

Tata firm bets big on logistic services

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CORRESPONDENT

Calcutta, July 18: Drive India Enterprise Solution Ltd — a Tata group company — is chalking out growth plans in logistic services.

The company, equally owned by Tata Industries and Tata International, is one of the largest importers of mobile handsets and the provider of end-to-end logistic solutions such as warehouse, distribution and fleet management.

Ajay Chopra, chief executive officer of Tata DIESL, said the company expected the logistic business to nearly double this year. "We will invest

Rs 100 crore to build IT infrastructure to improve the service delivery system," he said.

It will use a new software to track the movement of trucks across the country and manage the warehouses in a better way.

It has 176 working warehouses covering nearly 4 million square feet. It also manages thousands of trucks for other companies.

Last year, Tata DIESL had posted a turnover of Rs 1,350 crore, with the trading business — comprising the import of CDMA handsets for Tata Indicom — contributing Rs 1,100 crore. The rest came from logistics.

GROWTH MODE



■ Tata DIESL is one of the largest providers of logistic solutions such as warehouse, distribution and fleet management

■ Expects to earn over Rs 400 crore from logistic services this fiscal

■ Follows asset-light strategy; hires trucks and warehouses on long-term lease and rents them out

■ Clients include Essar, Tata Motors, Colgate, ITC and Croma

"We will at least cross Rs 400 crore from logistic services this fiscal," Chopra said.

The company's revenue from handset business has declined with the CDMA operators losing out to their GSM counterparts. However, the

company is not worried as it expects its logistic business to make up for it.

Tata DIESL has so far followed the "asset light" strategy. It does not own warehouses or trucks but hires them on long-term lease and rents

them to customers. In the process, it ensures a professional service that corporate clients such as Essar, Tata Motors, Colgate, ITC and Croma (the Tata retail chain) expect.

The company earns 50 per cent of its revenues from the Tata group.

"The Tata group's own requirement is huge. Tata Motors and Tata Steel together spend Rs 3,000 crore on logistics every year," an observer said.

The company also handles the logistics for Tata Motors and plans to operate and manage the warehouses to be built by Tata Realty.

The east is a strong market

for the company, which accounts for nearly one-fourth of the warehouse space.

Steel prices

Tata Steel expects a sharp rise in prices this fiscal on the back of economic recovery and strong performance by consumer industries such as infrastructure and automobiles.

"With economic and steel market conditions becoming more favourable and the steel producers needing to recover the rise in input costs, it is anticipated that there will be a strong rise in prices in 2010-11," the company said in its annual report.