



**Innovate  
to Grow.  
Reinvent to  
Transform.**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr Shashi Kiran Shetty- Chairman and Managing Director  
Mr Adarsh Hegde- Joint Managing Director  
Mrs Arathi Shetty- Non-Executive Director  
Mr Kaiwan Kalyaniwalla- Non-Executive Director  
Mr Keki Elavia- Independent Director  
Mr Mohinder Pal Bansal- Independent Director  
Mr Hari L Mundra- Independent Director  
Prof J Ramachandran- Independent Director

### CHIEF FINANCIAL OFFICER

Mr Jatin Chokshi

### COMPANY SECRETARY

Ms Shruta Sanghavi  
Mr Shailesh Dholakia (upto June 30, 2016)

### INTERNAL AUDITOR

Mr Mukundan K V

### STATUTORY AUDITORS

M/s S R Batliboi & Associates LLP  
M/s Shaparia Mehta & Associates LLP

### SECRETARIAL AUDITORS

M/s Mehta & Mehta

### SOLICITORS AND LEGAL ADVISORS

M/s Maneksha & Sethna

### REGISTERED OFFICE

6<sup>th</sup> Floor, Avashya House  
CST Road, Kalina, Santacruz (East), Mumbai 400 098.  
Tel.: 022-6679 8100 | Fax: 022-6679 8195  
[www.allcargologistics.com](http://www.allcargologistics.com)  
CIN: L63010MH2004PLC073508

### REGISTRAR AND SHARE TRANSFER AGENT (New Address)

M/s Link Intime India Private Limited  
C 101, 247 Park, L B S Marg,  
Vikhroli West, Mumbai 400 083.  
Tel.: 022-4918 6000  
Fax: 022-4918 6060  
E-mail: [rnt.helpdesk@linlntime.co.in](mailto:rnt.helpdesk@linlntime.co.in)

### BANKERS

Axis Bank Ltd.  
Citi Bank NA  
DBS Bank Ltd.  
HDFC Bank Ltd.  
Honkong and Shanghai Banking Corporation Ltd.  
Kotak Mahindra Bank Ltd.  
Standard Chartered Bank  
Yes Bank Ltd.  
RBL Bank Ltd.  
BNP Paribas  
ING Belgium NV  
KBC Bank  
ICICI Bank Ltd.

### 24<sup>TH</sup> ANNUAL GENERAL MEETING

Date: Thursday, August 10, 2017  
Time: 2.00 p.m.  
Venue: Avashya House, CST Road, Kalina, Santacruz (East), Mumbai 400 098.

### Forward-looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

# Contents

## CORPORATE OVERVIEW

|  |    |
|--|----|
| Innovate and Reinvent .....  | 02 |
| Our World.. .....  | 04 |
| Chairman's Message.....  | 06 |
| Our five year snapshot .....   | 10 |
| Strengthening our Business through<br>innovation and reinvention ..... | 12 |

## GROWING SCALE OF OPERATIONS

|   |    |
|---|----|
| Non-Vessel Operating Common Carrier .....                               | 14 |
| Container Freight Stations<br>& Inland Container Depot facilities ..... | 16 |
| Project and Engineering Solutions .....                                 | 18 |
| E-Commerce Logistics .....  | 20 |
| Coastal Shipping .....  | 22 |
| Contract Logistics .....  | 24 |
| Board of Directors .....  | 26 |
| Management Team.....  | 28 |
| Making and Enduring Societal Difference.....                            | 30 |
| Awards and Recognition .....  | 32 |

## STATUTORY REPORTS

|   |     |
|---|-----|
| Notice .....                            | 33  |
| Board's Report.....                     | 43  |
| Management Discussion and Analysis..... | 81  |
| Corporate Governance Report.....        | 86  |
| Business Responsibility Report.....     | 106 |

## FINANCIAL STATEMENTS

|                              |     |
|------------------------------|-----|
| Standalone Financials .....  | 113 |
| Consolidated Financials..... | 166 |

## PROXY FORM

## ATTENDANCE SLIP



# INNOVATE & REINVENT

## **Innovation & Reinvention.**

Two words with endless possibilities.

**Innovation unlocks new value.**

**Reinvention leaps from 'what is' to 'what can be'.**

**Together these help businesses build a sustainable growth model for tomorrow.**

We, at Allcargo, have consciously and constantly thrived to incorporate the power of innovation and reinvention at every stage of our business. With our customers as the focal point, we constantly try adding new and unique solutions for a better experience.

The variety of our services and wide range of operations combined with an impressive global network gives us an edge.



