

The BLR way

Smart strategies and innovative solutions keep BLR Logistiks ahead of its peers, even in trying times.



AMIT BRAHMABHATT

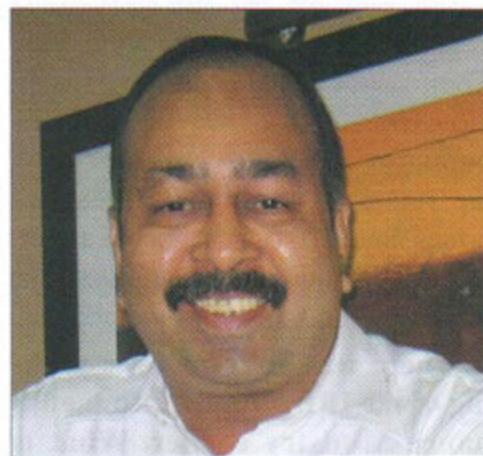
These are tough times for the domestic logistics sector. As economic growth flounders, many small logistics players have wound up operations. Almost all top companies in the about Rs 4,50,000-crore logistics industry have put their expansion plans on hold.

"A lacklustre economic condition has impacted the industry and brought down volumes by about 30 per cent," admits Mohan Menghani, the executive director of BLR Logistiks, a leading, Mumbai-based logistics service provider. Besides, credit periods of clients, including reputed multinational companies (MNCs), have got longer, while major projects have come to a standstill and are affecting logistics companies' business, adds Mr Menghani, who manages BLR Logistiks' administration and finance.

BLR too is facing the heat that is rapidly spreading around the logistics industry. Yet, the company surprisingly defies the industry's sombre mood. It recently threw open a

1-lakh sq ft warehouse in Raipur, Chhattisgarh - its largest one. Besides, the Rs 285-crore company is looking at closing the just-concluded financial year with a total turnover of over Rs 300 crore.

"No particular sector contributes more than 3 per cent to our total revenue. Nor does any single client account for more than 3.5 per cent of our revenues," reveals Mr Menghani, a veteran of the steel industry, who has spent over 11 years in the logistics company. In fact, BLR's well diversified portfolio has been able to minimise the loss of economic slowdown.



Ashok Goyal: Nifty moves

A long journey

BLR is definitely not an overnight success story. The company has its origins in Bombay Ludhiana Roadways, a small transport company started by Lalchand Goyal in Kolkata in 1968. Three years later, the Goyals, who were basically from Haryana, moved to Mumbai. The country's financial capital gave a big boost to the transport company, which was subsequently renamed as BLR Logistiks. Lalchand's son Ashok Goyal joined the company in 1986 and gave a new direction to its transport business.

The company gradually emerged as one of the most sought-after transporter. Meanwhile, Mr Goyal was on the lookout for a diversification of business to move into the big league. In 2005, BLR entered the logistics sector as a logical extension of its transport business. Mr Goyal and his managers drew up smart strategies and emerged as one of the holistic logistics solutions provider. With growth came recognition. Anil Ambani's Reliance Capital bought a 30 per cent stake in BLR for Rs 30 crore in 2007.

Road transportation still remains the core strength of BLR Logistiks. With door-to-door - as against port-to-port - solutions, the company has established its leadership in international freight management, warehousing, distribution and project logistics. Today, BLR's 82 branch offices, fleet of more than 400 vehicles and 5 lakh sq ft of covered warehousing space cater to a wide clientele, including PSUs, MNCs and who-is-who of India Inc.

Niche player

From a one-man, one-office transport firm, BLR Logistiks has transformed itself into leading logistics company with pan-India presence and firm global footprints. "BLR had to differentiate itself from the herd. So, we went in for innovation and introduced a number of value-added

BLR At a Glance

Year of incorporation
1968

Business
Transport and logistics

Headquarters
Mumbai

Fleet
400+ vehicles

Warehousing space
5 lakh sq ft

Branches
82

Employees
600+

BLR's containerised vehicles transport high-end products, like L'Oreal's cosmetics.



services for our customers," notes Mr Menghani.

Over the years, the logistics company has reinvented itself to remain relevant in the highly-competitive logistics market. It installed a GPS-tracking system in all its vehicles at a time when the concept was still in its nascent stage in India. The system enabled the company to monitor its vehicles as well as provide updates to customers on the status of their consignments.

The company has integrated its capabilities in road transportation, bonded trucking and bonded warehousing segments to offer advantages of time and cost to its customers. With an efficient inventory management, multi-modal and multi-dimensional services, BLR built a formidable reputation in the industry.

The company also has a fleet of customised vehicles to serve its clients' specific requirements. "We have about 50 containerised vehicles that transport the high-end cosmetics of L'Oreal India. These vehicles protect the costly products and also prevent pilferage," adds Mr Menghani. Last month, Asian Paints requested BLR executives to visit its new Pune plant to provide it customised solutions. Many top companies in the fast-moving consumer goods (FMCG), pharmaceu-



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MOHAN MENGHANI
Executive Director

tical, packaging and ceramics sectors prefer BLR for its customised solutions.

Huge potential

As BLR breaks new ground in the logistics sector, a few domestic constraints hold back the industry from growing to its full potential. The logistics sector is mired in several complexities like inefficient infrastructure and complex tax structure, among others. The poor state of affairs is reflected in India's annual logistics cost, which works out to about 14 per cent of the Gross Domestic Product compared with 9 per

cent in countries like the USA.

Yet, rays of hope have emerged in recent years. The government's huge Rs 55,00,000-crore investment plans for infrastructure during the 12th Plan period (2012-17), if fructified, are likely to change the country's logistics landscape. Besides, the recent easing of foreign direct investment norms in the retail sector is set to be a game-changer for the logistics industry.

The current retail boom and flourishing e-commerce business has provided a major impetus to the logistics industry. Many companies across FMCG, retail, pharmaceutical and automotive sectors are increasingly outsourcing their logistics requirement to logistics service providers. "Many MNCs, which have entered the domestic logistics market, depend on us for running their clients' operations. Moreover, we provide our fleet to CONCOR on an annual contract," adds Mr Menghani.

Tough times may soon make way for a bright future in coming years. In a survey last year, Fitch Ratings has projected the Indian logistics industry to grow by about five-fold to Rs 20,00,000 crore by 2015. The projection should certainly be music to the ears of organised players like BLR Logistiks.