



## ‘Seashell is ready to take on the challenges and will see exponential growth’

*Under the leadership of Mr Ramesh Babu, Managing Director, the Seashell Group has, through continuous innovation, relentless pursuit of excellence, efficiency, foresight and execution capabilities, along with personalised services, emerged as one of the leading single window logistics service providers in a short span of less than a decade, offering a wide range of services, including consultancy on ex-im related procedures. Mr Ramesh Babu elaborates on these and other aspects in an e-mail interview with The Link*

**Can you throw some light on your background and the founding of the Seashell Group? What prompted you to establish the company?**

**S**EASHELL Logistics Pvt. Ltd, an ISO 9001:2000-certified company, was established in 2007 in Mumbai with staff strength of less than 10. Having done Masters in International Business, I was very passionate to be involved in the trade which gives maximum exposure in international commerce. Shipping and logistics interested me the most. The passion to create a large organisation which could provide maximum employment prompted me to establish the company. I started my journey in the fraternity with a very low profile company. Today, it is spread over 22 locations in India, with employee strength of more than 400. Seashell is a professionally- managed company having 22 offices across the country, and a worldwide agency network. It has the ability and commitment of executing to perfection with just-in-time management and taking up challenges globally. The company is India’s leading logistics services provider in the shipping and allied industry, actively involved in all facets of shipping and providing total logistics solutions under one roof with global reach. Within a short span of eight years, we are able to offer complete logistics services to our clients. This is the biggest milestone for our organisation.

The Indian economy’s real GDP grew by more than 8 per cent from 2005 to 2007. This growth created huge requirement/expectation of infrastructure creation in power, road, airport, seaport, SEZ, smart cities and many more. During this period, major Indian infrastructure companies also started looking at Africa and South-East Asia for their global growth. This huge shift in infra companies in growth potential, financially and geographically, also came with FDI

from Indian and foreign investors. These changes boosted logistics requirement globally, originating from India.

Seashell’s founding Directors felt there were very few companies providing complete door-to-door services efficiently. This industry is also 90 per cent dominated by the unorganised sector. Having these thoughts in mind, I felt there was a need for a company which could fill the gap in the logistics chain. Since establishing our first office in Mumbai, we are on a mission to provide logistics solutions to big infra companies, and, hopefully, will create a benchmark in the Industry.

**What are the services the company offers and what would you say is its core competency?**

Seashell provides end-to-end logistics solutions in all modes of transport:-

- Time charter and voyage charter of ships for projects, steel, heavy lifts, break-bulk, bagged and bulk cargoes, including



Mr Ramesh Babu has led the company to great heights

# Interview

agro and mineral commodities

- Coastal movement of domestic cargoes via sea
- Air shipments-including air charters
- Reefer supply chain for shipping fruits/vegetables/ seafood/pharmaceutical and other perishable or temperature-controlled products
- Sea shipment of containers, special equipment such as Open Tops, Flat Racks, Hard Tops, etc.
- Bitutainers - used for shipment of bulk bitumen for road construction industry
- Freight forwarding and door-to-door logistics from/to worldwide destinations through own offices and agency network
- Customs clearance for all imports/exports, including ex-works, DDU, DDP services for worldwide destinations
- Own warehouse facility at Nhava Sheva/Chennai and outsourced at all major locations
- Transportation services for all types of containers, project, steel, and heavy lift and over-dimensional cargoes
- Through our sister company, Seashell Exim Services, we have gone one step forward to provide specialised services that are complex in nature to the industry, like getting refund of SAD, RD, Customs duty, excise duty, availing exemption from payment of duty, obtaining all export-import licences such as AA, EPCG, SFIS, FMS, FPS from

DGFT through our presence on pan-India basis.

Our core competency lies in door-to-door services, customised solutions and project cargo handling. We achieve these through our dedicated and experienced workforce, presence in every field of logistics services, and branches near all major ports of India.

## What is the USP of Seashell's services? What is the value addition that the company offers?

Seashell Logistics' Unique Selling Point is that it provides customised, complete logistics and supply chain solutions at one window. Whether a company is big or small, its logistics requirement is diverse. It could be in ocean shipment, air transport, road transport or a combination of any number of these modes. The requirement could also be big in volume/weight or small shipment, in FCL or air shipments. Also, its logistics requirement changes round the year. Seashell provides logistics services in all these fields through its own dedicated team for each and every field. For example, we have our own dedicated team for bulk and break-bulk shipments, a separate team for vessel chartering, a team at every major port for Customs clearance. We have experts in all the services through which we are able to provide customised solution for each and every client. In addition, Seashell has gone one step further, providing consultancy services on indirect taxation where we offer services right from arranging IEC till drawing Cenvat credit procedure for the new manufacturing company set-up to support "Make in India". Our USP is the driving

force which has helped us grow in a short span of 8 years to this position. With our integrated services, our clients enjoy one-window contact point for all duration of shipments.

