



Together to Silver. Together to Gold.

Annual Report | **2018-19**



## CORPORATE INFORMATION

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### 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  
(upto February 08, 2019)

Mr Mohinder Pal Bansal  
Independent Director

Mr Hari L Mundra  
Independent Director

Prof. J. Ramachandran  
Independent Director  
(upto August 10, 2018)

Ms Malini Thadani  
Independent Director  
(w.e.f. November 05, 2018)

Mr Mathew Cyriac  
Independent Director  
(w.e.f. March 29, 2019)

### Chief Financial Officer

Mr Jatin Chokshi (upto October 16, 2018)

Mr Suryanarayanan Sivaramakrishnan  
(w.e.f. October 16, 2018 and upto March 29, 2019)

Mr Deepal Shah (w.e.f. February 08, 2019)

### Company Secretary and Compliance Officer

Ms Shruta Sanghavi (upto December 11, 2018)

Mr Devanand Mojindra-Company Secretary  
(w.e.f. February 08, 2019)

Ms Bhavika Shah-Compliance Officer  
(w.e.f. February 08, 2019)

### Internal Auditor

Mr Mukundan K V

### Statutory Auditors

M/s S R Batliboi & Associates LLP

### Secretarial Auditors

M/s Parikh & Associates

### Solicitors and Legal Advisors

M/s Maneksha & Sethna

### Tax Advisor

M/s C. C. Dangi & Associates

### Bankers

Axis Bank Ltd.

Citi Bank NA

DBS Bank Ltd.

HDFC Bank Ltd.

The Hongkong 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.

The Federal Bank Ltd.

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### Registered Office

6<sup>th</sup> Floor, Avvashya House CST Road, Kalina, Santacruz (East), Mumbai 400 098.

Tel.: 022-6679 8100 | [www.allcargologistics.com](http://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 | [www.linkintime.co.in](http://www.linkintime.co.in) | E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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### 26<sup>th</sup> Annual General Meeting

Wednesday, August 07, 2019 | 3:00 p.m. | Avvashya House, CST Road, Kalina, Santacruz (East) Mumbai - 400 098.

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### 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.

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## **PROXY FORM**

## **ATTENDANCE SLIP**









What began in 1993 as a humble forklift operation, has today transformed into a global logistics company. All these years, we have been committed to delivering world-class services that has brought us to our 25th Anniversary milestone. And our success is devoted to each and every stakeholder of Allcargo.

We have journeyed an exhilarating and exciting path. From limited offerings, we have extended our services to offer end-to-end logistics solutions to our clients.

Leading by example, we have been at the forefront in the logistics industry. We thrive on innovations and new possibilities, moving forward with a future-first approach. So, our customers, investors, employees, and shareholders always receive what they have come to expect of Allcargo.

Together we celebrate our Silver.  
Together we move forward to Gold.



## OUR WORLD

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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, and customer oriented 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 solutions (P&E) as well as expertise in Contract Logistics and E-Commerce 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.

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 Avashya Foundation. Our simple belief is to help the society progress, help the disadvantaged and make this world a better place to live in, for everyone.

*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 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.







## CHAIRMAN'S MESSAGE

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Dear Fellow Shareholders,

It gives me great pleasure to share with you the highlights of our Company's performance during the financial year ending March 31, 2019.

Last year was an important year in our company's history. We celebrated our Silver Jubilee upon the completion of 25 years of operations, a feat that was made possible by a shared vision and a collective enterprise.

Great institutions are not measured in years or decades but centuries. If longevity is of any significant consequence, we should set our sights much farther. Hence the theme of this annual report is

**'Allcargo celebrates 25 years -  
Together to silver. Together to gold.'**

But before we get there, let us look at the larger ecosystem of the infrastructure and logistics sectors.

The prevailing trade issues between US and China and geopolitical tensions between US and Iran, have led to some dampening of business sentiments in the last few months. Bilateral trade tensions are expected to continue which could further dampen consumer demand. However, we remain guarded to a great extent because of our global network. This is further aided by the stabilisation of global freight rates in certain pockets. Countries are re-evaluating their supply chain cycles amidst these changes. Tech-led disruptions in the maritime sector will also change the scenario. As one of the leading companies in global MTO business, we have been taking stock of these developments and creating strategies to achieve our goals and vision. I have expounded about it in detail as you will read further.

