

On the move

BLR Logistiks has travelled a long distance from a small transport company to a holistic logistical solutions provider.



Ashok Goyal: Stress on innovation

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Ashok Goyal, the managing director of BLR Logistiks, vividly remembers his first day in office even today. More than two decades have passed since, but the memories of the day are neatly etched in his mind. "I was just out of college and my father handed me the reins of the company. A decision that I took on the first day resulted in the company losing Rs 50,000," recalls Mr Goyal, without batting an eyelid.

An incident like this can be quite traumatic. The young Goyal was equally terrified. But his father, Lalchand Goyal, consoled him and urged him to take the loss in the right spirit. "My father's guidance, in fact, taught me to do business in the right spirit and encouraged me to take risks," reveals the 47-year-old entrepreneur.

With a robust risk appetite and firm business plans, Mr Goyal has steered BLR Logistiks onto the fast-growth track in the past few years. From a one-man, one-office trans-

Factfile BLR

Year of incorporation
1968

Business
Transport and logistics

Headquarters
Mumbai

Fleet
400+ vehicles

Warehousing space
5 lakh sq ft

Branches
80+

port company, BLR Logistiks has emerged as one of the fastest-growing logistics company with pan-India presence and firm global footprints.

Road transportation remains the core strength of Rs 275-crore BLR Logistiks. Over four decades of expertise in the transport sector has enabled the company to evolve into a holistic logistical solutions provider. With over 80 branch offices, a fleet of more than 400 vehicles and 5 lakh sq ft of warehousing space, the Mumbai-based company offers complete logistical services, including international freight management, warehousing, distribution and

project logistics.

Turning point

BLR Logistiks began operations in a small way in Kolkata way back in 1968. The Goyals, basically hailing from Haryana, had moved east to Kolkata and set up their business in the metropolis initially. "My father started this company as a small trucking business in 1968, offering services between Mumbai and Ludhiana," adds Mr Goyal.

In 1971, the family moved to Mumbai and so did its transportation business. A decade later, Mr Goyal, still in college, began taking interest in the family business. He used to visit the office after college hours and gradually began learning the tricks of the trade. Then in 1986, he took charge of BLR Logistiks after completing his education.

Mr Goyal was quick to grasp the opportunities and challenges in the domestic transport sector, which was riddled with a lack of professionalism and presence of a large number of unorganised players. He undertook a number of far-reaching initiatives, which resulted in the company's turnover growing by over ten-fold from Rs 2 crore in 1986-87 to Rs 27 crore in 1995-96.

The following year proved to be a turning point for BLR Logistiks. The company won a sizeable contract to transport materials from Indian Petrochemicals Corporation's (IPCL) Nagothane plant in Maharashtra. Mr Goyal had bid aggressively with a very low margin. Transporters were quite sceptical about the contract and doubted its long-term viability. "The sceptics were proved wrong and the IPCL contract provided us a big boost," reminisces Mr Goyal with a glint in his eyes.

During the same year, BLR Logistiks won yet another significant

contract from textile major JCT, involving cutting down the textile company's logistical costs. The two major contracts provided a huge impetus to BLR Logistiks, whose turnover almost doubled from Rs 27 crore in 1995-96 to Rs 47 crore in 1996-97.

Mr Goyal was on the lookout for further diversification to cash in on the huge potential of the sector. Then in 2005 BLR Logistiks entered the logistics sector in the same year as a logical extension of its transport business. The logistics division alone recorded a turnover of Rs 56 crore in 2005-06, accounting for a little over half of the company's total turnover of Rs 107 crore during the same year. "We offered door-to-door, as opposed to port-to-port, solutions for our customers. Besides, we opted for Mundra instead of Nhava Sheva (Mumbai's thriving JNPT), thereby reducing the transport time and offering the benefit of the same to customers," adds Mr Goyal.

With growth came recognition. Reliance Capital, an ADAG group company, invested Rs 30 crore in BLR Logistiks in 2006-07 and bought a 30 per cent stake in the company. The company grew by leaps and bounds in the following years and closed 2010-11 with a turnover of Rs 275 crore.

Innovative models

Last year, BLR Logistiks won the Ceat Road Transport Award, 2010, for its innovative measures to reduce supply chain costs. When Mr Goyal took charge of the company, he quickly realised that he was up against a large number of unorganised players in the transport sector. "We realised quite early that it would not be possible to compete with unorganised players on the price front. So, we decided to win over customers by providing them with value-added services and better solutions. This way, we could differentiate ourselves from our competitors



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BLR is doubling its warehousing capacity from the current 5 lakh sq ft.

in the price-sensitive sector," discloses Mr Goyal.

Over the years, the logistics company has introduced a number of innovative measures to facilitate its customers. The company started installing GPS-tracking systems in all its vehicles. This enabled the company to achieve greater efficiency in the use of its fleet as well as provide updates to customers on the status of their consignments.

The next challenge was to provide the same level of service in case of vehicles engaged from the market as they would not be equipped with the GPS system. Drivers were paid an incentive for calling up from a landline phone to the traffic department every day so that the STD code would give an accurate idea of his location. The company also went the extra mile to facilitate its customers through its innovative form management service, which ensured hassle-free movement of consignments.

