



EXEMPLIFYING OPTIMAL UTILISATION OF MULTIMODAL TRANSPORTATION

While most of India's supply chain activities take place through rail and road, its time to utilise the 7500-km coastline the country has been blessed with. This not only ensures timely delivery of goods but also helps in reducing logistics costs while being environment-friendly and green. Capitalising on this opportunity, Indian Steel Corporation (ISC) has managed to optimally use multimodal transportation to ensure a seamless supply chain.

■ SUDHIR MUDDANA

THE Indian logistics industry has been constantly striving to find ways to reduce costs, increase its customer base, reach and satisfaction. Fortunately, India has well-connected and vast road & rail networks, which are helping companies achieve the same.

Most companies are utilising these road & rail networks to the core for transportation of their goods within the country, and are yet to tap the potential that India's 7,500-km coastline has to offer

for goods transportation. The sea also offers companies the chance to reduce their impact on the environment. In such a scenario, where companies are struggling to enhance their efficiency through newer techniques, Indian Steel Corporation (ISC), along with Shreyas Relay Systems (SRS) as its logistics partner, has managed to successfully make optimal use of India's long coastline for its benefit.

Being a pioneer in the Indian steel industry, ISC believes in manufacturing

and delivering quality steel products to their customers. However, customer satisfaction is not restricted to ensuring that the product is of optimal quality, it also includes ensuring that the product reaches the customer's door at the right time regardless of the circumstance.

With a vision to carry out efficient, cost-effective and green logistics, ISC, along with SRS, has designed a seamless supply chain by utilising all the modes of transportation. Using the Hub and Spoke



model and multimodal transportation, ISC has managed to ensure timely delivery of its steel products to all its customers, irrespective of the location.

BOOSTING BRAND VALUE OF ISC PRODUCTS

ISC believes in the core values of relationship, innovation, teamwork and excellence. This applies not only to its manufacturing units but also to its supply chain. Explaining the crucial role of its efficient supply chain in boosting the brand value of ISC's products, Aditya Agarwal, Manager – Exports, ISC, says, "The SCM has helped us reduce the cost of inventory. It has played a big role in assisting our growth value. We have experienced a sales growth from last year to this year due to SCM efficiency. This has been done by using multimodal transport system, such as sea and rail, besides road. In addition, the use of the Hub and Spoke model along with multimodal transportation will help us

optimise the benefits of the post-GST scenario. By using premium SRS services, and by enabling coastal movement for distribution in Kerala and Tamil Nadu, ISC gets the benefits of eco-friendly logistics i.e. green logistics as most of its transportation is done via the sea."

OUTWITTING COMPETITORS

While manufacturers compete with each other in terms of quality and variety of products that they have to offer, they also face major competition when it comes to their supply chains as the delivery of those products depend on it. Also, in an industry like steel, where there are price fluctuations at small intervals, the role of the supply chain gets even more crucial as delays in delivery can cause major losses. Agarwal explains, "Our plant is situated in Kutch, close to Kandla Port. It also has close proximity to Mundra Port. This has helped us utilise the sea route to our advantage and ensure timely delivery of our product to the customer's doorstep."

"Our industry witnesses major price fluctuations and delay in delivery can result in huge losses for us. For example, if the price of steel today is ₹100 per metric tonne, it is possible that within a week it falls to ₹80 per metric tonne. So, if the timeframe is not met, there will be a loss of ₹20 per metric tonne," Agarwal adds.

Justifying what differentiates ISC from

its competitors, Kiran Nandre, General Manager – Marketing, SRS, says, "The timely delivery of the product to the customer's doorstep is a very important aspect that differentiates ISC from its competitors and gives it an upper hand in the steel industry. This is done by leveraging on the strategic location of the plant. Thus, by using the coastal route, ISC has a major cost advantage along with on-time delivery of its products, which gives it the leading position in the market."

USP OF SUPPLY CHAIN

What makes ISC's supply chain stand out is its ability to optimally use multimodal transport for transporting products domestically as well as internationally. This has a major contribution to what the industry calls the next step to improving logistics – Going Green. Agarwal says, "When you compare road transport and coastal shipment, the latter is more viable for us as it is cost-effective and has offered a major boost to the dispatch rate of our products. The reason for this is that we can load up to 28 MT of container shipment through coastal transport, but when it comes to road, there are several restrictions."

