

Global Reach : Global Acclaim





Global Reach : Global Acclaim

The commercial world today is rightfully labeled a "Global Village". With national boundaries giving way to symbiotic co-operations, technological advances and resources being shared and the whole globe become one seamless market, the role of logistics as a key enabler in trade is unquestionable.

Outsourcing, innovative supply chain management techniques, "just-in-time" production concepts and emerging markets all have contributed to the necessity of movement of cargo worldwide. Needless to say that global reach and penetration are the cornerstones for any logistics service provider to sustain and grow in such a scenario. Allcargo with its global presence and expertise over different geographies is at the leading edge of the logistics industry. A fact duly recognized by the cargo industry in particular and the commercial world in general, Allcargo is now ranked 290th overall in the "Fortune 500" list and is a proud 2nd in the logistics industry.

Allcargo Truly a company with a global reach and now globally recognized and appreciated too.

Contents

04	Our Chairman's Statement	Financial Section
08	Our Achievements	52 Auditors' Report
10	Corporate Social Responsibility	56 Balance Sheet
12	Human Capital - The Foundation of Growth.	57 Profit & Loss Account
15	Our Board of Directors	58 Cash Flow Statement
16	Our Performance	59 Schedules To The Accounts
18	Directors' Report	82 Auditors' Report on Consolidated Financial Statements
28	Report on Corporate Governance	84 Consolidated Balance Sheet
46	Management Discussion & Analysis	85 Consolidated Profit & Loss Account
		86 Consolidated Cash Flow Statement
		87 Schedules to the Consolidated Accounts
		103 Financial Highlights of Subsidiaries





Chairman's Statement

Dear Shareholders,

With a profound sense of achievement, as Chairman & Managing Director of Allcargo Global Logistics Limited, I present before you the Company's Annual Report for the year 2010. It has been a landmark year which has seen your company making excellent progress, marked by impressive financial performance.

Your company's strategy to build an un-replicable bouquet of logistics offering has worked well for the company. Your company has shown improved financial performance through increased operational efficiency in all the businesses. Consolidated revenue and net income of the Company has grown by **38%** and **28%** over previous year to ₹2,889.93 Crore and ₹165.92 Crores, respectively.

Global trade flows rebounded across many regions in 2010. Recovery worldwide has been driven by increased trade in North America, Europe and Asia, as well as between Asia and the rest of the world. This is clearly evident from growth in MTO business which has shown a volume growth of 21%. In CFS Business, which is based in India, your company has expanded its port-based facilities in Mundra and Chennai. With significant volume growth at Chennai CFS; overall throughput for the CFS has reached to record 226,797 TEUs registering a growth of 31% over previous year.

A nation's infrastructure development plays a significant role in its economic growth. A fast growing economy warrants an even faster development of infrastructure. Both private & public sector had been investing in India's infrastructure story. The investment in infrastructure in India has increased from 4.9% of the gross domestic product (GDP) in 2002-03 to 6% last fiscal. It is expected to touch 10% of GDP in the 12th Five Year Plan (2012-2017). 'Projects & Engineering Solutions Business of your company will get tremendously benefited with this India's fastest growing sector. Your company has shown tremendous propensity to growth in Project & Engineering solution business based on own fleet of more than 101 cranes, 65 Hydraulic Axles & various other assests/equipments to support this Business.

People

For organisation's success, it's important to keep employees motivated and satisfied. It is a fact that to thrive in the chaotic and competitive business environment, organisations need to constantly innovate and be "ahead of the curve" in terms of business strategies and **Human Resource Management**. Your company has adopted a holistic perspective towards HRM that ensures that there are no piecemeal strategies and the HRM policy enmeshes itself fully with those of the organizational goals. Your company also understands the importance for value-based leadership. Your company has not only strengthened its middle-level management to support next-generation growth but has also recognized High-potential business-leaders and is working towards their grooming in very organized way.

Strategic Initiatives

Availability of updated-information is key for decision-making and customer-delight. Your company has been able to successfully install ERPs for India-NVOCC and Projects & Engineering Solutions divisions. Along with that; your company has graduated to have a strong underlying financial system. To make IT-systems more robust and support projected growth of your company on global landscape; your company is currently involved in an IT-transformation initiative to upgrade technology-support for our global NVOCC operations.

Robustness of business-process is very important for the scalability of an organization. It goes without saying that organizations need to have mechanisms to check these processes and ensure timely corrective measures in case of deviation or changes. We need to build a very strong "check & balance" system to ensure that your company is not subject to any surprises & risks and ensure zero compromise on compliances. An Assurance & Risk department has been set-up to have continuous focus on this initiative.



Mr. Shashi Kiran Shetty
Chairman & Managing Director
Awarded Entrepreneur of the year by Ernst & Young

Broadening Horizons

Your company continued with its inorganic growth plans and acquired business rights and controlling stake in two Hong Kong based firms doing NVOCC business in China & one UK based NVOCC Company. We have made steady progress and opened new offices this year in Zhongshan, Fuzhou, Qingdao, Hanoi, Indonesia, and Sri Lanka. This strategic investment assisted us in extending our presence in a fast paced growth economy like China and leverage on tremendous LCL volume growth forecasted in Intra-Asia region. Further to augment the Projects & Engineering Solution business, your Company, through its wholly owned subsidiary company, has acquired two vessel of the capacity of approximately 6,500 dead weight each.

