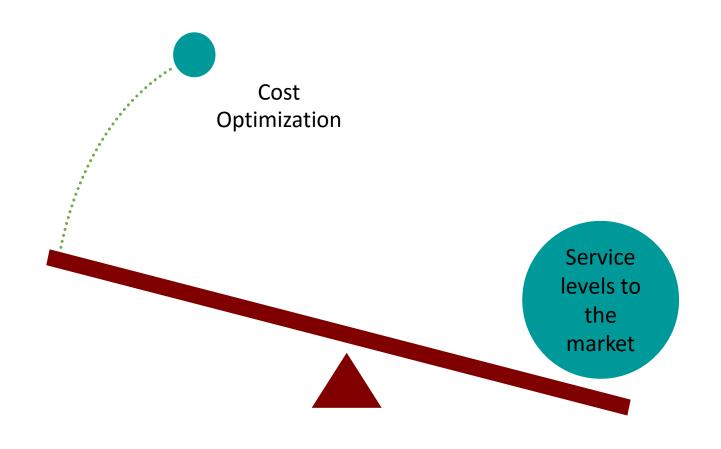
Impact of GST on Supply Chain

An understanding.. Ways of collaborating





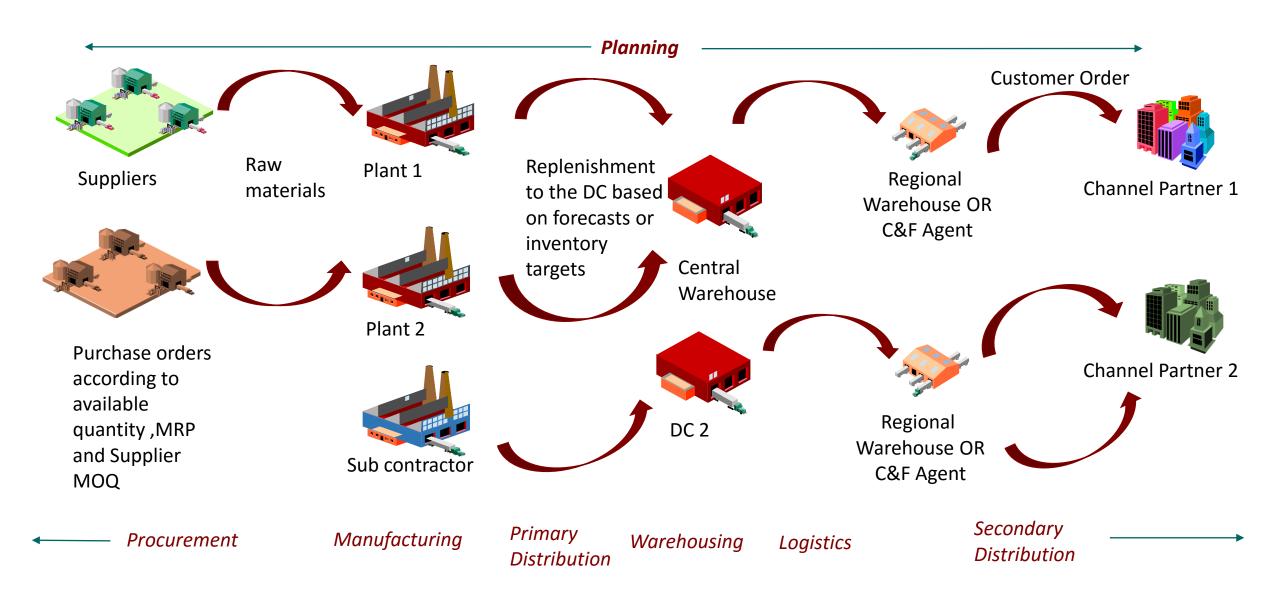
Supply Chain Objectives



Together with Redesigning the Supply Chain in accordance with changing regulations, an organization needs to re-think and plan its Supply Chain practices and systems in order to meet the higher organization goals