## Are you an asset-based firm?

Yes, we are an asset-based logistics firm. We have our own fleet of trailers, handling machinery, warehouses at major ports, own experienced Customs clearing executives, and we operate vessels on time charter and voyage charter basis. We have our own offices at all locations in India, which act as contact points for clients and for seamless operation. Above all, our employees are our most precious assets which we value the most. This value we have earned through the services we have provided our clients and the faith our clients have shown in the company.



## How do you view the present logistics scenario in India compared to the developing and developed world? How can the comparatively higher cost be brought down for stakeholders?

A World Bank study conducted sometime back says that logistics cost in India is one of the highest in the world. It states that in other major developing and developed economies, the logistics costs are 6 per cent to 8 per cent of the total value of goods. In Asia's largest economy, China, this cost is estimated at 10 per cent of the total value of goods. The cost of logistics in India is about 14 per cent of the total value of goods. The freight costs for rail and road are also quite high. In France, it is 5.5 cents/km, in Japan 3.7 cents/km, and Canada 2 cents/km. But in India it is 7 cents/km.

Congestion in ports and roads has rapidly increased in India, but this has not been matched by growth of basic infrastructure in roads, ports and rail. This is adding to logistics cost and also resulting in high inventory cost overall as delivery time increases.

Administration costs, including insurance and government taxes, continue to be very high. And logistics cost could rise further due to supply and demand factors. Continued rise in container traffic is leading to increased traffic congestion on the rail and road network. There is lack of proper road infrastructure in the Class B and Class C towns. The lack of specific logistics professionals is also hampering growth at its desired pace in India.

The Indian logistics industry is currently valued at \$ 120 billion to \$ 200 billion by 2020, i.e. a growth rate of 8 to 9 per cent. To match this growth, we need to add infrastructure at this pace as well. Due to insufficient infrastructure, dominance of unorganised sector in logistics and delays in planning, policies and proposed projects, the cost of logistics is very high (13 to 14 per cent of goods value).

Logistics companies can hardly do anything to bring down the cost, except for making their services more efficient, because logistics cost is high due to structural problems which can be addressed only by the government. A few things the government can do and must do to make logistics cost at par with global standards are:-

- Focus on creating dedicated rail corridors across the country and connect them

directly to ports

- Separate road lanes for cargo movement in cities and intercity roads, highways, etc.
- Implement GST
- Make modern ports/airports
- Implement standard Customs rules across India
- Incentivise companies for adopting latest technology

All these will bring Indian logistics cost at par with global average.

## Is it difficult providing end-to-end logistics in an infrastructure-deficient country like India?

Yes, it is really difficult providing end-to-end logistics to the level of excellence in an infrastructure-deficient country. In India, 90 per cent of the surface transport sector is unorganised. Hence, it can be presumed without further assumption that their capacity to handle end-to-end logistics will be limited. End-to-end logistics requires handling multiple modes of movement. With deficiency in each mode unique of its kind, it becomes a costly and delayed logistics movement. Adding to this is the government policy, states having different policies for same cargo, laidback attitude of Customs, port, and complex tax structures, which add pain to the problem of infrastructure bottlenecks.

## India is known to be a price-sensitive market. How does this impact your margins?

The cost of logistics in India is to the tune of 14 per cent of goods. This huge cost erodes the margins of both consignor and consignee, and makes the industry very price sensitive. Compared to developed countries, this cost of logistics is much higher. To remain competitive in their respective fields, cargo owners negotiate for every rupee of logistics cost. This cost ultimately falls on the head of the logistics service provider. Seashell Logistics, being an end-to-end logistics provider, has experience in handling cargo more efficiently than its competitors. This efficiency helps us in reducing our own cost. Our own supporting assets, in terms of pan-India branches, own transportation facilities at major ports, dedicated operations team, etc., that we have created during the last eight



years have helped us in cutting cost. This cost-cutting benefit we pass on to our clients.

## Has the global economy completely recovered from the effects of the recession? Would you say that the hub of global trade has shifted to the east from the west?

Following a disappointing year in 2014, the world economy should see growth this year, boosted in part by soft oil prices, a stronger US economy, and continued low global interest rates. After growing by an estimated 2.6 per cent in 2014, the global economy is projected to expand by 3 per cent this year, 3.3 per cent in 2016, and 3.2 per cent in 2017. Developing countries grew by 4.4 per cent in 2014 and are expected to edge up to 4.8 per cent in 2015, strengthening to 5.3 and 5.4 per cent in 2016 and 2017, respectively.

