

Better Late Than Never



BLR India Pvt. Ltd., set up as a small trucking business in 1968 by Mr. L C Goel, has shifted gears to become one of the biggest and the most dependable transportation & logistics companies in India. Mr. Ashok Goel, Managing Director, BLR India Pvt. Ltd., joined the business in 1989 and introduced several new practices and policies that took the company to new heights.

In an interview with Praveen Kurup, he explains how the company managed itself over the last year, apart from giving a peek into its future plans.

Can you share your experiences in the cash management crisis?

I wouldn't say there was a crisis. But there were delays in payments from customers in the last year. Ca

bankers were very supportive and our balance sheet had enough leverage to allow us to borrow from the bank. There were no defaults, but our normal credit

So there were no write-offs?

There were no write-offs; that is one of our strengths. But yes, payments have come down for a long time now.

So your regular credit cycle has been affected?

Yes.

Can you give an idea as to how much the credit cycle was affected?

Generally our cycle is 30 to 60 days, which got extended to 90 to 120 days. In some cases it went up to 180 days.

How are the payments looking now?

We started control measures so that we don't extend too much credit. Currently we are targeting 30 days, but we are sure we will get back to this normal figure very soon. At the start itself, we make the terms very clear in the contract. We give a credit limit of 20-25 lacs, and if he exceeds it we won't be able to do business with him until he pays up.

By when will the credit cycle be back to 30 days?

By year end it should be back to that level.

When did you see it improving?

I would say from the start of this financial year.

Which of your business were the worst hit on the payment side?

I would say the export side, business went down for the exporters, payments were affected.

Was it more on the ocean side?

Yes, on the ocean side.

Can you give us historic details of BLR's funding?

When I took charge from my father and joined the company fulltime in 1989, we were a Rs. 2 crore turnover company. In 1996, when we were a Rs. 10 crore company, we won a government tender worth Rs. 17 crore from Indian Petrochemicals Corporation (IPCL). We had very good margins when we executed it well. From there the company started growing well.

The main boost came in January 2007, when we became the first private transport company in which a private investor was interested - Reliance Capital picked up a stake in us. We were about Rs. 100 crore in 2007, and in 2009 we were a Rs. 250 crore company.

In 2006, we had started a logistics business where we were approaching our existing transport customers for ocean, air and other activities. And luckily, it had good turnover for the first two years. Last year has been a bit bad for this logistics division in particular. It came down because exports were badly hit in the recession. The transportation division has still done better.

How much did it gross in the first two years since it was started?

In 2006 it was Rs. 35 crore, and in 2007 it was Rs. 50 crore.

Can you explain the nature of the logistics business?

Road transport is and was our predominant business. Our customers, most of them exporters or importers, were using various agencies for different activities like customs clearance, freight forwarding, etc. We had demands from them to do all these activities under one umbrella. Then about 70 professionals from various MNCs joined us. That is when we started the logistics division. The differentiated our service by bringing in visibility.

Was this visibility there since inception?

Yes.

What was the kind of investment and effort you put in IT part?

We put up about Rs. 2 crore in terms of software and systems.

When did you start getting in GPS?

We brought in GPS around 2007.

How big was your fleet back then?

About 150 owned, now it has crossed 300.

What percent of your fleet is GPS enabled now?

About 80 percent.

How has your business been changing?

In the last two years we have been focusing only on customer who need solutions. They have been doing logistics in the conventional way for a long time. But now our Solution Design Team goes to the plant, stays there for 2-4 days, studies how they manage their logistics. Then we give our solution, and if it acceptable to everyone we get into a long term year contract.

What is the staff strength of this Solution Design Team?

There are about eight people in it.