We have opened the books for the current financial year (FY20) on a very positive note. The infrastructure status accorded to logistics and the implementation of

the Goods and Services Tax (GST) in India were significant reforms during NDA 1.0. that made the sector more organised. We expect NDA 2.0 to build on these policies. The large projects that were initiated in the last five years can be expected to continue for at least five more years. The implementation of long-term and critical national projects like Sagarmala and Bharatmala will also continue and hopefully pick up pace in the next few years. There is a revival in the government's capex cycle. Roads and highways are being constructed at record speed to connect cities and villages for seamless mobility. The logistics sector will be one of the major beneficiaries and contributors of this development.

The future looks positive for our sector and as the leader in this space, we have started taking steps to capitalise on this growth.

### Indian Logistics Industry

**This is a good time to be in the logistics business in India. The Indian logistics industry is expected to grow to \$215 billion in revenues by 2020-21, from about \$160 billion in 2016-17.**

The on-going work towards creating 'The Integrated Transport and Logistics Policy' is definitely the first step towards realising this goal and certainly the right one. But there is a need to step up the pace and move into the implementation stage. It will require integration of several ministries like rails, roads, shipping, and aviation for better coordination and focus. This unified approach is necessary to reduce the cost of logistics in India.

Over the past five years, there has been a considerable level of infrastructure creation in terms of roads, railways, and airports. However, our inland waterways, for various reasons, have been one of the most underutilised national assets. The opening of the first inland waterway connecting Kolkata and Varanasi is a great start. But the expansion here has to pick up speed, particularly in flagship projects like Sagarmala.

Investments in public and private assets in the logistics business must be taken up at a holistic level to ensure that we do not create fresh inefficiencies. For example, the government is planning to set up 50 economic corridors, 35 multimodal logistics parks at 15 locations and 10 intermodal stations. But there is a need to consider these plans at a more comprehensive national level to avoid the risk of creating pockets of overcapacity that will lead to larger systemic inefficiencies.

A strong digitalisation wind is already sweeping across the sector and it is only going to get stronger. The pressure on improving efficiencies will largely be driven by digital and other technologies in every aspect of our business. Advanced analytics, application of artificial intelligence, robotics, and blockchain will be at the forefront of this change.

Adoption of new technologies along with digitalisation of the sector is also likely to throw up new challenges in terms of manpower and skills. For example, higher levels of automation could make a lot of traditional roles redundant, while the demand for new skills will increase manifold. Creating a new skilling ecosystem to address this change will be essential.

In March 2019, we signed a Memorandum of Understanding with JNPT and CIDCO (City and Industrial Development Corporation) under the Prime Minister's Kaushal Kendra skilling program, wherein Allcargo would set up the operations, maintenance, and management of a skill training centre. The first batch of students has started receiving vocational training in consignment booking, documentation and warehouse management at the Skill Development Centre in Bokadveera, Uran, near JNPT, Mumbai. Expanding the skill pool also provides fresh opportunities to make it more inclusive to cover a wider section of our society. From training women to

learn to drive heavy-duty vehicles to reaching out to the youth in the less-privileged sections of society to improve their employability and livelihood, we are not only addressing the skill gap in the logistics sector, but also creating a more inclusive ecosystem.

We are committed to the cause of gender diversity and equality in our workforce. Our women colleagues work across various levels, including key positions, and continue to lead their respective areas with zeal and professionalism. It is also a matter of great pride for Allcargo that 41% of our global workforce is women, perhaps amongst the highest and most inclusive in the global logistics sector.

### Business Performance

We continued to maintain our leadership in the MTO business with an overall growth of around 15% vis-à-vis a global growth of only around 4%. We are in the process of creating a very strong sales leadership and continue to hunt for established sales staff in major markets of Asia, USA and Europe.

The CFS-ICD business managed to bounce back with around 12% growth in revenue and around 13% growth in volumes in extremely challenging circumstances. Our company's ability to quickly adapt to changing market conditions and optimise our services to our advantage was reflected post the DPD rollout. With timely response, we were able to grow our share in the CFS addressable markets in various segments. Our Kolkata CFS is in full swing and we continue to grow volumes and gain customers. We do anticipate some impact due to the USA and China trade war; however we have taken steps to counter these challenges and ensure that we do not get impacted. We have drawn out plans to grow our business through innovative ways and expand market share. Our focus remains to manage our costs well and provide our customers ease of doing business with us.

After a certain slow down due to low capex and market conditions, the Project and Engineering (P&E) business managed to turnaround and posted a revenue growth of around 7.6% in FY19. This was due to improved utilisation of engineering solutions assets and expansion to new geographies. We secured our first projects in Africa and Bangladesh during the year. The