

MJ Logistic plans to go big on third party services

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Chennai, Oct 5: The Delhi-based MJ Logistic Services Ltd (MJLSL), is planning to go in a big way to provide third party logistics (3PL) solutions, offering integrated services like storage, transportation, distribution and cold chain management to customers in various sectors.

The company's special focus is on delivering critical 'last mile', in a 'pay-for-use' model which demands no capital expenditure and only minimum operational expenditure, Anil Arora, managing director of the firm, told FE on the sidelines of the CII logistic summit, which began here on Monday.

He said, "MJLSL prides itself on designing and executing innovative customer-centric supply chain solutions that address the logistical challenges and issues faced by the customers. MJ's hallmark has been its distinctive strategic benefits offered to customers like dry and cold logistics services under one roof, reduced cycle time, web-based IT support, standardised environment, and improved stock accuracy."

The company with a turnover of Rs 10 crore in 2007-08 expects to exceed Rs 250-crore mark business in three to five years time, he says. The growth projections hinges mainly on the expected rapid growth in

3PL business in India as companies seek better and more cost effective management of their supply chain process. India lags behind developed countries in the use of 3PL. Industry and market surveys suggest that this service sector has the potential to grow by up to 20% a year.

MJ, which began its operations in 1993, is one of the nine companies in which the UK-based Eredene Capital PLC, which invests in infrastructure projects, primarily in logistics space, distribution warehouses and port services in India, has acquired 90% stake in MJLSL. This stake will decrease to 74% as agreed milestones are met over a period

of five years.

Eredene has invested Rs 85.4 crore in MJLSL for the development of the new hub-and-spoke 3PL warehousing and distribution operation in north India from an existing business.

The 'hub' warehouse at Palwal in Haryana is strategically located on the Delhi-Agra highway with 2,00,000 square feet warehousing space.

It is linked to two similar but smaller 'spoke' warehouses in Punjab and Uttarakhnad to cover the entire northern industrial heartland.

Arora said MJSL would expand to the western and southern states through companies in which Eredene has made substantial investments.

They included The Sattva business group's container freight stations in Tamil Nadu and Pipavav CFS and Baroda ICD.