

ANNUAL REPORT | 2017-18

**GREEN IS THE
WAY FORWARD.**



Our initiative towards
a sustainable environment.

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

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 Parikh & Associates

Solicitors and Legal Advisors

M/s Maneksha & Sethna

Registered Office

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

Registrar and Share Transfer Agent

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@linkintime.co.in

Bankers

Axis Bank Ltd.
 Citi Bank NA
 DBS Bank Ltd.
 HDFC Bank Ltd.
 The 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 NV
 ICICI Bank Ltd.

25th Annual General Meeting: Friday, August 10, 2018 | 3:00 pm | 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

Allcargo : A company that cares	02
Our World..	04
Chairman's Message	06
Our five year snapshot	12

GROWING SCALE OF OPERATIONS

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

STATUTORY REPORTS

Notice	33
Board's Report	39
Management Discussion and Analysis	75
Corporate Governance Report	82
Business Responsibility Report	100

FINANCIAL STATEMENTS

Standalone Financials	107
Consolidated Financials	157

PROXY FORM

ATTENDANCE SLIP

The background of the entire page is a light green color with a repeating pattern of stylized leaves. The leaves are arranged in a way that creates a sense of depth and texture.

Allcargo Greens is our new initiative to conserve the environment by reducing waste and adopting renewable sources of energy wherever possible. We pledge to do our small bit that will save resources for the future generations. By saving paper, limiting use of plastics, switching lights off whenever possible, working with communities around our facilities and offices on environmental issues, planting more trees and moving to solar energy, we commit to moving logistics to the life-saving green side.

We believe it is only together we can work towards a greener future. So, let us all join hands and contribute to our fullest to save our environment.



Allcargo: A company that cares

Working together for a safer and greener planet

At Allcargo, led by the passion of our chairman, Mr Shashi Kiran Shetty, we recognise the threat of global warming, expanding carbon footprint, shrinking water resources and loss of bio-diversity. We are committed to the green initiative and for this reason we launched "Allcargo Greens", an idea conceived as a dedicated initiative for green sustainability with definitive goals, which will be driven by internal as well as external stakeholders.

Allcargo has adopted a three pronged approach to do its bit in the massive environmental movement world over: through administrative operations, through business operations and through communication.

Established industry and commerce cannot be compromised to accommodate environmental initiatives but the environment should not be derailed because of the effort it would involve. With a key focus on sustainable environment, Allcargo promotes and embraces environment friendly policies across its organizational practices and infrastructure development. In the longer term, we aim to integrate our green initiative further into our business operations.

Some of our initiatives within the Company include:

- **Eliminate the use of plastic in a phased manner**
- **Conservation of Water**
- **Switching to Renewable Energy**
- **Maitree** - is an important initiative by Avashya Foundation with a twin objective of conservation and livelihood promotion is a step towards addressing environment challenges in the form of global warming and alleviation of poverty by promoting supplementary income. Under Maitree, the foundation has an avowed objective of planting 1 million fruit bearing trees in 5 years and also works closely with the tribal population in and around the plantation area of the region to inculcate conducive agricultural practices and promote inclusive community development. Till date, we have planted close to 4 lakh trees.
- **Nipun** - is our initiative for Skill Development. Under the programme, we train the aspiring youth and enable them to work as security guards, forklift operators, truck drivers etc. We also provide training in beautician courses for ladies.

Our World

Allcargo is the Global Leader in LCL consolidation and currently operates with a comprehensive global network of 300+ offices in 160+ countries. It is India's first and largest integrated logistics solutions provider in the private sector.

The Company offers specialized logistics services across 3 business segments: Multimodal Transport Operations, Container Freight Station Operations and Project & Engineering Solutions.

It also has the strategic first mover advantage in development of India's largest Multimodal Logistics Park in Jhajjar, Haryana.

It is amongst few Indian companies specializing in Contract Logistics through its majority shareholding in Avvashya CCI Logistics Pvt. Ltd.

Benchmarked quality standards, standardized processes and operational excellence across all the services and facilities have enabled Allcargo to emerge as a market leader in all these segments.



OUR VISION



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

OUR MISSION



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

OUR 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, 2018.

As an organisation, we have always set our eyes for the future and capitalised on opportunities. As the leader in our sector, we are constantly pursuing excellence and embracing change. Through innovation, we are committed to offer excellent services and create greater value for our stakeholders and customers.

