



# ORGANIZED 3PL GAINING STEAM POST-GST

*“Securing a competitive edge in the post-GST scenario mandates a high level of transparency, discipline to timelines, adherence to compliances and investment in technology platforms,” avers **R Shankar**, CEO, TVS Logistics Services Ltd.*

## **Changing supply chain dynamics post-GST**

Pre-GST most companies had their logistics networks planned around on tax structures and compliances; this is now expected to shift in favour of optimization of warehousing space and network capabilities. Driven by the need for greater efficiency, logistics networks will be designed more from a market perspective or centre of production perspective, leading to reduction in logistics cost, which is at present very high at 13% of GDP. Businesses will demand faster ways to reach raw materials to manufacturing units and from the manufacturing units to the market place. Therefore, organized 3PL players will play a key role in being able to significantly re-design the supply chain and provide solutions to their customers that will make the entire supply chain lean, responsive and agile.

## **Strategies to ride the growth – Organic, Inorganic, launching new services, expansion, etc.**

TVS Logistics is an entrepreneurial company, and looks at opportunities as they pan out. Our growth has always been influenced by how we add value to our customers’ operations, and how we provide differentiated services. Our whole approach is to understand our customers’ supply chain challenges and take a consulting approach for addressing these bottlenecks. That is, not just providing advisory services but actually executing

the solutions on ground and delivering on the claims made in our consultations to the customer. The strategy that has worked for TVS Logistics centres on discovery of customer problem and bringing in the right solution through a combination of in-house capabilities that we already have; mindful application of technology in which we have actively invested; and adoption of practices learned from our overseas entities who are sector/capability experts in their geographies.

## **Challenges faced towards GST compliance**

We have skirted major challenges so far by staying proactive and responsive to developments in GST. As and when the Government notified the industry regarding progress in GST law, rules and regulations, TVS Logistics took timely steps to make certain that our IT and accounting systems are modified and made capable to handle the migration into the new environment. We also realigned certain processes in the anticipation of post-GST changes and successfully transitioned in this period with seamless customer operations as our top priority. However, these are early stages and there are still processes that all companies would need to do (including filing the returns), which we are confident we will be able to complete without any major challenges to our business.

## **Expansion plans in terms of technology and infrastructure development**

We have always provided technological advantage and cutting edge solutions to our customers. TVS Logistics manages over 10 mn sqft of warehousing space across the country spread across 29 states. Our Asset-light operations give us tremendous flexibility and agility in responding to customer requirements. It’s a sustainable model which allows us to scale quickly and add quality infrastructure as needed. The roadmap is to continue to invest in these solutions to provide meaningful differentiation and add value to our customers’ operations.

## **Shifting gears towards organized 3PL services**

Securing a competitive edge in the post-GST scenario mandates a high level of transparency, discipline to timelines, adherence to compliances and investment in technology platforms. This tilts the scales in favour of employing organised logistics players, which will be the expected trend in how clients will choose their logistics partners. Businesses that have been using unorganized transporters and just warehouse service providers may consider migrating to formal 3PLs who can bring in knowledge services, understand, and use technology and operate logistics and supply chain more efficiently. While transportation services have not fully come under the purview of GST yet, a 3PL’s wide network footprint and proximity to consumption and manufacturing locations will be one of the deciding factors during empanelling.