

# Business Today



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## B2B customers want the same kind of delivery visibility as B2C: Mahindra Logistics' CEO Pirojshaw Sarkari

"Post GST, because warehousing has moved from a 100 per cent dedicated to a multi-user, multi-product format, where it is shared by four-six customers, the cost plus model doesn't work," Sarkari said.

[Goutam Das](#) New Delhi Last Updated: June 18, 2018 | 19:00 IST



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Indian warehousing is changing after GST. FMCG as well as other companies are consolidating warehouses while moving to **shared spaces**. The revenue model, therefore, is changing too. And automation is playing a bigger role in the larger warehouses. CEO of Mahindra Logistics Pirojshaw Sarkari

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**BT:** How is warehousing changing after GST? We are hearing a lot of consolidation stories.



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is about moving out from 26 godowns in the country, set up from a tax point of view, to a proper logistics network because there is one GST. That 26 is coming down to 10-12 warehouses. We are doing business with a large FMCG company for whom we are running a large warehouse in Gujarat. And we are distributing Mumbai and Pune from the Gujarat warehouse. It has become a western India distribution centre (DC) from just being a Gujarat DC. This change has happened in FMCG and consumer durables. We have over 13 million sq ft of warehousing in the country. Pre-GST our warehousing were mainly built-to-suit for the customer. Post GST, we have started a multi-customer, multi-product approach. We have done that in Tauru Road (near Haryana's industrial hub of Manesar) - we have set up a 180,000 sq ft warehouse where we have six customers using it. We have also got possession of another 290,000 sq ft one in Chakan area in Pune. Currently, auto customers and their ancillary industries would need space. It is booked already. The medium sized companies would also want consolidation. But they would not give you an order for 100,000 sq ft. To enable them, we will set up large format warehouses where customers can take space. That is the new focus for us.

#### ***BT: What are the changes in revenue models because of these shifts?***

**Sarkari:** Earlier, we were working on a dedicated warehouse model. One lakh sq ft space was for one customer. Customers would say show all your costs and add your management fee. Post GST, because warehousing has moved from a 100 per cent dedicated to a multi-user, multi-product format, where it is shared by four-six customers, the cost plus model doesn't work. If someone wants 5000 pallets positions, there is a rate attached to that. It is all on variable basis. Either on per pallet or per line basis. Or it will be on a GMV percentage, or the gross sales value of the product that moves out of the warehouse. That is the way warehousing should happen.

#### ***BT: Modern warehouses have a huge technology play. How is it distinguishing between one player from the next?***

**Sarkari:** It will be a distinguisher. When you order on Amazon, you feel comfortable because you get updates through SMS. It makes receiving of goods predictable. This is what the customers have got used to because of e-commerce. Even B2B wants exactly the same. Companies want logistics companies to provide the same to their distributors. The distributor wants the same kind of visibility as a B2C customer - from pick to dispatch to delivery. The only way to provide B2B visibility is through technology. We have invested heavily in both warehouse management systems and transport management systems.

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