Stating the USP of its supply chain, S Varadarajan, CEO, SRS adds, "The USP of ISC's supply chain is that it prefers maximum shipments by using multimodal transport. Be it rail, road or sea, multimodal



The steel is packed with corrugated material, which is covered with one layer of galvanising sheet and is then covered by a plastic material.

transport is an integral part of ISC's supply chain model. In addition, the eco-friendly and green logistics factors add to the USP as it is a value-added benefit, especially when it comes to CO₂ emissions."

WHY OPT FOR MULTIMODAL TRANSPORTATION?

While most steel companies transport their products via rail, ISC uses the sea route as it helps them avert a situation where they could incur a loss that could be caused due to delays in the train schedule. Varadarajan explains that if a company wants to use rail, the major drawback is that it cannot depend on train only.

Also, presently, there is only one player that transports steel by rail and that is Concor. Since it is a government-owned container train provider, there is no certainty on when they will provide the train for transport. Varadarajan says, "You cannot tell the customer that the cargo will reach him only when a train is available. This is where transportation by sea benefits ISC. While using the sea, there are fixed vessels and fixed windows for these vessels. Therefore, we can commit the accurate time of delivery to our customers. We can give them, at any time, the detail about where their shipment has reached and mention the exact date of delivery. Thus, our distribution model allows us to analyse and work around the different modes of transport and see which ones suit the best so that the delivery reaches the destination on time. Hence, if the destination is internal, road is used in that part."

On ISC's approach to selection of multimodal transportation, Nandre comments, "At the first level, it is evaluated if the sea-road combination can be used. Then at the next level, it is seen if rail-road combination can be used. Finally, at the third level, the Hub and Spoke model is used. So, by using multimodal transportation and Hub & Spoke model, ISC tries to design and implement its model in such a way so as to ensure minimum locations and multiple distributions."

So what prompted ISC to use the sea passage for transportation? Agarwal replies, "India is blessed with a long coastal line of about 7,500 km. Situated near the two major ports, we thought 'why not take advantage of the sea passage?' All developed countries use the

sea to transport most of their products, whereas we, in India, use only seven per cent. And, if we can contribute to reduce cost, damage and pollution caused along national highways, as a corporate social responsibility, then why not? That's why, today, we use the coastal line to transport most of our cargo, internationally and domestically."

Nandre adds that there are a large number of imports and exports that take place in ISC.

USING GLOBAL TECHNIQUES & TECHNOLOGY

Apart from the various combinations of modes of transportation used to ensure on-time delivery of its products, ISC also follows a number of global techniques to ensure safety and security. Nandre avers, "Maximum cargo moves in containers. We are using the 'latching and choking technique' from a Europe-based company having a Germanischer Lloyd certification and unique packing systems in the world. ISC has adopted that process through us (SRS). This has been working well with zero accidents since the date of its inception."

Explaining the unique packing systems, Agarwal says, "The packing is done in an efficient manner and ensures that no damage or wastage occurs during transportation and handling. The steel is packed with corrugated material, which is covered with one layer of galvanising sheet and is then covered by the plastic material. Also, the age proof of the steel is depicted on the age guard which is present on the packed parcel. In addition, ISC has palletised cargo to ensure that

the product being sent is secured in the wood pallets."

In addition to these techniques, ISC also uses the latest and best technology in its supply chain. Nandre explains, "We are using Tata Prima 4028 fleet, which is installed with GPS and is as advanced as the Volvo. Therefore, we maintain real-time information about the location of our fleet at any point of time. We have our own in-house designed software maintaining all the activities."

THE 3PL WHICH COMPLEMENTS ISC'S BRAND

Along with being a logistics partner, SRS has proved to be ISC's strategic partner, making sure that it maintains a seamless supply chain for the steel giant. It has managed to complement ISC's brand name, thereby making it one of the leaders in the market when it comes to on-time delivery of ISC's quality products. It has come to a level that there is no doubt in the mind of the customer that a product ordered from ISC will reach them on the date specified, be it under any circumstances. This not only ensures loyalty of the customer towards the brand but also helps it to calculate and specify a date for the delivery of its products to their customers.

In other words, by providing on-time delivery, ISC ensures that not only its customers but even its customer's customer are happy. Confirming the same, Agarwal says, "We believe that our customers should recognise us as a company that fulfils its commitments on time and our supply chain, having a big role to play, ensures this." ■



Tata Prima 4028 fleet laced with GPS is used for transportation