As one of India's largest publicly listed logistics companies, Allcargo is empowered by the best-in-class technologies. We actively integrate latest technologies, to deliver digitised solutions to our customers. This ensures operational efficiencies and faster execution, thereby delivering transparency, reliability, trust and sustainable value creation for all our stakeholders.

Our business is marked by uncertainties. We realise the risk involved and so use the power of innovation and reinvention to our advantage by working towards alternative business models. We not only provide end-to-end logistics, but also create opportunities and provide solutions that help empower businesses globally to constantly reinvent themselves.



## OUR WORLD

### **If you aren't leading by example, then you simply aren't leading!**

Allcargo believes there is always a way of doing things better. As the world's leading less-than container load (LCL) consolidation player with a wide-spread network of 300+ offices across 160+ countries, we have redefined the global logistics landscape with our distinctive, spearheading and coherent services.

We are among India's largest integrated logistics solutions provider in the private sector. We are known for our world-class Container Freight Station(CFS) and Inland Container Depot (ICD) facilities, best-in-class equipment, leadership in Projects and Engineering (P&E) solutions and Coastal Shipping as well as expertise in Contract Logistics.

Together these services have helped us reach a stage where we have gained our customers' trust and goodwill. As a result, over the years, we have sustained our position as the most reliable, innovative and experienced logistics solution provider globally.

**We function with a simple idea at the core of our business:**

*Logistics is not just a service.*

*It is an opportunity to create and provide solutions.*

*Logistics is not just about doing things right in a timely manner.*

*For us, it is an opportunity to challenge the existing norms.*

*It is a way we help empower businesses globally.*

*It is how we deliver more than expected, every single time!*

Our basic aim is to achieve benchmarks in terms of quality and consistency. This helps us co-create a good value for our stakeholders.

We are constantly working towards building a business that leaves a positive and ever-lasting impression on the society at large. We take up every opportunity and put efforts towards the society's upliftment through our group's NGO Avashya Foundation. Our simple belief is to help the society progress and make this world a better place to live in, for everyone.

## Vision

To become a leader in the business and be known for pioneering solutions in logistics, worldwide.

## Mission

To demonstrate world-class expertise and customer centricity through our ingenuity and technology.

## Values

Trust

Integrity

Team Spirit

Leadership

Passion for Excellence

Respect for  
Individuals

Transparency and  
Openness





# CHAIRMAN'S MESSAGE

Dear Fellow Shareowners,

I take immense pleasure in sharing with you all, the highlights of our Company's performance for the financial year ended March 31, 2017.

With 'Innovation and Reinvention' as the crux of our operations, we, as a company, have constantly strived for improvement instead of perfection. We feel improvement is something that automatically brings about perfection as a by-product over time. We have constantly tried building a better tomorrow knowing what it takes to make one. Through this process, we have tried integrating innovation and reinvention as an active part of our growth strategy. This has helped us bring out the best in us as we adapt to the changing business environment to meet the growing market needs and demands.

Last year our performance was what we envisaged. This was a result of an excellent team work, quick responsive thinking to the best ideas that we discovered as opportunities. Innovation and reinvention is born from creativity. But its sustenance depends on right movement at right time.

Let us take a look at the year that was.

## Withstanding macro-economic challenges

Last year witnessed a host of geo-political changes. Events like Brexit, US Presidential election, policy announcements thereafter and the after effects of the shipping crisis played a major role in macro-economic scenario. However, we managed to successfully maintain a good momentum. Despite all the challenges, we maintained a good balance and our business performance demonstrated optimism. We frame-worked our strategic steps well. This was coupled with good initiatives and well laid-out plans which helped us navigate successfully. Hence, achieving a long-term sustainable growth.

We proudly share that today we stand as India's only logistics multinational, providing integrated logistics services. Over the years, we have emerged as a leading and competent player across businesses that we operate in.

Today we are:

- World's largest LCL consolidator
- Amongst the largest Indian CFS operators
- Only Indian Company with significant presence across the country's all three major container ports. We look forward to further consolidate our position with the opening of a new CFS at Kolkata – the East coast of India
- Among India's leading Project and Engineering solutions provider and vessel owner in bulk coastal shipping
- Among very few Indian companies specializing in contract logistics, a business with significant growth opportunities

## Indian Logistics Industry – at the cusp of transformation

The Government of India has been making consistent efforts for an integrated approach. It has been trying to bring various Government organisations, state Governments and logistic operators to a common platform. The Indian logistics industry is moving towards a phase of major transformation.

