



'Growing investment will drive project logistics market'

— Ramesh Babu, Managing Director, Seashell Logistics Pvt. Ltd

Seashell Logistics, based in Navi Mumbai, provides end-to-end logistics solutions for all kinds of infrastructure projects which includes, but is not restricted to, power, irrigation, road, rail, metro, water supply, mining, SEZ, cold chain and gateway terminal.

Ramesh Babu, in an email interaction with **Sandeep Menezes**, expects the growth rate of the project logistics industry to be more than that of the logistics sector as a whole.

Q India spends around 13 per cent of its GDP on logistics, which is higher than USA (10 per cent), Europe (11 per cent) and Japan (10 per cent). How can supply chain efficiency be improved?

As you correctly said, Indian business becomes less competitive in the world market because of high logistics cost compared with the developed countries or even many developing countries. Supply chain inefficiency in India is mainly because of three reasons: infrastructure bottleneck, little use of modern technology in supply chain processes, and government rules, regulations and taxes.

To improve supply chain efficiency we have to solve all the above problems. New government in India has already declared creating world-class infrastructure as its prime objective. Government is also making rules which will help India become one market by introducing GST. GST will replace the old tax regime and allow logistics and warehousing to consolidate.

As far as use of technology is considered, we have to promote private sector to bring in world-class technology. Use of IT will save a lot of money, cut down time and make information flow seamless, and increase efficiency in the overall supply chain.

Q Can you elaborate on GST vis-à-vis the logistics industry?

The logistics industry is eagerly looking for early implementation of GST because it is among the sectors which will gain most from this. So, we would like it to be implemented without further delay and it will transform the entire Indian logistics industry.

We, at Seashell, started thinking how to get maximum benefit with this new law. We have plans to reorganise our internal administrative structure as well as location of our offices across India to deal with new business environment post-GST implementation. We are also planning to add more branches in line with our growth plans taking into account early GST implementation and expected good growth in project logistics to serve our customers better.



Q What is the current size of the project logistics industry in India? What will be the estimated growth in future?

Project logistics refers to handling of shipment of over-dimensional cargo (ODC), more importantly, those that have to be delivered within a stipulated time. Such cargo needs to be generally transported to remote locations that have accessibility constraints. The current size of project logistics in India is 6.1 per cent of the entire logistics industry which is \$124 billion.

As there is renewed focus on infrastructure development by the new government, we expect significant growth in the logistics sector. Growing investment in key sectors of the economy will drive the project logistics market in India. Growth rate of this industry will be more than the logistics as a whole and I feel that it will reach 15-17 per cent in a year or two. This high growth rate will be maintained at least for five to seven years and this will be a very exciting time for Seashell and other project logistics companies.

Q How do you see the project logistics industry evolving in coming years?

The new government came into power by promising growth in the economy and creating jobs

for young people. To achieve industrial growth we have to eliminate infrastructure bottlenecks. The government is rightly focused on creating world-class infrastructure which will help in making our economy competitive globally and also attract manufacturing industries into the country.

Currently, the logistics industry in India is very fragmented and there are very few large players and too many small players. Very few logistics companies in India provide end-to-end logistics solutions and I am glad to say that Seashell is one of them. I believe that once we start building large infrastructure projects on a regular basis it will have a huge growth impact on the logistics industry. With so many small players providing partial solutions, we will not be able to meet the challenges which will lead to lots of mergers and acquisitions.

Large infrastructure project companies need end-to-end solution providers to streamline their activity and complete projects on time. Companies which don't provide all the services under one roof will not be able to survive in near future.

Q How does Seashell Logistics stand to benefit?

Seashell stands to gain in coming years because of its exten-

sive knowledge and hands-on expertise in the project logistics domain.

Seashell Logistics today caters services to 70 per cent of the construction or infrastructure development companies in India. We are happy being in this position where Seashell teams hard work and participation is attached in shaping and building India. We have handled almost all kinds of flagship Indian infrastructure projects that we have seen in last one decade, such as water supply, water reservoirs and dams, national and state highways and expressways, metro rail projects, power projects which include generation and distribution of thermal, hydel, gas-based, wind, solar, and even renewable energy like biomass, and air ports and seaports, and telecommunication.

Seashell is chosen by even large foreign construction companies for execution of projects in Africa, Latin America and GCC countries.

Q India's warehousing infrastructure both qualitatively and quantitatively is highly inadequate. Going forward, how do you see the scenario evolving?

India's warehousing infrastructure is in a nascent stage of development. It is among

the least developed portion of the total supply chain. In India, it is very common that companies prefer their own warehouses and also to save tax they have warehouses in as many states as possible. To have an efficient supply chain we need to have hub-and-spoke model, in which there is one large warehouse which can cater to small warehouses. If a company is small, it may not need a separate warehouse and can share warehouse with other small companies.

As our country progresses, warehousing infrastructure will also evolve and we will see large warehouses coming up instead of lots of small ones. Also, we will see sharing of warehouses among many companies which will lead to increase in efficiency in the whole supply chain and reduction of logistics cost of individual companies.

To make it happen, government has to bring in tax reforms and make India a one common market.

Q What is your company's long-term strategy?

At present, Seashell is leveraging its expertise in the project logistics field to become the preferred logistics solution provider for the infrastructure industry. The new government is infusing lot of confidence in business leaders by clearing pending issues. We feel that with this kind of government in place, the country's future is bright and we will see a huge growth rate in a year or two.

As the growth of the company is associated with the growth of the country, we feel that Seashell will also see huge growth in years to come. We have already seen a lot of projects being announced and speedy clearance of long-pending projects. It will benefit Seashell as well as the logistics industry as a whole.

At Seashell, we are focusing on vessel operations and in the long term we aim to be a prominent fleet owner and player in deciding the tonnages to and from Indian subcontinent. ❏



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