



PRESS RELEASE

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To cash in on the just rolled-out goods and services tax, which is very positive for the logistics sector, leading logistics player Patel Integrated Logistics will invest around Rs.80crore to set up 10 warehouses together measuring over 1 million sqft in the key traffic regions.

"Goods and services tax is the best reform that has happened to the logistics industry. As the new tax reform was in the making for long, we have plans to set up as many as 10 warehouses with a built-up space of over one million sqft across the country over the next two years at an investment of over Rs 80 crore," Patel Logistics Chief Financial Officer Mahesh Fogla told over the weekend. He said the first warehouse is being set up in Bengaluru for which the company has already taken land from the Karnataka Industrial Areas Development Board on a 99-year lease. "We will invest around Rs 10 crore in this facility which will be ready in a few months."

In the first phase more such facilities will come up in Ahmedabad, Chennai, and Gurgaon this financial year itself, while the second phase, which will begin next year, will see our warehouses in Pune, Mumbai and Hyderabad, Fogla said.

For the Bengaluru facility the company has already secured a Rs5crore loan from SIDBI, he said, adding the rest of the funds will be managed with a mix of equity and low cost debt.

Currently, it has only one warehouse in Chennai, he said, adding new warehouses will be located on 2-3 acres, and will also be on long-term lease ranging from 40 to 99 years.

When asked about the savings deriving from GST, he said the new tax regime that dismantles border check posts will ensure at least 30-40 percent rise in truck trips a month. Now a truck makes around 10 trips a month to Delhi from Mumbai. This can easily be 13-14 trips now, he added.

"Similarly, the savings on fuel will be around 5-10 percent. So we see GST adding at least Rs 3-4 crore annual savings " Fogla said, adding they have already started hiring more drivers to meet the rising demand.

He also said since GST registration is mandatory to operate now, small unorganised players who have GST registration will have to look for alliances with large players to continue in the business or get merged with them.

GST has increased the taxation on the sector to 5 percent from 4.5 percent earlier but the industry is hurt by the absence of input credit under GST, which it wants the government to rectify, he said. expects road transport revenue to rise to 50 from the 40 percent now and accordingly air cargo revenue dipping to 50 percent from 60. Last year, Rs 250 crore of its Rs 450 crore sales came from air cargo segment.