Current Supply Chain





GST - Overall Business Impact

Supply Chain

- Supply Chain Network
- Distribution
- Manufacturing
- Procurement/ Strategic Sourcing/ Pricing

Information Technology

- ERP Adaptations
- Auditing
- MIS and Reporting

Compliance

- GST registrations
- Tax Credit transactions
- Return Reporting

Impact of GST on overall Business

Tax Accounting

- Procure to Pay
- Order to Cash
- Tax Credits
- Tax Accounting
- Tax Payment

Business Analytics

- Cash Flow and Working Capital simulations
- Network Design simulations
- Inventory Management Analysis

Change Management

- GST Awareness
- GST Training
- Handholding



Impact of GST on Current Supply Chain

01

Supply chains in the past were designed to optimise the tax burden rather than purely based on demand and supply considerations.

03

To avoid taxes, companies preferred to have warehouses in each state and supply their products from those warehouses

02

The intricate tax structure (total of 15 taxes) made it a long and cumbersome process to manufacture and move goods from one part of the country to another.

04

With GST, supply chains are expected to get more lean and simplified – designed to optimise supplies to match actual demand rather than comply and leverage on tax structures



Impact of GST on Key Supply Chain Functions

Manufacturing

- Supply Chain Network Design`
- Manufacturing Locations Decision
- In house vs. Contract Decisions
- Product Location Mapping

Warehousing

- Warehouse Size
- Warehouse Dispatch Capacity
 Warehouse Turnaround times

Procurement

- Supplier Network Design
- Supplier Consolidation/Revaluation of RMPM costs
- Cost Saving Opportunities in the new tax structure

Primary Distribution

- Central Warehouse Locations
- Central Warehouse Regional Warehouse (C&F) – Product mapping
- Inventory Management

Secondary Distribution

- Regional Warehouse (C&F) Territory Mapping
- Route Planning
- Inventory Management
- Evaluation of 3PL service providers
- Aggregation opportunities



Planning



SynCore's Framework - Key leverage points

- Supply chain network re-design to leverage efficiencies and serviceability
- Buffer stocks levels / inventory levels to be re-calculated based on the network re-design and the serviceability desired v/s costs
- Logistics and Warehousing model to be re-looked at based on the new demand supply configuration
- Planning processes (demand, supply and distribution) to be re-designed for faster response based on dynamic inventory levels

How SynCore and your organization can collaborate

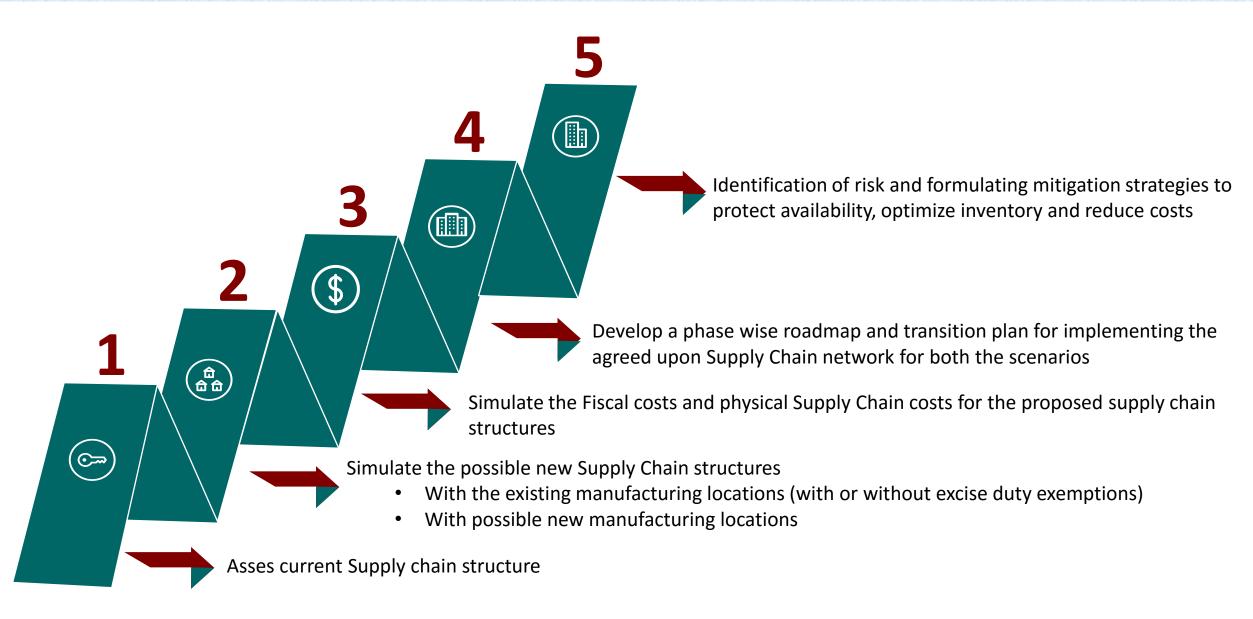
SynCore can work with your organization to be ready for GST in <u>supply chain practices</u>. We follow a phase wise approach to maximize benefits and minimize risks.

