

Maresh Sivaswamy – The driving force behind Transworld Group Singapore

Starting off with an office the size of a small room in Singapore, Mr Maresh Sivaswamy, Chairman and CEO of Transworld Group Singapore, has built the group into a versatile shipping and logistics player with extensive operations across different segments in the Far East, South-East Asia, India and beyond. Its tremendous and consistent success has seen group companies such as BLPL and OEL Singapore being honoured by the Singapore government multiple times, among other awards. Not one to rest on his laurels, Mr Maresh is charting out plans to take the group to even greater heights in future. During a recent visit to Mumbai, Exim India caught up with him for a wide-ranging interaction.

LET us start from the beginning. What were the initial steps in the formation of Transworld Group Singapore?

The Transworld Group Singapore is a holding company based in the city state.

In July 1999, I relocated from Mumbai to Singapore. We chose Singapore strategically for tapping the opportunities available in that region.

We started exploring the opportunities. We already had strong relationship with many customers. Maersk Line, at that point of time, was changing its agent in Bangladesh and setting up its own agency. It was looking for new partners and in early 2000 we bagged our first business as OEL. We put a feeder vessel connecting Singapore and Chittagong, a shuttle every 14 days under the Transworld main umbrella.

So you started off with Maersk Line?

Yes. I always value and cherish that relationship.

Shortly, we also began partnering with MISC, which in those days used to run a service called IIX to the west coast of India. We took some space on that service and could offer as OEL service to main line operators. Those were the two services we started off initially.

As 2000 progressed we started building up and expanded our team.

The next big development came in September 2000 when Maersk Line decided to shift its entire transshipment from Singapore to Tanjung Pelepas in Malaysia. The other feeder operators were not willing to move to Pelepas because of their arrangements with PSA. We had no such arrangements and wished to go along with the customer. OEL thus began handling 50 per cent of the cargo between Pelepas and Bangladesh; the other half being handled by a Bangladeshi feeder operator.

Maersk Line then wanted more strings and more ships, so we chartered vessels. One ship became two and we made it weekly and then bi-weekly. We were enhancing it as per the requirements of the customer. For filling the balance space on the vessels, we used to come to Singapore, just for topping it up.



Mr Maresh Sivaswamy at the Group's Singapore headquarters



The real business was through Pelepas.

Were you operating only to Bangladesh from Pelepas?

By 2001 Maersk wanted to expand exponentially and establish a network of services out of Pelepas. The port never had a feeder network, which was important for any transshipment facility. So in 2002 we were connecting Kolkata/Haldia as well.

You were chartering ships for these services?

Yes. But by the end of 2002 we created a company called Liberty Navigation for owning ships and bought our first vessel. It was deployed on the Chittagong-Pelepas service. When it later became inadequate for this service, it was moved to the Bengal sector, where there were draught restrictions. The vessel was flagged in Singapore. Later, in early 2004, we purchased two more small vessels, of about 480 TEUs, for operating on the Kolkata sector. We started getting into niche markets, connecting ports with draught restrictions, river ports, etc.

How did you expand your fleet?

Shipping was booming at that time. We were looking at acquiring ships for immediate deployment, which were not available then. In 2005, we started considering newbuildings. Most of the shipyards were full with orders for many years. But we managed to find a window with a company called Singapore Technologies Marine shipyard for building smaller vessels. Though the company had stopped building box ships, we were able to convince them to consider our order for two ships in 2005. These brand new vessels were delivered the next year and were flagged in Singapore under Liberty Navigation.

How did BLPL come about?

It was in 2007 that I sensed the need

With recent openings in Indonesia (3 offices) and Thailand, TGLS is now operational in 9 countries with 36 offices

to develop forward integration for our business—start an NVOCC. At that time Maersk brought in MCC, its own feeder operating arm, to handle its entire feederage. So we had to again come back to Singapore and rebuild the business. We signed a contract with PSA. Due to the loss of the Maersk business, our ships were going light. That was when we created an NVOCC, named BLPL, as we wanted to fully utilise the capacity of our ships. In 2007, we had purchased 300 containers from the market. These were deployed between Singapore and Bangladesh as BLPL. The loss of the Maersk contract was a big hit for us and we needed something to sustain the business.

Later, we brought in 1,000 containers making it a total of 1,300 boxes.

BLPL kept on growing, clocking 100 per cent growth year-on-year on a consistent basis.

When did you start Transworld GLS?

As BLPL started growing, we felt the need to start Transworld GLS as a separate entity. GLS or Global Logistics Solutions was actually a vertical under BLPL. But we realised we couldn't keep it that way any longer. It had reached a threshold. So, we created Transworld GLS in Singapore.

In other words, this SBU could sustain and grow by itself, so we created it as a standalone entity, which can support the group and develop its own business plan.



What are the services under Transworld GLS?

Transworld GLS was primarily set up to look at businesses such as International freight forwarding, International agencies, Vessel Husbandry, etc. We started it in Singapore and extended it to Malaysia.

