We have been exploring new digital tools for lead generation and leveraging social media to reach out to customers and potential partners and associates across the country.

SMEs, that have rightly been called the backbone of India's economy need specialised services and customizations owing to the size and nature of their operations. We have a team of experts to focus on these customers and be true partners in their growth and profitability while helping them to access newer markets and compete more effectively.

Gati's air freight services have taken a new flight of success with the launch of 'Gati Air.' With a complete overhaul, we have aligned our air freight

services to exceed customer expectations. Connectivity to all of India's commercial airports, tie-ups with leading airlines, a number of value-added services, restructuring the locations and connectivity of our Air Transit Centres (ATC) are all developments that bode well for our performance. Our aim is to make sure that customers who need time-urgent air freight deliveries within 24-48 hours, Think Air, Think Gati, every time.

Considering the boom in e-commerce in India, our end-to-end services have proved to be of significant advantage for customers. Effectively complementing the offerings of Avvashya CCI, Allcargo Logistics' contract logistics vertical, we have been able to create unmatched synergies in supply chain management solutions. As 'An Allcargo Company', we are in a position to serve even international retailers by leveraging a global network operating in 180 countries.

Operations excellence is critical to business performance. As part of our transformation, we have been effectively optimizing our network, streamlining processes to save costs and time, and striking the right balance between a holistic perspective and ground-level changes. Right from ensuring COVID-19 care and safety precautions to partnering the nation's safety initiatives and increasing awareness, our operations team has been helping us deliver excellence.

Transformation with technology at its forefront

Digital transformation is progressing speeds we have never seen before, accelerated even further by the global COVID-19 pandemic. Not only are businesses transforming supply chains to be more resilient and agile, even customers across multiple sectors are increasingly relying on technology for its speed, safety and convenience.

We, at Gati, aspire to be leaders and frontrunners in digitally-enabling the way we conduct business and delivering exceptional experiences to our customers. We have implemented a number of digital tools and technology to simplify processes

Enhancing efficiencies and increasing customer convenience are the main areas of focus for our adoption of digital tools and technology. With Gati Genie and our customer portal, customers can complete a number of activities like booking pick-ups and deliveries, tracking their cargo, checking PIN Code serviceability and lost more while just chatting on WhatsApp.

Overall, at an organizational level too, we look ahead to bringing about a mind-set shift and fostering a digital-first attitude. Our aim is that across business departments and functions, for all activities and operations, our team members think in the direction of how digitalization can be leveraged to be more effective and efficient.

for our teams and customers. An enterprise-wide digital software, internal IT systems, instant customer assistance through our WhatsApp chatbot – Genie, our website, customer portal, etc. are all attempts to leverage technology to do more and do better.

Our ambition is to be comparable with today's new-age companies and our people are committed to deliver this to our stakeholders.

Transformation to build formidable teams

Our teams are the reason behind our success, their efforts are like the wind beneath our wings, powering us to fly high and achieve even what's seemingly impossible. We believe in constant training and up-skilling team members because if

they reach new heights, Gati reaches new heights.

We also remain committed to taking care of our teams by providing medical consultation, counselling, assistance for vaccination, and more to help them stay safe and healthy.

Taking care, as we transform

Reducing our impact on the environment, encouraging acts of sustainability no matter how small, adhering to the highest standards of Environmental, Social and Corporate Governance (ESG) as well as Health, Safety, Security and Environment (HSSE) standards are some of our key actionable areas to grow sustainably and accelerate business.

Through our CSR initiatives we have been bringing joy, hope and smiles to numerous beneficiaries across the country by conducting inclusive welfare and development programmes in health, education, environment, women's empowerment, disaster relief and sports.

Transforming today, to gear up for tomorrow

India is transforming to emerge as a global trade destination. We, at Gati are transforming to contribute to this leap of faith by bolstering businesses with best-in-class integrated logistics.

Tomorrow holds exciting possibilities and with our futuristic, global perspective, we are ready to create digitally-enabled, logistics magic, worldwide.

Regards,



Shashi Kiran Shetty

Chairman