

INTERVIEW | R. DINESH [BUSINESS](#)

‘After GST, I see 2-3% savings in 3-5 years’: R. Dinesh

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‘Today, we can manage inventory and production better’

The logistics sector is one of the beneficiaries of the roll out of GST. In an interview, R. Dinesh, MD, TVS Logistics, said he is a lot more bullish and confident about growth in his business now than he was six months ago, as benefits of GST start to kick in. Excerpts:

How has the logistics sector fared post GST?

Prior to GST, the Indian logistics sector was actually struggling to add value when compared to global peers. It was just seen as a labour contractor or a transporter and actually not getting the benefit of being a part of the supply chain. But that equation has changed now.

Now, companies are looking to optimise their supply chain and are willing to outsource value-added planning to us. From a transporter's point of view, small transporters can now work with third-party logistics providers and expand their fleet. This is happening at a faster pace now.

Now there are a lot of concerns about the e-way bill? Your views?

The e-way bill is a fantastic system and once fully rolled out, you will have one single document which you can use across [multiple] modes. But as of now, there are challenges. We are given three user entries, but our company [makes] 3,000 trips across India per day.

So, can we complete those with that set three entries and have capacity utilisation? Also, in case of an accident or breakdown, they say we have to go to the Chief Commissioner for approval and then be allowed to offload to another truck. The logic behind it is understandable, but for a company like us with so many trips, we don't want to get stuck. At present, in case of accident or breakdown, we get an alternative truck to reach the spot in an hour.

But a government authority will not be able to give approval in such a short time. The practical way is there needs to be a local authority or self certification, with a condition of penalty if you make a mistake.

What are the other positives for the sector?

One another incidental benefit post GST is that they are trying to create a single nodal agency through the Special Secretary, Logistics.

What that means is that earlier we were dealing with six ministries, like Railways, Highways, Shipping, Aviation etc. And each of them has its own requirement and paperwork. The Budget also mentioned that they are now creating a single portal for all logistics activities.

Our hope is that this will create a situation where one single document goes across multimode. The Special Secretary, Logistics comes under the Commerce Ministry and he would see [to it] that the trade is facilitated.

What are the benefits seen from the GST so far?

The quick benefits which we have seen are in terms of reduction in transportation time to a minimum of 8-9% and a maximum of 20% due to removal of checkpoints and better tracking. Once fast tags are accepted in tolls, the transportation time would be further reduced.

Today, you know the transportation time and you can better manage your inventory and production across sectors, which was earlier happening only in the automobile sector.

Also, today you can set up big warehouses in huge consumption States and service the smaller ones from those, when compared to the previous practice of locating geography wise, resulting in cost savings. If logistics spend is at \$50-70 billion, I see a cost saving of 2-3% in the next 3-5 years due to combination of various factors post GST.

How is TVS Logistics now positioned?

We are cautiously positive to achieve profitable growth. We are hoping for high double-digit growth compared to low double-digit growth expectation 6-9 months ago. We are growing at more than 25% this year post GST and would be crossing \$1 billion revenue this fiscal.

Plan for an IPO isn't in the too distant a future. We expect to add 3,000-4,000 people in India, and take our headcount to 18,000 in the next three years.