Today, similar businesses in different countries have been brought under Transworld GLS. In India, for example, Transworld GLS today represents BLPL Logistics, and also acts as subagents for Orient Overseas Container Line

(OOCL) and a few other shipping lines in some locations.

We created a branch of Transworld GLS Singapore in Myanmar as well. After the country opened up and the capital was shifted to Naypyidaw, Transworld GLS Singapore was one of the first companies to open a 100 per cent owned branch office. We are the agent for MSC, CSAV, BLPL and OEL in Myanmar.

It has good potential. The country is growing and a lot of infrastructure is coming up. For companies wanting to move from, say, China, because of high costs, Myanmar would be a good option. Our volumes are actually building in Myanmar. So it is difficult to give an exact figure. Maybe, half a million. As I said, we represent major lines in Myanmar, and are looking at a few more agencies. We want to develop it as an agency base.

India and Myanmar have been old trading partners. Do you see potential for direct services between the two countries?

One should get into a business only when it makes sense. BLPL boxes get transhipped at Singapore and Port Klang, and then connect to Myanmar. It is working well. If there is an opportunity, we will definitely look at

BLPL has been growing exponentially, adding containers year-on-year. It has 22,000 boxes at present and will be adding 3,000 TEUs this year, taking the total above 25,000 TEUs



Group company BLPL Singapore recently won the prestigious Enterprise 50 (E50) Award, one of Singapore's most prestigious entrepreneurship recognitions, for the third year in a row

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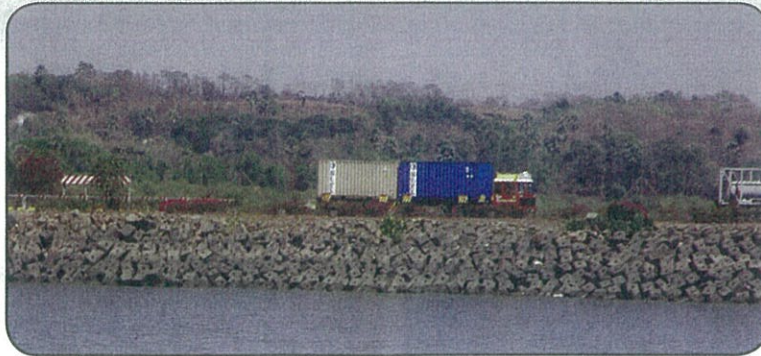
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it, especially connecting Myanmar to the east coast.

How do you see BLPL growing this year?

As I said, it has been growing exponentially, adding containers year-on-year. It has 22,000 boxes at present and will be adding 3,000 TEUs this year, taking the total above 25,000 TEUs which includes dry



boxes, reefers, flat racks and tank containers. And our total throughput is expected to cross 100,000 TEUs annually. So, we are hopeful of further accelerating our growth this year. BLPL is one of the largest NVOCCs in the region, covering the Far East/North Asia and Indian Subcontinent. Especially in the Far East, it has huge presence.



We now also run ships under BLPL, with one vessel being deployed into the Kolkata - Haldia - Paradip service.

Of late, you have become a pretty strong player in the Kolkata-Paradip region.

We are the largest feeder operator. As OEL, we provide a standalone service with 6 ships on the Kolkata-Haldia-Paradip sector. One of these vessels is contributed by BLPL. We are committed to provide quality service to this region.

At Paradip, we cater to top companies in the region, like Tata Steel, Nalco, Jindal, Vedanta, etc. We today have 3 calls a month with geared vessels. We are the only carrier operating in Paradip connecting to Singapore and Malaysia. Our agent at Paradip is Seaways, which also handles the stevedoring.

We have started construction of a CFS in our own land at Chennai. The facility should be ready before Diwali, 2015

How many vessels do you currently own under Liberty, your fleet owning company?

We currently own five feeder vessels and will be adding two more this year. However, Liberty is only the owning company; the vessels are operated by OEL and BLPL. In fact, OEL today operates a combination of 21 owned and chartered vessels. Our services are stretched across the region, covering ports in India, Bangladesh, Singapore, Malaysia, Indonesia, Vietnam, Myanmar, Colombo through a number of strings and vessels deployed. These include standalone services as well as in

like Chittagong, Myanmar, Vietnam, it is 1,700 TEUs. These are the typical sizes.

Now that PSA has taken over container operations in Kolkata, I am hopeful that our vessels would be able to turn around faster and facilitate increased volumes.

When was it decided to form Transworld Group Singapore?

About four years ago. All these companies, started at different times, were doing well and growing. It was then decided to bring them under a holding firm called Transworld Group Singapore. They are now all owned by the holding company.

Does BLPL have pan-India presence?

Yes, absolutely, including the ICDs. BLPL's area of operations stretches from North Asia, China, South-East Asia, Indian Subcontinent, Middle East and East Africa.

Is there a plan to expand to Europe?

We don't want to dilute our focus and intend sticking to the locations that I mentioned. Given our experience and understanding of the said geography

cooperation with others, including feeder operators and MLOs. Through such cooperation, we also cater to locations like the west coast of India, Karachi, Jebel Ali, etc.