Awards and Honour

Your company has been chosen as "Company of the year in the logistics category" at the prestigious "Maritime and Logistics Awards-2011" organized by EXIM. This is along with the award in individual category of "Freight-forwarding Company of the year" at the same venue. Your company has also been awarded with "Best Private CFS Operator in India" at esteemed "Maritime Gateway Awards". These awards at recognized forums firmly state the growth in all sections of the business. I believe that this was only possible through relentless focus on customer-satisfaction and focus on improving the quality and efficiency in all our businesses in the face of extreme competitive scenario.

It makes me immensely proud to inform you that your company is now ranked 2nd in logistics industry in the coveted Fortune 500 Indian companies and 290th in the overall rank.

I am also glad to inform you that I have been conferred with the award "Face of the year in Logistics Industry" in the "Express & Supply Chain Conclave" organised by the Economic Times. This was only possible through your faith and growth shown by your company in areas of its presence in logistics industry.

Start of 2011 has brought some challenges to various parts of the world. As UN enforced no fly-zone in Libya, European debt crisis is still looming large across the Mediterranean region; Japan is trying to recover from the earthquake & tsunami which struck it on 11th March this year and nuclear-radiation scare from Fukushima plant afterwards. Existing state of affairs are making the global macro-economic indicators a bit uncertain in shorter-side of the time-curve. Every challenge brings an opportunity with it. As the freight-rates have started showing downward trends in many regions; your company is all-set to leverage this opportunity to maximize the return to you, shareholders.

The EXIM trade in India is showing solid growth and with expected increased level of containerization; I foresee a sustained growth in CFS & ICD business in India. Similarly, on the back of tremendous growth forecasted in Indian Infrastructure investment, I foresee a formidable growth in all our businesses.

Through our focused efforts and with the continued support of yours, I am confident that in the coming year we can add new dimensions to Allcargo Group's success, and that over the next twelve months, we will be able to further consolidate our leadership role in the global logistics industry. I firmly believe that having talent at all levels - which is naturally linked to innovation, corporate governance, business ethics, commitment and continuous learning - will enable us to outperform our industry and meet our obligations as an organization to our stakeholders.

At this positive note, I take this opportunity to express my sincere thanks to all the shareholders for their continued trust in the Management of the Company. On behalf of the Company, I would also like to thank all our customers, dealers, suppliers, our JV partners, other business associates and employees for their invaluable support and co-operation in the year gone by and in the years to come. My special thanks and warm appreciation are also due to our valued clients for having continued faith in the Company and also for their valued suggestions, which have definitely gone a long way in the betterment of your company's performance.

As we plan and work towards making our business bigger and better, we look forward to your continuous support and encouragement to take Allcargo Global to greater heights.

With Warm Regards
Shashi Kiran Shetty
 Chairman & Managing Director

LOADING OF WINDMILL BLADES ON ALLCARGO LAXMI



Achievements

Allcargo has entered the hallowed of the 'Fortune 500 companies', and more significantly has been ranked 290th among all industries and 2nd among the logistics fraternity.

We wish to reiterate that this landmark is an important milestone in our growth and by no means the destination.

AWARDS AND RECOGNITION

The year was very special for your Company as many awards and recognitions have been acclaimed for the significant contribution made by your Company in development and growth of the logistic industry.

- Allcargo has been ranked at 2nd position in Logistics Segment and at 290th position overall in the 'FORTUNE 500' companies in India by 'Fortune India'.
- 'The Best LCL Consolidator Award' for the year 2009-10, by the Southern Region of Container Corporation of India (CONCOR).
- Allcargo has been ranked at No. 251 in the 'ET 500-2010' list by "The Economic Times". Additionally, the company has been identified as one of the top 10 companies which has a potential for growth and value addition based on consistent performance in its section "SHOW STOPPERS-Spot the Winners".
- 'Logistics Company of the Year' and the 'Freight Forwarder of the Year (Indian)' by the 'All-Maritime and Logistics Awards (MALA) 2010'.
- Mr. Shashi Kiran Shetty, the Chairman & Managing Director of the Company, was awarded the 'Face of the Year' by 'Express Logistics and Supply Chain (ELSC)' organized by the Economic Times & Future group in Mumbai.
- Mr. Shashi Kiran Shetty, the Chairman & Managing Director of the Company, was awarded "Entrepreneur of the Year Services Category" by 'Ernst & Young'.
- Ms. Shantha Martin, CEO, NVOCC, Indian Subcontinent and Middle East, has been adjudged as the 1st runner in the category "Leading Woman CEO" by 'iGroup'.

Your Company believes that winning of such recognitions was due to the hard work, passion and spirit of team work of the employees and thoughtful leaders, whose novel thinking and innovative approach have led them to attain excellence in their field. These awards are a testimony to the commitment to the stakeholders of the Company and our seamless integrated logistics solutions.