Trade flows are likely to remain weak in 2015. Since the global financial crisis, global trade has slowed significantly, growing by less than 4 per cent in 2013 and 2014, well below the pre-crisis average growth of 7 per cent per annum. The slowdown is partly due to weak demand and to what appears to be lower sensitivity of world trade to changes in global activity. Changes in global value chains and a shifting composition of import demand may have contributed to the decline in responsiveness of trade to growth.

Though the world economy primarily depends on the western economy, recovery from recession is faster in developing economies. As Asian developing countries are growing at a faster rate than the developed economies, expectations from them have increased considerably. With India and China leading the drive compared to other economies in the near future, it can be expected that the hub of global trade will shift eastward.

## We now have a seemingly development-oriented government at the Centre. What are your policy and regulatory expectations for the logistics sector?

We all have great expectations from the new government. We expect that, being a growth-oriented government, it will roll out the long-pending Goods and Services Tax (GST) in a fruitful way. This will simplify the tax structure and remove state barriers in tax. This will make the Indian manufacturing

industry in general and the logistics industry in particular more competitive and one step closer to global standards. In its first full Budget, the present government mentioned warehouse many times, indicating its commitment towards warehousing and logistics. Today, e-commerce is in a boom phase. It needs a lot of supply chain and logistics requirements. We appreciate the government's interest in logistics support to e-commerce

players by providing designated pick-up centres at identified stations. It would offer supply chain and e-commerce industries an alternative to the expensive air cargo that they now rely on for delivery. Rail cargo could be up to 50 per cent cheaper than air cargo in terms of the distance it moves and the volume it carries. E-commerce can better utilise a mix of road-rail and air to improve its delivery commitments at lower costs.

In infrastructure building, we have lots of expectations from the present government to expedite growth. The government has re-emphasised its commitment to improve rail, road and air infrastructure. The proposed investment of ₹ 37,800 crore in NHAI and state roads and focus on development of select expressways in parallel to the development of industrial corridors, will improve connectivity and add efficiency to the supply chain and logistics. The ₹ 11,635 crore allocation to develop the first phase of outer harbour projects in Tuticorin, development of SEZs in Kandla and JNPT to boost the infrastructure in shipping, and Jal Marg Vikas project on the Ganges to develop inland navigation between Allahabad and Haldia will showcase newer opportunities and cost advantages to the industry. The announcement to build new airports in Tier-2 and Tier-3 cities and clearing bureaucratic hindrances are expected from the present government. Though these expectations are not comprehensive, their fulfilment will definitely boost the logistics industry.

## What are the future plans of the Seashell Group? Any new foray on the anvil?

Seashell has grown from one branch in 2007 to 22 branches in 2014 and, along the way, developed expertise in handling project and break-bulk cargo. In future we want to utilise our expertise in project handling to contribute to nation building.

The new government is very proactive with regard to



the infrastructure sector, and we are very fortunate that we have provided our services to 60 per cent of the large infrastructure companies in India. We will be leveraging our relations and expertise for our future expansion and want to become the best project cargo handling service provider in the country.

Keeping this in view, we are opening our first overseas branch in Singapore, one of the shipping hubs of the world.

### What would be your message to the trade?

The freight forwarding industry in India is very fragmented and there are very few Indian companies providing end-to-end logistics solutions. We are very happy that Seashell is among the few companies which provide end-to-end logistics solutions as well as customised solutions for individual customers.

As our industry becomes mature and customer demand changes because of changes in technology and the arrival of MNCs in this sector, we are about to see drastic changes in the market scenario. Companies which are not flexible in their service offering or in technology upgradation will not survive.

The government is planning to introduce GST which will also have a significant effect on the way we provide our services. We will also see a lot of consolidation, mergers and acquisitions happening in the industry.

My view is that logistics service providers must have the

following capability to survive and grow in future:-

- Provide end-to-end services which includes industry-wise customised solutions
- Investment in IT to regularly update customers and keep online tracking
- Prepare to take up new challenges not experienced earlier because our government is focusing more on manufacturing.

India, with its cheap labour, has what it takes to become a global manufacturer. This will not happen without our industry support, so we must develop the capability to help the government in the transition from a service-based economy to a manufacturing-based one.

The government is now giving big tenders to single companies rather than giving part projects to many companies, which means that infrastructure companies now require their logistics partners to share this large responsibility. In this scenario, funding becomes a major obstacle for logistics service providers and small companies will find it difficult to shoulder this responsibility. This will trigger mergers and acquisitions in the market as MNCs having deep pockets will take over companies having local expertise in some domains.

Whatever be the case, I feel that the coming years will be very exciting and full of challenges for our industry. Seashell, as one of the companies in the fraternity, is ready to take on the challenges and will see exponential growth. [LINK](#)



The Seashell Logistics Team at BHP 2014. The company showcased its products & services at the event