The Government's plans to cut logistics costs from the current 14-15% of GDP to 9-10%, through a modal shift towards water and railway and efficiency improvement, the sector is all set to experience a positive growth trajectory. The

2017-18 Union Budget laid an emphasis on infrastructure growth with plans to develop highways, railways and rural roads and revive unused airstrips and airports. The Government also announced Sagarmala project for port modernisation and augmentation, development of multimodal logistics parks, smart cities project and dedicated freight corridors. Successful and timely completion of these proposed projects will ensure cost effectiveness and operational efficiencies in the transport and logistics sector

### **GST – a favourable bet for the industry**

The GST will help create a common Indian market, improve tax compliance and governance and boost investment and growth; It is also a bold new initiative in the governance of India's cooperative federalism. With the effect of GST, instead of maintaining smaller warehouses in each and every state, companies like ours will be able to set up fewer and bigger warehouses. We can follow hub and spoke model for freight movement from warehouses to manufacturing plants, distributors and retailers. Hence, a bigger opportunity awaits companies like us - that can manage bigger routes and deliver accurately and efficiently. We have evolved from traditional service delivery systems to highly integrated and technically advanced service providers. We are constantly striving to meet the dynamic market needs. GST provides us with ample opportunities to expand the contract logistics business in India.

### **Innovate and Reinvent**

One of the important things going forward for our Company is to constantly **Innovate and Reinvent**. The theme is an inspiration and reiteration that we are ever ready to adapt to changing business environment and build a culture that adheres to timely implementation of business plans. We constantly strive to overcome business uncertainties by bringing in innovative ideas, introducing alternative business models and eliminating inefficiencies that exists in the organization.

### **Information Technology**

We understand that Information Technology will play a very important role for us to innovate and reinvent. We have a formidable team to lead the IT and digital transformation. Some digital innovations like auto response to quotations are already underway. This will help us convert leads faster and cut down man hours. Tools like Track and Trace is already live while ECU 360 and pricing management tools are in advanced stages of completion. Project TOPAZ - a new operating system for our NVOCC services - is being rolled out in many countries. We expect to roll it out to 90% of the export/import volume generating offices in 2017.

All these initiatives shall enable us to collaborate well, serve our customers better and improve on our compliance responsibilities. Along with this, it will provide insightful data in a much qualitative way.

We reiterate this well through our IT vision - Use world class technology to delight customers through superior experiences; leverage technical innovations to increase our productivity and scale to new horizons as a company.

### **Business Performance**

Last year, our business experienced pressure on margins and volume of business as well. Tough times are going to be around in the foreseeable future. Our business has felt the heat of the global shipping crisis. Consolidation of global carriers has had a huge implication on the market dynamics. We have some very important lessons to learn from what happened in the container shipping industry. Excess capacity creation, poor planning, lack of cost management and extremely high leveraged companies have always faced the heat when market conditions worsen. Seeing the trend continue, we have concentrated our efforts on bringing in efficiencies through cross selling, investment in human capital, process improvement, cost optimization and technology enhancement.

In our MTO business, we have made significant growth in FCL services. In LCL, we continued to be the global market leader. We have also expanded the air freight service in select Indian markets.

In the CFS segment, we are the only CFS operator, with facilities at all major Indian container ports at, Mumbai, Chennai, Mundra and an upcoming facility in Kolkata. Despite the events like demonetization, we were able to increase our volumes. We support our Government's Direct Port Delivery initiatives. . Our Kolkata CFS will soon start operations. Going forward, we are working on setting-up a rail-linked logistics park in Jhajjar, Haryana, reaping benefits from GST and taking the business to the next level of growth.

In our Projects and Engineering Solutions business, we have sold two vessels which had completed their useful life and maintained asset utilization in our equipment business. With a strong order book, we are hoping for a revival in private capex along with the already increasing public capex, driving business growth.

We also acquired a majority stake in Avvashya CCI Logistics - a leading contract logistics Indian Company. In this business, we are a dominant player across sectors of chemicals, pharma, auto, retail and e-commerce.

As a group we have always focused on enhancing customer satisfaction through studies and surveys. We are now implementing the insights of our recently concluded national customer satisfaction survey in our business verticals processes.

We plan to continue our conservative capex strategy in the current year, but without losing any opportunity to enhance profits and shareholder value. We are focused on revenue and profit growth, Return on Capital Employed (ROCE), asset utilization and cash flows across all our businesses. Strong cash flows generated in the years to come, will be used to bring down the existing debt on the balance sheet as well as to pursue new growth opportunities.