

Market Set To Grow & Get Organised

TT: SAMIL started its journey a decade ago. How has the journey been?

SM: To simply put it, the journey has been fantastic. When we started off a decade ago we did not visualise the number of things we are doing today. To start with our focus was very clear and specific. We were dealing with just one segment and the thought process was that we would be handling the assets from customer base of the Shriram Transport Finance Company. But then as we progressed we realised the spectrum of operation was much wider than we had ever anticipated. The entire Eco system of Shriram Group was turning out to be a potential opportunity. So currently besides just the transporters we are also dealing with Banks/NBFCs, OEMs, Insurance Companies, Dealers and many others. We never reached a stage where we had to wonder what to do next. We created the path in some cases and often the path would be laid for us. We have been registering impressive growth every year. While we have been consistent with 30-40% growth every year, there have been periods where we have recorded over 50% growth. So naturally, I am compelled to say that the journey has been fantastic.

TT: The current year has been quite stressful for all businesses. How has SAMIL's performance been so far?

SM: I agree that everyone has been under stress and things are no different for us, though the extent of stress would be much less as compared to others. One of the major problems that we face is that our buyers are unable to get adequate credit to buy vehicles. The silver lining is that there is no dip in the demand for used vehicles. We still have good numbers, though the problem is that there is a crunch of funding that is hampering the numbers. Our belief is that even if the market scenario is bad and hit by recession, the



Used Vehicles Offer Better Viability

- Sameer Malhotra

Shriram Automall India Ltd. (SAMIL) stepped into the arena of used truck business at a time when this segment was totally unorganised and no one ever knew what being organised in this segment was. Sellers and buyers used to engage brokers for the deals and more than often there were disputes and unpleasantness. SAMIL entered this segment not just to provide a better engagement with the customers, but also to offer them a better price and ease of doing transactions. It's been over 8 years for SAMIL and they have created a niche for themselves. They are spread across 100 locations and conduct over 400 auctions every month. The following is an exclusive interview with Sameer Malhotra (CEO - SAMIL) who has led this company in this inspiring journey. Following are excerpts from the interview:

	FY 18-19 (Apr to 31st March 2019)	FY 19-20 (April 2019 to 30th Sep-19)
Remarks	Total	Total
Transaction Value (In Crs.)	3247	1421
No. of Events		
Online	16851	10340
Physical	4852	2481
Total Events	21703	12821
No. of Seller	15559	8696
Valuation	180906	107350
Inspection	518536	308077
Total	699442	415427
Total Customers Registered as on	1377024	1464239
No Of Automalls	87	91
Yards	102	108

purchase of used vehicles doesn't get affected. In fact many people prefer buying used vehicles. They feel that is more viable and saves CAPEX for them. In case of commercial vehicles, the income remains the same, while the initial investment is much lesser, which eventually makes more business sense for this segment of buyers. The other major impact for the commercial vehicle business was changes in the axle load norms. This brought down the number of trucks required for the same job. But even though the sale of new commercial vehicles has been hit, sale in the used vehicle segment continues to be robust and once again the primary reason is that this option is much more viable for many.

TT: Do you foresee an impact of BS VI and scrapping policy on sale of used vehicles?

SM: I think BS VI will create more demand and many companies may choose to upgrade their fleet. This may result in more movement in the used vehicle business, which means more work for us. The same impact would be felt due to the scrapping policy. Many companies would change their fleet and those owning trucks more than the permissible age would be looking to upgrade their fleet. This would again mean more business in the used vehicle space. More than 85% of our portfolio of vehicles is under the age of 10 years and hence we would be able to provide a viable and workable proposition for those looking to upgrade their fleet or vehicle. Therefore we feel that BS VI and scrapping would trigger more movement in the used vehicle business and that would definitely mean more business opportunities for SAMIL.

TT: How wide is the SAMIL network currently?

SM: We started with the first Automall in 2011 in Chennai and now we are present in close to 100 cities. We have 86 Automalls that are fully functional, but as stated above our operations are active in almost 100 cities. Also, another 14 Automalls will be added to our network in the next 6-12 months. We also have a model where we set up a temporary facility for a few days, cater to that city and move out. Also, at times we conduct multiple auctions in the same city – depending upon the size of the city. This way our reach is much wider. We do 3-4 auctions per month in each Automall. So typically we do around 400 auctions every month. The other area where we are doing very well is On-Line Auctions. We conduct nearly 1,500 online auctions every month, which is very encouraging considering the nature of this segment.

TT: There is a general impression amongst truckers and transporters that organised players do not offer a good value for their asset. How is SAMIL changing this mindset?