BLR Logistiks has adopted another interesting system to make its employees stakeholders in the com-

pany. It has allowed its managers to own trucks. A total of 70 of the company's managers own a fleet of 120 trucks. They are paid salary and allowed to keep a share of the profit from their trucks. "This arrangement is a win-win situation for both the company and its employees. The managers are provided the safety of a job as well as a chance to become entrepreneurs. The company too is benefited in the process as the man-

agers tend to work efficiently as they have a stake in it," adds Mr Goyal.

Bright future

The company has purchased equipment worth Rs 50 crore recently to make it big in the project transport segment, a new growth driver. The company will replicate its door-to-door model in this segment, which involves providing logistical solutions projects.

The company considers coastal shipping as another promising sector and is set to foray into coastal shipping by this October. It is also in the process of expanding its warehousing capacity from the current 5 lakh sq ft to 10 lakh sq ft in the next few years at a cost of Rs 80 crore.

The annual logistics cost in India is estimated to be 14 per cent of the GDP as compared with 9 per cent in countries like the USA. With companies, both big and small, looking at ways to cut costs, innovative logistical solutions are in big demand. BLR Logistiks, with its ambitious expansion plans and innovative models, appears all geared up to drive the next wave of growth. ■

BLR's overall expansion to offer unique logistics solutions

BLR Logistiks (I) Ltd., the well-known transportation service provider, is steadily expanding its horizons by offering international freight forwarding, warehousing and distribution and project logistics services so as to become an integrated logistics solutions provider to its clients.

Road transportation contributes to 80 per cent of the company business. Mr. Ashok Goyal, Managing Director, recalls: "My father started this company as a small trucking business in 1968, offering services between Bombay and Ludhiana. What started as a 'one-man one-office' set-up has now evolved to be a pan-India network with over 80 branch offices and a fleet of more than 400 vehicles. We have more than four decades of road transportation expertise. All our other service offerings capitalize on this strength as a certain amount of road transportation will be needed in any logistics transaction."

In order to be a preferred vendor for its clients in this highly competitive industry with a large number of unorganized players, BLR has continuously focused on customer service. Mr. Ashesh Shukla, National Head - Fleet, observes: "We noticed that in India it was unfortunate that the customer was at the mercy of the road transportation service provider. There was no transparency in the



Mr. Ashok Goyal, Managing Director, BLR Logistiks (I) Ltd.

communication and no commitment to adhere to delivery schedules. BLR decided to change this."

The company started by installing GPS tracking systems in all its vehicles. A vehicle tracking unit was set up within the Fleet Department to effectively track and monitor the vehicles. BLR has now integrated this information on its website so that customers can track their consignment status in real time. For the vehicles it engages from the market, the company has put systems in place for tracking of the consignment status.

Mr. Ashok Goyal says: "We have deep-rooted relationships with market intermediaries who provide us vehicles as we have been doing business with some of them for the past 2 or 3 decades. This and the various policies that we have put in place enable us to maintain a high level of customer service for all our transactions."

Before starting work for a new customer, the company executives visit the plant as well as the loading/unloading point to get a complete understanding of the requirement and to provide a solution which will best fit the business needs of the

client. In some cases, the company has also customized its own fleet so that weight volume benefit could be given to the client.

Besides, 30-35 per cent of the business handled is EXIM cargo, so the company understands the main areas of importers and exporters and effectively addresses the same. Adherence to delivery schedules is of high priority, and one of the service offerings of BLR is to provide long haulage support to express cargo companies in a time-bound manner. The company has added 32 containerized vehicles to its fleet which are increasingly preferred by FMCG, pharmaceutical, packaging, ceramics and such sectors as they eliminate transit loss.

The company further ventured into the fast growing "Total Logistics Space" in mid-2004 with the goal of making transportation, logistics and shipping easier.

A dedicated team manages the international freight management services that include facilitation of air and ocean export and import. The global network of associates/agents enables BLR to do door-to-door forwarding of all international freight cargo. BLR is an IATA-certified agent and has established relations with airlines and shipping lines for international freight movement. It also offers customs clearance services.

With six lakh sq.ft. of

warehousing space the company offers both general and bonded warehousing. Leading-edge information technology and connectivity offers real-time visibility to inventory. This combination of coverage and technology ensures seamless control over a global supply chain.

BLR is an ISO 9001:2008 certified company and has been rated CRISL SME-1. GPS on own fleet and ERP system implementation emphasize the IT focus of the company which has been winning awards consistently for its efforts.

Mr. Ashok Goyal concludes by stating: "We live by our motto – Creating Value by Simplifying Supply Chains. Customers want to implement the Just-In-Time con-

BLR has expertise in movement of over dimensional cargo (ODC) and in meeting project logistics requirements. Associated activities such as road surveys are also carried out. Materials management at project site is a new service offering added by the company recently.

cept in their inventory management, and only those logistics companies which are multi-modal and multi-dimensional in their service offerings can survive in the long run. With its integrated trucking, freight forwarding and warehousing capabilities, BLR delivers value through innovation to its customers."

