

● **INTERVIEW: SHASHI KIRAN SHETTY**, founder and chairman, Allcargo Logistics

‘Pandemic actually enhanced our operational efficiencies’

The logistics sector, witnessing transformation in the wake of the Covid-19 induced pandemic, has brought about a change in its functional narrative. Shashi Kiran Shetty, founder and chairman of Allcargo Logistics, speaks to Indronil Roychowdhury about the sector’s transformed model. Excerpts:

How has the Covid -19 impacted the logistics landscape and the modus operandi to which the sector had to adopt?

Logistics sector, at the global level, during the first wave of pandemic, faced interruptions in delivery, congestion, capacity constraints, transportation and irregularities in container movement. But things improved fast. The Indian logistics industry on the contrary, showing resilience, continued operations with workers exhibiting exceptional commitment with nearly no disruption in port operations and containers transported efficiently to CFSs and ICDs.

The challenges during the second wave were no different but the industry was better equipped. In Allcargo, we prepared elaborate contingency and operations never came to a

halt. The pandemic actually enhanced our operational efficiencies and in the process we are realigning the management heads of our global operations across more than 70 countries.

The business of logistics is man power intensive. Are you going to realign your workforce as digitisation has already come to play?

We had to switch to remote working model to ensure safety. Working with precision and responsiveness became imperative in the transitory environment. Allcargo Logistics played a pioneering role in adopting ECU 360, our digital platform for global trade, offering single-window shipping. This gave convenience to companies with in-depth local market expertise, unmatched custom clearance experience and strong global logistics network.

At the operational level, technology-upgradation and digitalisation have become critical with the growing e-commerce penetration. The warehousing and contract logistics segments have also become extremely competitive and demand for modern warehouses with higher throughput is growing.



What is the present scenario of sea-borne cargo logistics that also influences occupancy in the CFS/ICDs?

Sea-borne cargo logistics have been disrupted in the past one year with pandemic restrictions in different parts of the world at different times, bringing in temporary trade imbalances. This drove freight rates to unprecedented levels though container inventory and trade imbalances witnessed some gradual rectification. The Suez canal blockage pushed the recovery back to the same situation as several weeks ago but at the present point of time trade is again returning to normalcy.

As for CFS/ICDs, they play a very significant role in India. They were the rescuers in most challenging times since many ports faced a risk of closure. But seamless evacuation of cargo to CFS/ICD network allowed ports

to operate efficiently.

As you have made a number of acquisitions both domestically and globally, and Covid is now continuing for more than a year now, have these acquisitions been helpful to your business?

All the acquisitions have been strategised to make Allcargo group a specialised global integrated logistics service provider with scale and the right footprint across markets. Our global NVOCC business has been an early mover towards digitisation – we run a digital platform for global trade, on ECU 360, a part of ECU Worldwide which we acquired in 2006. During the pandemic, this has been helping our customers across the globe carry on with their business with just a few clicks.

The acquisition of Gati is a part of our strategy to foray into the express distribution with first and last mile logistics segments. The aim is to combine Gati’s domestic reach with our global network to offer end-to-end integrated logistics solutions. As e-commerce is witnessing rapid growth during pandemic, the acquisition will make us a part of the e-commerce growth journey.

How has Covid -19 impacted your business revenue-wise last fiscal? How do you foresee the current fiscal, specially revenue-wise?

If you look at our financial results last year up to the December quarter, we have done better than in 2019 even during the pandemic aided by improved volumes and in part by higher freight rates across the board. There are, of course, challenges due to lockdowns in multiple states in India, but I expect the logistics industry – both in India and across the world – to be a very exciting place post pandemic as eco-

nomics activity fully recovers.

How is Allcargo charting its growth trajectory?

We are certainly not shy of acquiring companies. We have acquired over 10 companies outside India, all of which have been successful amalgamations. Our last was Gati, completed in 2020, and we are turning it around to get its growth trajectory on track by reducing debt, improving operational efficiency and exiting non-core businesses. The aim is to regain the market leadership that Gati once enjoyed in express distribution.