SM: It was quite a challenge initially, but as things started moving ahead people started gaining confidence in our way of working and what we have to offer to them in terms of service as well as price. We have been able to break the mental block and strengthen our footsteps in this segment. At the same time, we have moved on from the smaller retail customers now to bigger fleet owners. We have a dedicated team that reaches out to fleet owners and we handle their assets that are up for sale. We realised that the larger fleet owners were having a tough time selling their older trucks and when we approached them, they were more than happy to hand over that task to us and focus on their core competency. We have signed on over 100 such contracts and the response has been very good. We have designed a module for them wherein they don't have to move their trucks to one location. We arrange to sell their trucks at the closest Automall from where their truck is. This gives them the ease of selling trucks across the country, irrespective of they are registered. Also, they are relieved of handling all the documentation, which otherwise would be their responsibility. We have also customised auctions for them wherein they bring their trucks to their hub or anywhere else, and we conduct the auctions for them. Plus we have our regular platforms – physical as well as online to cater to the business. At the same time we are working on methods



so that the customers get a better price. For example, if a truck from Haryana is in Maharashtra, we know that buyers from Maharashtra will not give a good price for the same. We take this truck online and have bidders from Haryana take part in the auction. This model too has been widely accepted by our customers and helping them in getting a better price.

TT: Having achieved so much and diversified across vehicles, what are the future plans from hereon?

SM: Well yes, the journey has been exciting and we have probably surprised ourselves by diversifying the way we have. We have been putting our hands into anything that comes our way, which is more like a Pandora's Box. We dig in our hands not knowing what to expect and what to do. But we have managed to handle it well. Earlier we thought we had done enough, but when we dug in deeper, we realised that we haven't even started the journey. Last year, we recorded sales of over Rs 3,200 crore and in terms of numbers we did over 16,000 units every month. This gives us the distinction of being one of the largest used vehicle platform in the country today. However our transition from trucks to other vehicles was very interesting. Our journey has been shaped by the demands of our customers. When we were helping banks in selling their trucks, they said can you also help us in selling a tractor or a car or even a 2 wheeler. This way we diversified into every segment – everything that moves on wheels. Needless to say, every segment requires an expertise and we developed the same within our organisation depending upon the requirement of the customer – be it the single truck owner or the transporter or the bank. One of the fastest growing segment for SAMIL has been cars. We started off with commercial cars, but now we are doing private cars as well and the response has been overwhelming. Almost 20% of our business comes from cars and we consider this as the fastest growing segment for us.

Having achieved this much, our focus is now on

expanding our network. India is not just 100 cities and we want to make our presence felt in all geographies. We are working on the journey from 100 to 500 locations and while we took 10 years to get to 100, we do not want to get to 500 at that pace. We have come up with different ideas to make the journey to 500 much faster – probably half the time it took us to get to 100 locations. The other focus would be on improving our market share. We all know that buying and selling of used vehicles is still dominant in the unorganised segment. We want to change that trend and improve our market



share, not just in the unorganised segment, but in the organised segment as well. We are looking at expanding our buyer base and we have a dedicated team working on the same.

TT: When SAMIL started off, did you expect this kind of growth?

SM: Frankly - No. But having said that, I always knew that this model had a huge potential and we still have a long way to go. We are still far smaller than what I had dreamt of. It took time to convince people in the model and the system, but today everyone is very supportive and they are convinced that we are on the right path. What is more important is that our customers believe in us and are happy with our offerings. That really gets us going.

TT: The government hasn't really been supportive of the transport industry. How do you see this scenario?

SM: I believe that one of the most important elements for any country's progress is Infrastructure. Look at China or the US - they thrive because they have the necessary infrastructure. I think that the Indian government needs to focus more on infrastructure, which will bring in more employment and also build the path for a prosperous future. I am certain once the infrastructure starts building up, we will do better as a nation and as an economy.

TT: What changes would recommend which would facilitate more business for the used vehicle segment?

SM: One of the issues that we still face is related to taxation on used vehicles. Still there is no clarity on the same. A vehicle has already paid a tax when it was first purchased. Now is there a need to impose a tax once again, and if yes, what are the norms for the same. The government needs to formalise the same and give clarity on the subject. The other pain point is when we have to move a truck from let's say Maharashtra to Haryana. Is it possible to have a single point RTO



check that would make this movement hassle free? Currently we have a lot of issues with various RTOs and this is one area that where the government and concerned authorities can be very helpful. We want one registration number Pan India Policy.

TT: The transport industry has been facing shortage of truck drivers. Is SAMIL addressing this issue in any way?

SM: Our parent company, Shriram Transport Finance Company has been addressing this issue in a big way. The company is having driver training centres at various locations. Apart from this the company is providing assistance to drivers wherever possible. At the same time SAMIL is providing scholarships to children of truck drivers. We are doing our best to make life better for the truck driver and we will continue with this endeavour. We help drivers becoming owners by providing trucks in more efficient and transparent way with documents, finance and insurance under one roof.