The bygone financial year was a year of great contrasts. Amidst stern challenges, we found great opportunities. The results were a reflection of the tough times. But our commitment to our core Company values and business philosophy inspire us to take on the challenges head on. Guided by an experienced senior leadership and backed by consistent efforts and team work, I can assure you that we are responding to the challenges very well. Our focus is to provide world-class integrated logistics services in India and globally. In the following paragraphs, I will detail out to you some of our significant plans that will help us achieve this.

Regulatory developments that panned out in the course of last year have influenced the sector. Trade restrictions, slower capex cycle, and the after effects of the shipping crisis continue to influence the sector at different levels.

All through the last financial year, we managed to successfully keep up our momentum, while framing our strategic plans for the future to achieve long term sustainable growth. We are relentlessly developing new tools, products and services to achieve excellence and create greater

value for our stakeholders and customers. With a strong focus on the Company's values and commitment towards our vision, we are set to take another leap in our growth trajectory through digitization and diversification of our business.

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

Today we are:

- The Global Leader in Less than Container Load (LCL) Consolidation segment of Multimodal Logistics
- The largest provider of integrated logistics solutions in India
- Amongst the largest Indian CFS/ICD operators with the widest network pan India
- Only Indian Company with significant presence across the country's three major container ports; we also further strengthened our position in this fiscal by opening a new CFS at Kolkata – where we are the only national CFS operator
- Amongst India's leading Project and Engineering solution providers
- Amongst very few Indian companies specializing in contract logistics, a business with significant growth opportunities and potential

Indian Logistics Industry

Infrastructure development is a critical enabler to economic growth. Logistics infrastructure, covering the road, rail, waterways and air network of a country, is the backbone on which the nation marches ahead. The urgency to develop India's logistics infrastructure has been realised in the past decade. A robust logistics sector can go a long way in boosting India's quest for being a manufacturing giant. It is estimated that the Indian logistics industry will continue to show robust growth of 10-15% annually, leading the pace of growth of the economy at large.

In a push to the development of an integrated logistics framework in the country including industrial parks, cold chains and warehousing facilities, the government granted infrastructure status to the logistics sector, enabling the industry access to cheaper finances and access to larger amounts of funds. This gives this critical sector the significance it deserves; it will also make it easier for companies to secure funding for high capex logistics projects from banks and financial institutions. This in turn will trigger technical efficiencies and innovations and spark an overall upgrade of the sector as a whole. The competitive index of the sector will go up.

A prerequisite for service integration is the development of a robust multimodal infrastructure network that will enable the use of different modes of transportation to seamlessly transfer cargo. Such a transport network would ensure that freight is channelled through the most efficient mode for faster, safer, cost effective and pollution-free movement. This would be driven primarily through the development of multimodal logistics parks, streamlined economic corridor routes for efficient freight movement, and intermodal stations to connect various transportation modes.

Allcargo is at the forefront of this and has first mover advantage in the development of a multimodal logistics park in Jhajjar, Haryana. This facility will see a phase-wise implementation in 2019. This facility will be India's largest logistic park, housing a rail-linked private freight terminal catering to railway cargo movement, a free trade warehousing zone, domestic tariff area and other related activities. It will also have the facility to handle both in-bound and out-bound contract logistics services.

Our land banks in key consumption centres and industrial clusters are being developed to provide world class facility housing amenities and technology. Once ready, these facilities will aid the transit of cargo and reduce logistics cost for our customers.

Business Performance

In our MTO business, we continue to be the global market leader in LCL cargo and have made significant progress in FCL services. Project TOPAZ, has now been rolled out across majority of our offices. We believe this platform has given us a distinctive advantage over our competitors by bringing in operational efficiencies.

In CFS segment, we are the only CFS operator with facilities in the major Indian container ports at JNPT, Nhava Sheva, Chennai, Mundra and with the newly commissioned facility in Kolkata, we are now covering all major corners of our country. Our container freight stations are now present in ports that handle over 80% of India's containerisation. Kolkata CFS will help us augment our business through the trade on the eastern coast from Bangladesh, Nepal, Myanmar. The Direct Port Delivery initiative had some implications on market dynamics which slowed down the anticipated growth and marginally impacted our volumes. But