


ANNUAL REPORT 2011-12



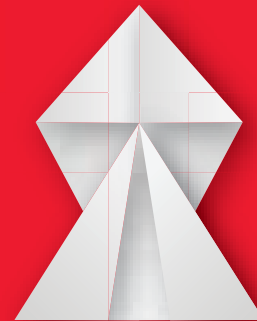
TRANSFORMATION
THROUGH INGENUITY

allcargo logistics Ltd.
Ingenuity In Motion





Like a blank paper is
transformed through
the art of Origami,
we transform logistics
through our ingenuity.



We started as a cargo handling operator with a single forklift.

Today, we are India's only logistics company with a global presence that spans across 142 offices, 62 countries and over 4000 port pairs and span the entire value chain of logistics - NVOCC, CFS-ICD, 3PL & Warehousing, Project and Engineering Solutions and Ship Chartering.

This transformation has been possible thanks to our passion, commitment and our ambition to be the best in everything we do. By understanding our clients' needs, by providing customized solutions, by going the extra mile to ensure quality and safety and finally by surprising our clients with the ingenuity that we have brought to the business of motion.

For us, every Annual Report is an occasion to remind ourselves of our humble origins and the fact that we continuously need to transform ourselves to stay ahead and be relevant to our clients and to all our stakeholders.



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MR. SHASHI KIRAN SHETTY
Chairman & Managing Director

- “CEO of the Year with HR Orientation” – Asia’s Best Employer Brand Awards
- “Outstanding Logistics Professional” – 2nd MALA Awards



Chairman's Message

Dear Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance for the financial year ended March 31, 2012. We have changed our accounting year from calendar to fiscal and this Annual Report will discuss the audited financials for fifteen months ended March 31, 2012.

Our vision has been to become a global billion dollar enterprise by FY14 and I am happy to share with you that we are well on track to achieve this. We have continued to focus on our strategy of being a leading player in the global logistics space, evolving into an integrated logistics service provider.

Avashya Group

The past year has seen significant changes for our company. We introduced a new logo changing our name from Allcargo Global Logistics to Allcargo Logistics. We also launched a branding initiative, forming a mother brand called the Avashya Group. We felt with our growing scale of operations across the world, it was now necessary to build a monolithic brand across all the markets that we operate in.

Avashya Group will consolidate all our group companies: Allcargo, ECU Line, Hindustan Cargo Limited, Allcargo Shipping, MHTC and Conserve Infratech Pvt Ltd. under one umbrella brand.

Every logo has a story to tell and can be used to express an organization's ambition. With our businesses undergoing a transformation in size, scale and stature we have chosen to express the 'Unchanging Truth' about our corporation - Our Thinking. In future, as we expand and diversify our interests, Avashya will be committed to delivering 'Transformations that Delight' for every new activity it embarks upon. The symbol chosen for Avashya Group is a prism, an enduring symbol of transformations that delight – an object that takes white light and transforms it magically into a delightful rainbow of colors.

The creation of the new Allcargo logo is our endeavor to express the philosophy of inventiveness and imagination which we have brought into the field of logistics. Our tag line – 'Ingenuity in Motion' reflects our ambition and quest to be the 'game changer of logistics'. The infinity sign integrated into the Allcargo logo represents the infinite possibilities of ingenious thinking.

We have always prided ourselves on being 'hands-on' in each one of our business segments. Allcargo's new brand promise tells our existing and future customers that we will continue to offer versatile and superior quality services backed by a strong commitment to create value for all our stakeholders. We want them to know that we are moving forward with both these commitments at the forefront and are poised to reliably serve our customers' every need today and into the future, because they will always come first!

Our company has succeeded in building a financially healthy business with an attractive growth curve while always enhancing value to its shareholders. Our focused efforts coupled with uniquely positioned business strategy, has helped to deliver the desired results. The re-branding exercise signifies not only our focus on profitable growth but also the expansion of its businesses across sectors.

Business Performance

The consolidated financial performance for the 15 months ended March 31, 2012, is as follows:

- Total revenues at Rs. 4,325 crore – an annualized increase of 20%
- Earnings Before Interest, Depreciation and Tax (EBIDTA) stood at Rs. 574 crore – an annualized increase of 54%
- EBIDTA margins improved by 294 basis points to 13%
- Profit After Tax (PAT) at Rs. 285 crore – an annualized increase of 37%
- Earnings Per Share (EPS) of Rs. 21.8 – an annualized increase of 36%

Our company has emerged as a leading and formidable player in all the businesses that it operates in. The thrust is on profitable growth across all lines of our businesses.

The past year saw global trade flows slow down across many regions and the slowdown is expected to continue in the short term. Despite this, our global MTO business showed annualized growth of 13% in volumes, due to our resilient business model as an LCL consolidator and scale of operations across 62 countries and over 4,000 port pairs.

Our CFS volumes increased by 7% annualized. In fact, we are starting a new CFS at JNPT, adding additional capacity of 1,00,000 TEUs per annum, which will be operational by the end of August 2012.

India's infrastructure development has been recognized as a critical driver for progress and economic development. The government has started to take steps to address the issue of poor infrastructure in the country, and has estimated a spend of one trillion dollars in the 12th five-year plan. This has culminated in a strong and robust order book in our project and engineering solutions business. We have emerged as the 'logistics partner of choice' for projects of large conglomerates. Our company has invested significantly in this business over the past two years, building a large fleet size of over 900 equipment, to support this growing demand.

Awards and Recognitions

I am very pleased to inform you that in the past year, our company has won many awards:

- "CEO of the Year with HR Orientation" – Asia's Best Employer Brand Awards
- "Freight Forwarder of the Year" – 2nd MALA Awards
- "Outstanding Logistics Professional" – 2nd MALA Awards

- “LCL Consolidator of the Year” – 3rd South East CEO Conclave & Awards
- “Indian Freight Forwarder of the Year” – 1st Northern India Multimodal Logistics Awards
- “Most Well Diversified Business Enterprise” – Citi Commercial Bank & Economic Times

Future Plans

We continue to scale up our existing businesses with focus on profitable growth. We will explore new opportunities that would help us add value to our existing businesses or create synergies. 2012 has brought significant changes across the world. The uncertainty arising due to the European debt crisis, crude oil fluctuations, social and political unrest in Egypt, Libya, Bahrain; US credit downgraded; currency depreciation and rising inflation and interest rates in India, has created a ‘gloom and doom’ scenario. However, we see opportunity in every adversity. We believe this is the time to consolidate our focus and drive our ambition to become a global and preferred integrated logistics partner for our customers, creating value for all our stakeholders.

Through our focused efforts and with the continued support from you, I am confident that in the coming year we will add new dimensions to the 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.

I thank you all for your immense support and continued trust in the Management of our Company. I sincerely thank all our stakeholders – customers, partners, employees, shareholders, business associates for their faith in us. As we plan and work towards making our business bigger and better, I look forward to your continuous support and encouragement to take our company to greater and newer heights.

Thank You,

Shashi Kiran Shetty

Chairman and Managing Director

OUR BUSINESSES

