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'GST to reduce logistics costs'

With the implementation of GST, it is expected that the logistics costs can also come down drastically with a 'one-nation-one-tax.'

Chander Agarwal, Managing Director, TCI Express

TCI Express is one of the leading logistics players in India. In an interview with B2B Purchase, the company's Managing Director Chander Agarwal gives an overview of the Indian logistics industry. Excerpts:

Indian logistics industry is expected to grow at 10-15% CAGR. How do you see the opportunities?

We anticipate tremendous growth and opportunities in this market, considering the current landscape. Especially with the expected implementation of the nationwide uniform GST there will be a lot of momentum in the logistics industry. The thrust will not only transform the ecosystem but will also enhance the distribution structure in the country. Being an organised player, we also see a lot of demand coming in from the growing e-commerce sector which will further accelerate growth in revenues to excel in this competitive market.

Do you have adequate sorting centres and distribution facilities to meet the future demand?

Yes, we have 25 sorting centres which are strategically placed across the country to ensure a channelised process. Being future ready, we have effectively implemented the 'hub and spoke' model to streamline the process between the sorting centre and the customer. Keeping in mind the scenario of Indian logistics sector, we have adapted semi-automatic handling equipment to ensure time definite services.

Further, we have fully containerised weather proof fleet of vehicles which provide round the clock services and time sensitive express deliveries. We are spread across India servicing over 40,000 locations and also provide customised solutions for our customers.

What are the material handling systems you use for storage, transportation, sorting, and picking?

At our sorting centres we follow similar set of processes as exercised at a warehouse which includes storage, transportation, sorting and picking. At the storage facility we use semi-automatic handling equipment, which helps us in enhancing the storage efficiency and operations that takes place at the facility to ensure safety and timely dispatch of goods. This method of handling is considered to be most suitable for Indian cargo industry.

Further, we deploy containerised and GPS enabled vehicles to ensure real time tracking and the safety of the goods. The process is supported by the fleet desk team who constantly monitor the Hub Network Transit Schedule (HNTS) and Delivery Network Transit Schedule (DNTS) to ensure faster delivery routes. This helps us in bringing down the total cost of transportation. We also follow package scanning through barcode technology such as HPT (hand pallet trucks), pallets and forklifts. This provides accuracy in the operations and real-time tracking of the shipments at packet level.

How GST will benefit the logistics sector? Are you GST ready?

With the implementation of GST, it is expected that the logistics costs can also come down drastically with a 'one-nation-one-tax.' The structure will result in the removal of multiple check posts and entry points within the states. This will not only result in abolishing delays but also help to bring in more business volume as various trade barriers such as entry tax, local body tax, octroi and other hurdles will no longer exist. This would bring overall growth to businesses and the industry as a whole. Adding further, we can expect the GDP to receive a boost of about 100-200 bps. This will fuel the growth in the logistics sector by enabling faster and cheaper movement of goods across the country.

We are GST-ready and are equipped to adapt to the new rule book. The website where companies can enrol has already been launched. Soon the respective state governments are expected to start enrolling in the GST network and accordingly we look forward to comply with the necessary regulations in those states.

How do you look at the performance of your company post demerger?

The core idea behind the de-merger of TCI Express from its parent company TCI was to establish a separate entity focusing on express delivery services. The company has been registering healthy growth post its demerger. The net revenues for the quarter ended 31st December, 2016 increased robustly by 14 per cent to ₹ 187.90 crore. EBITDA for this Q3 of FY-16 stands at ₹ 17 crore with the growth of 25 per cent over last year. The Profit After Tax (PAT) jumped by 41 per cent to ₹ 10.03 crore for Q3 FY-17 over Q3 of the last year. ■