

# ECOM EXPRESS: DELIVERING GROWTH

Riding on the ecommerce boom, the logistics service provider has grown into a formidable player in just two-and-a-half years

BY PETER GRIFFIN

One April evening in 2012, TA Krishnan was having a convivial dinner with Sanjeev Saxena, K Satyanarayana and Manju Dhawan. They were colleagues at Blue Dart, the express industry major, and had worked together to conceptualise, launch and run its service for ecommerce players. Launched in December 2009, it had been a resounding success, making Rs 100 crore in revenue in the first year itself, helping Blue Dart stave off a potential crisis. (The economic crisis of 2008 had been a serious blow: Twenty-six percent of Blue Dart's revenue came from deliveries to banks and financial institutions.) In 2009, India had begun to see the resurrection of entrepreneur and investor interest in ecommerce, but the industry had delivery pain-points. Established couriers, Krishnan says, were focussed on B2B, and, "maybe they couldn't change their processes just because the sector was looking attractive; after all, you could not have known if it would turn the 2000 way, when the dotcom bubble burst."

Krishnan and his colleagues, however, were convinced that the sector would grow. That evening in 2012, they began talking about starting their own firm. Soon, they were spending weekends working on business plans. And on January 31, 2013, with their own funds and Rs 5 crore from angel Oliphants Capital, they launched Ecom Express, with 42 offices in 35 cities across north India.

By June 2013, revenue was Rs 6-7 crore a month, which indicated serious demand; but to meet it, they required serious capital. They soon found an investor in Peepul Capital, who put in Rs 100 crore, and Ecom Express quickly expanded to 212 cities in time for India's peak shopping season, starting with Raksha Bandhan in late August. It paid off again: "From July to October, we jumped from about 40,000-odd pieces a day to around 1 lakh," says Krishnan. Their second round of funding was as painless as the first. In May 2015, Warburg Pincus—who they had spoken to during their first round of funding—invested Rs 850 crore for a majority stake [both Krishnan and Warburg

Pincus India MD Viraj Sawhney refused to reveal the exact stake].

## THE PERSON BEHIND IT

Krishnan, Ecom Express's CEO, is an express industry veteran. He headed Blue Dart's north India operations and led their ecommerce offering. Co-founders Saxena (operations, security, regulatory and IT), Dhawan (customer service), and Satyanarayana (finance and HR) were part of his north India and ecommerce teams.

## WHY IT IS A GEM

Many of the players in the ecommerce sector could implode, but the survivors will continue to need reliable delivery partners. Warburg Pincus's Sawhney says, "As in China, we expect a few large players to establish themselves as leaders in the ecommerce logistics sector in India and we believe Ecom Express is well placed to emerge as a potential industry leader." Ecom Express already serves every e-seller of consequence: Amazon, Flipkart, Snapdeal, Myntra, and a host of others. It is now expanding its reach in north, south and east India, and aims to touch around 450 locations by the end of the next financial year, and to more than 1,000 cities and towns by the end of 2016-17. Revenues for 2014-15 were around Rs 450 crore.

Ecom Express isn't making profits yet, but as Krishnan says, "It's not impossible. It's a function



## Rs 450 crore

Revenue for 2014-15

### Key Move

Expanding across the country with the aim of touching around 450 locations by the end of the next financial year

### Business Mantra

Reliable delivery for top ecommerce players

### Stake in the Pie

Peepul Capital invested Rs 100 crore in 2013; Warburg Pincus invested Rs 850 crore for a majority stake in 2015