What is the size of the vessels you operate?

In the Kolkata sector, where draught is an issue, it is 1,100 TEUs. In areas

Transworld GLS Value-Added Services

- ★ Transportation
- ★ Warehousing
- ★ Packing, Loading and Stuffing
- ★ Cross Trade
- ★ Perishables, Dangerous Goods, Sensitive Cargo Handling
- ★ Door-To-Door Services
- ★ LCL Console Movements
- ★ Tank Containers
- ★ Scrap Containers
- ★ Heavy Duty Containers
- ★ Order Level Management
- ★ Special Equipment (Open Top/Flat Rack/ Reefer/Platform etc.)

NETWORK Head Office

- ★ Singapore
- Countries**
- ★ Singapore
- ★ Malaysia
- ★ Myanmar
- ★ India
- ★ China
- ★ Africa
- ★ Indonesia
- ★ Vietnam
- ★ Thailand



and the growth opportunities therein, we want to keep it that way.

What is the manpower strength of Transworld Group Singapore all over?

Including Transworld GLS and BLPL, we are a strong team of 500 people. This also includes OEL because wherever we have Transworld GLS, we also represent OEL's interest; except in Singapore, the headquarters, where it operates on its own.

In India, I am only referring to Transworld GLS, not our CFS operations.

Talking about CFSs, can you throw light on your CFS operations?

We have formed a joint venture company with CONCOR and developed the Dadri



facility, called Albatross Inland Ports. We started off with Dadri and then extended the cooperation with CONCOR's facility at Nhava Sheva and Kolkata.

The ICD Birgunj facility in Nepal is managed by Himalayan Terminals; we are partners in that with CONCOR.

On the other hand, we have developed our own CFS in Mundra under Transworld Terminals. We also have strategic alliance with CWC to manage and operate their facilities at Mundra and Tuticorin.

We have started construction of a CFS in our own land at Chennai. The facility should be ready before Diwali, 2015.

There are already 30-odd CFSs in the vicinity of Chennai. Is there enough cargo?

We are confident of developing business because we are a pan-India player and we have our customers' support. Added to that, BLPL has a strong presence in this region, which helps to develop captive business for this CFS.

How do you view the current shipping scenario? Is it stable, volatile?

Everything is volatile. For example, look at the bunker oil prices. They came down from \$ 600 to about \$ 260 a metric tonne, and recently, in a period of two weeks, shot up by \$ 100 per metric tonne. Now, how do you estimate for a sudden \$ 100 increase? An average voyage consumes 250-300 tonnes of bunker. That is the kind of volatility we face.

The charter markets, however, remain very stable, especially in the feeder segment.

Freight rates, unfortunately, are coming down. Usually, the market remains strong until Chinese New Year and then starts to drop. This year, from the first week of January itself, there has been a slowdown all over. Rates have fallen substantially. For example, China to North Europe has been as low as \$ 450.

It is said that freight rates are falling because of two reasons – the size of the ships getting bigger and the lack of growth

in cargo. Unfortunately, both seem to be happening at the same time.

With more and more mega vessels coming in, calling only at the super hubs, isn't it a good time to be a feeder operator?

Feeder operators will certainly be catering to these vessels plying on the Asia-North Europe trade. For example, after China they call at Hong Kong and Singapore. At Singapore itself, cargo from countries like Bangladesh, Indonesia, Vietnam, Myanmar, Philippines, Laos, India, etc. gets connected to these vessels. So, yes, feeder operators have an increasingly important role to play. The mega vessels need to be filled up.

Do you see the potential for a hub port on India's east coast? India is known for its infrastructure constraints and high logistics cost. Do you see things improving?

I don't see the possibility for a major transshipment facility on the east coast. There is Colombo which is strategically



well located and which went much faster than India in developing itself as a hub. China has put in a lot of infrastructure there. So, I think lines would continue looking at Colombo.

The infrastructure, unfortunately, does not match up to international standards. Not yet. But I am sure things will improve.

What are the advantages of being headquartered in Singapore?

Singapore gives a lot of importance to shipping and logistics; it is about 8 per cent of the country's GDP. A lot of incentives are offered to companies across the different segments of this industry. Leading global lines have a significant portion of their fleet flagged here. Be it the world's top P&I Clubs, financial service providers, brokers, law firms, container leasing companies, etc., they are all available in Singapore. It is, therefore, a very attractive place to do business.

What is your outlook for this year? Are you open to inorganic expansion through mergers and acquisitions?

As a company we have a lot to look forward to. As I said earlier, BLPL will be adding 3,000 boxes, two more ships will be joining our fleet, Transworld GLS has started at two more locations, the Chennai CFS will commence this year, etc. As for the overall scenario, we are hoping for things to pick up. Cargo volumes have been falling, among the factors being that the western economies are still struggling and the Chinese economy is not doing that well. I hope 2015 will not be a repeat of 2009.

As regards plans for mergers and acquisitions, we will definitely look at it if something interesting comes around.

