

GST will be a Game Changer



M.J. Logistic Services Ltd. is a leading player in 3PL industry that offers complete storage, transportation and distribution, and cold chain enabled solutions, across sectors with special focus on achieving customer objectives.

MJ Warehousing began offering quality warehousing and distribution services at Mandoli (Delhi NCR) in 1993. Company incorporated in July 2005 to offer complete integrated 3PL services to industry from Delhi NCR. This State-of-the-art Logistics Centre Hub with dry storage, ambient and cold chain offerings set up at Palwal in Haryana in 2009.

The company manages more than 1 million sq.ft. of warehousing space for various industry segments, 300+ Daily Vehicle Turnarounds, 40,000+ SKUs, 12 Locations and 30+ Satisfied Clients. Eredene Capital plc acquired a majority stake in MJ in January 2008.

Anil Arora, MD of MJ logistics says, 'GST will be a Game Changer for logistics sector'. In an interview to **Preeti Agnihotri** he says, though this tax reform will see challenging times initially but it will surely bring freedom.

You are the second generation entrepreneur of MJ Logistics and operating for many years now. What is the current scenario of logistics in India according to you?

Current situation is very dynamic because first on the organized side you might see some consolidation or some big players entering the country and if GST comes in you will definitely see a push from various customers to move from unorganized fragmented service providers to organized service providers. So if we go back to 2007-2008 when the economy was looking positive and the environment was positive, the availability of organized service provider wasn't that high but today with the economy looking up again and everybody having a bullish sentiment there are organized players in the market.

Both have grown, the organized and the unorganized when fragmented, everybody is grown in the last five years but the trend moving forward is that more and more organized players will get preference from customers and you might see some geographical consolidation also.

Who are the new clients in your business nowadays apart from FMCGs, Auto and Retail?

We are very bullish on the Pharma sector, industrial intermediaries and the QSR (Quick Service Restaurant) segments. Apart from these three sectors these are the major sectors that we are looking at for our new

business.

You have strong presence in northern part of India. Do you see yourself in the southern states also to expand your business?

We are primarily a client led company. We started our business in Delhi and we kept on getting business in Delhi-NCR. Then we got business in North so we are open to go wherever our clients and wherever our business are.

We are not limited by geography but by default what is happen is that most of the growth has come from North India. It also stands to be the biggest market in India for Retail, Consumption and now Production also.

Since most of the growth from the customer side has come from north, we expanded all over north but we are not closed to any geography.

What is the idea behind developing new





business models and strategies to attract more and more clients?

We are a services company so we try transition as much headaches of the clients that we can, whichever the front may be, be it top management, transport management, bill processing, whatever we can do for the client, we look at it as a new business model and strategy remains completely focused on the client to whatever service he needs.

You introduced Pay per Use Model in India for the first time. What made you think to initiate it how it has been working?

We introduced Pay per Use Model in the cold chain business. We feel it's been a game changer not only for us but for the industry also. Now it's no more a unique thing almost all cold chain service providers are providing it. We feel we helped in raised that bar for the industry and it's working more or less fine for us. It is very effective for customers and service providers.

Industry is waiting for GST. What do you think about it and how much benefit will it accrue?

Industry is waiting for GST (Goods and Services Tax) for last five to six years. Whenever it comes it will be game changer. I think the first two years will be very challenging for customers, for service providers and for end users because there will be new regulation, new documentation, new rules to follow so there will be some challenges for first one or

two years.

It did happen when the MODVAT (Modified Value Added Tax) system or the VAT system was introduced so first two years were very challenging. But overall we feel it as a big game changer because the basis for a warehouse instead of tax efficiency will be logistics efficiency from wherever we can hold and deliver efficiently, we will be operating. So in that way it brings in lot of freedom.

When you transport food items it requires a particular temperature. What are the techniques that you use while transporting?

We do handle food items which are transported in a temperature controlled environment. There are primarily two or three ways to make it, one is refrigerator truck and some of our clients also use insulated shipper boxes with dry ice components or ice pads. Most of the pharma products are now transported in thermocol boxes, there are boxes with some self-cooling mechanism already in the box. These are the three modes that are used.

Have you ever come across any low point in your work? What was that and how you struggled with it?

Not exactly low point but there has been some challenging times. In Palwal there were development issues and when we started operation, the biggest issue was that it's a long distance so nobody will be going and we had an international quality, infrastructure, and

all other reasons. But that was a challenge I won't call it a low point.

What will be the future of third party logistics in coming years according to you?

I think we are already living in the future. If we go ten years back we were not even a recognized business stream. After being a buzzword third party logistics is become stable. From the client side there is a continuous push on outsourcing, from the industry's side we have wide recognition from all sections of the industry and industry association. So the future is that organized and efficient players are getting more and more business and collaboration between small and big vendors to work together to deliver a single window to the customer is what the future looks like to me.

How will you define a leader? How you encourage your employees to work efficiently to reach new heights?

A leader is the one who got courage to face problems. We never treat an employee as he is sitting across the table, we work as a team and we give full support till the time the employee wants to handle a problem or an issue. We don't try in cut lines or create metric structures, create complications for an employee. We try to keep it simple. As a company we always encourage them to take ownership. So taking ownership of every task even smallest task helps employee to solve problems and motivate them also.