

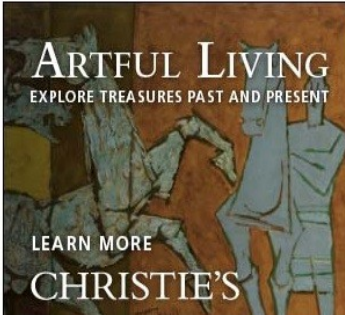
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## Interem to invest Rs 200-crore in 3 years

Biswarup Gooptu, ET Bureau Dec 19, 2012, 04:00AM IST

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BANGALORE: Relocation and warehousing company Interem plans to invest Rs 200 crore over the next three years, as part of its plan to increase its business in the consumer retail segment across the country.

The company has earmarked about Rs 150 crore to acquire land and build a logistics hub near the Nhava Sheva container port in Navi Mumbai.

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It also plans to spend between Rs 50 crore and Rs 60 crore for a separate facility in Sanand, Gujarat.

"The Nhava Sheva project should be initiated by 2013, and be up and running by 2014. We have also applied to the government for land in Sanand," said Rahul Pillai, regional director for Middle East and India, Interem.

These new projects will spearhead the company's plans to re-orient its business towards a more consumer-led model. Currently, about 90% of its business in India is generated from the business-to-business model.

"The business-to-consumer segment is more competitive and margins do get impacted, but the Indian market works on volumes and we hope to grow the retail segment by an additional 10% over the next year," said Pillai.

According to industry estimates, the Indian relocation sector is valued at about \$360 million (about Rs 1,960 crore now), and is expected to grow 20% annually.

Interem competes with Santa Fe Relocation Services and Crown Relocations — both based in Hong Kong — as well as UK's Allied Pickfords in the highly fractured Indian logistics, warehousing and relocation sector.

It will fund the expansion through its own reserves as also funds from its parent — Dubai-based \$400 million Freight Systems Group.

Privately-held Freight Systems Group is involved in shipping, freight forwarding, warehousing and supply chain logistics.

In 2010, Interem invested Rs 50 crore for constructing a 20 lakh square-foot central logistics hub in the Mahindra World City special economic zone in Chennai.

"We have been fairly cash rich as a company, and our division has zero debt per se. As we go forward, it (investments in India) will be funded by the parent company," Pillai said.

According to him, Interem contributed 10%, or \$40 million, to Freight Systems' turnover for 2011-12. It expects to make up 20% of the parent's turnover in the current fiscal.

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"The huge volume of domestic consumption in India has been the differentiator, as the market requirements in the country are huge," Pillai said.