Phase 1 Phase 2 Phase 3 Phase 4 Phase 5 Phase 6 **Continuous Evaluate Supply Chain** Distribution Sourcing **Manufacturing** Network **Planning** Strategy **Improvement** situation Continuous Supply Chain & • Identifying RIGHT As- Is Mapping Analysing existing Evaluate Current Network Re-Design **Improvement** warehouse suppliers based on Analysing current Manufacturing Periodic review locations/3PL **Supply Chain** proposed Supply locations partners chain network Structure Revaluate Product Warehouse Capacity Impact Assessment Identifying new In-house/Contract **Planning** Quantitative Suppliers for Manufacturing Inventory Qualitative proposed Supply decision Management chain network GST Awareness Revaluate Product GST Training Cost saving Manufacturing opportunities based Location on the new tax mapping structure

Project management stakeholder communication

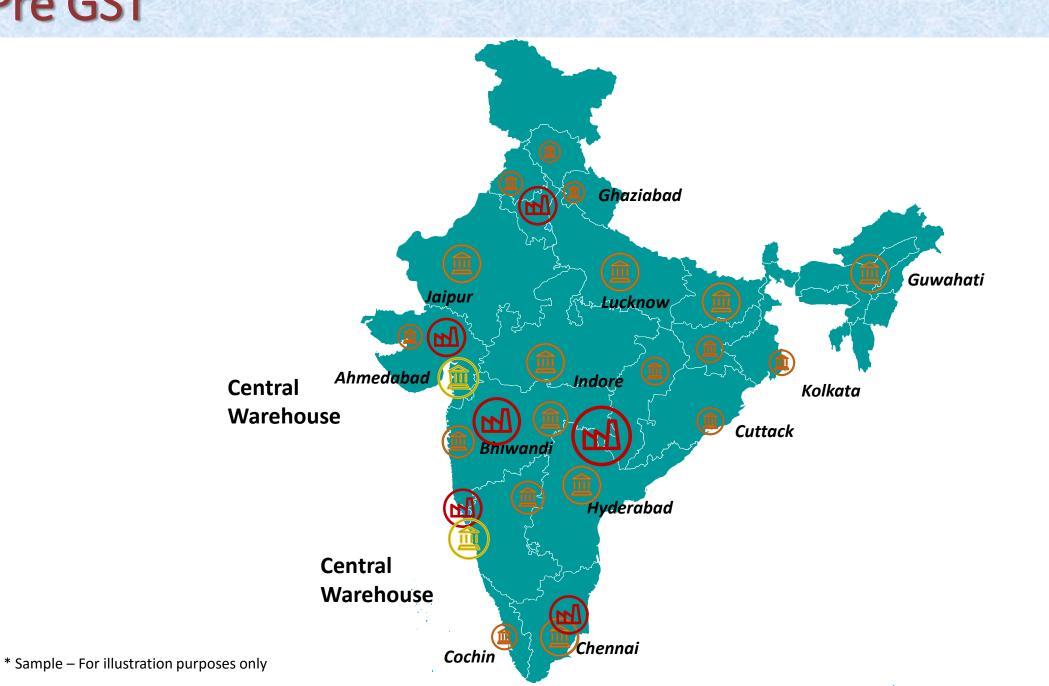


Supply Chain Structure Re-Design



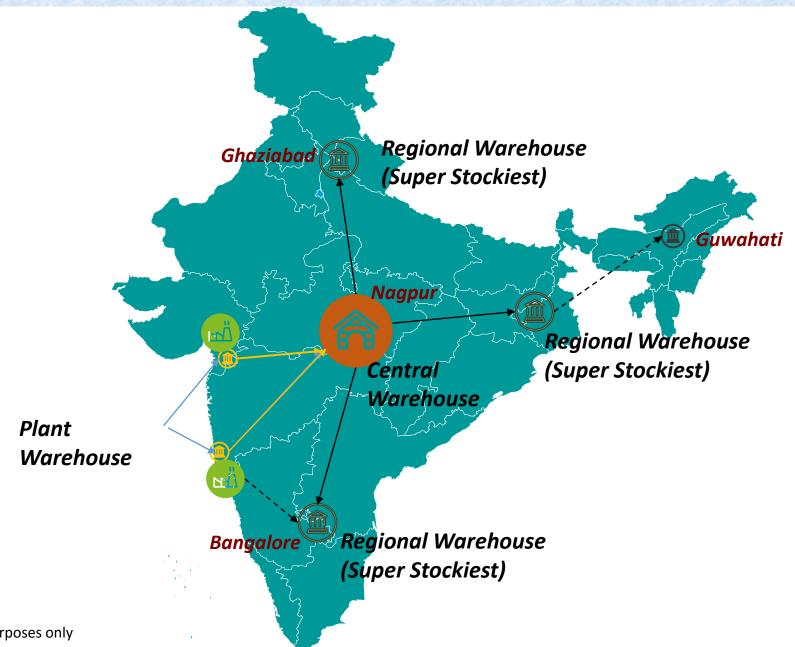


Pre GST





Post GST





Distribution

Warehouse - Territory

Route Planning (Plant –

Plant Warehouse -

reach

mapping to ensure high

Regional Warehouse – CFA)



- SKU- Node tagging
- Designing inventory management policy
- Defining inventory targets (levels) at all nodes (Warehouses, CFA) to ensure high serviceability (availability) at optimum inventory

- Own warehouses
 - Capacity planning based on dispatch cycles, lead times, past consumptions and forecasted consumption
- CFA
 - Evaluating existing CFA's alignment to the new Supply network design
 - Calculating the storage capacity needed at the new warehouse locations
 - Evaluating the new and existing CFA's based on the new supply chain network on the basis of their storage capacity
 - Redefining the contract with CFA based on the changing volumes
- 3PL/4PL
 - Cost Benefit Analysis of 3PL/4PL service providers



Manufacturing / Sourcing

Supply Chain Network

 Evaluating alignment of current Manufacturing units, loan licensed units and third party units locations with the proposed Supply Chain networks



Financial Modelling

- Simulation of Supply Chain costs of different Supply Chain networks
- Cost Benefit Analysis of location movement (if recommended)
- Quantitative benefits

Manufacturing



In House/Contract

- Revaluate product wise in-house/Contracting decisions based on the following factors
 - Strategic importance of the product
 - Volume and value share
 - Level of control required
 - Current Line capacity vs. Current Line utilization vs. Current Line utilization by this product
 - In house vs. Contracted Product Margins
 - Inventory carrying costs in both the cases
 - Impact of non-availability in both the cases
 - Overall Cost- Benefit analysis

Product Location Mapping

 Relook at product-location mapping and evaluate manufacturing locations on product demand proximity and distribution network

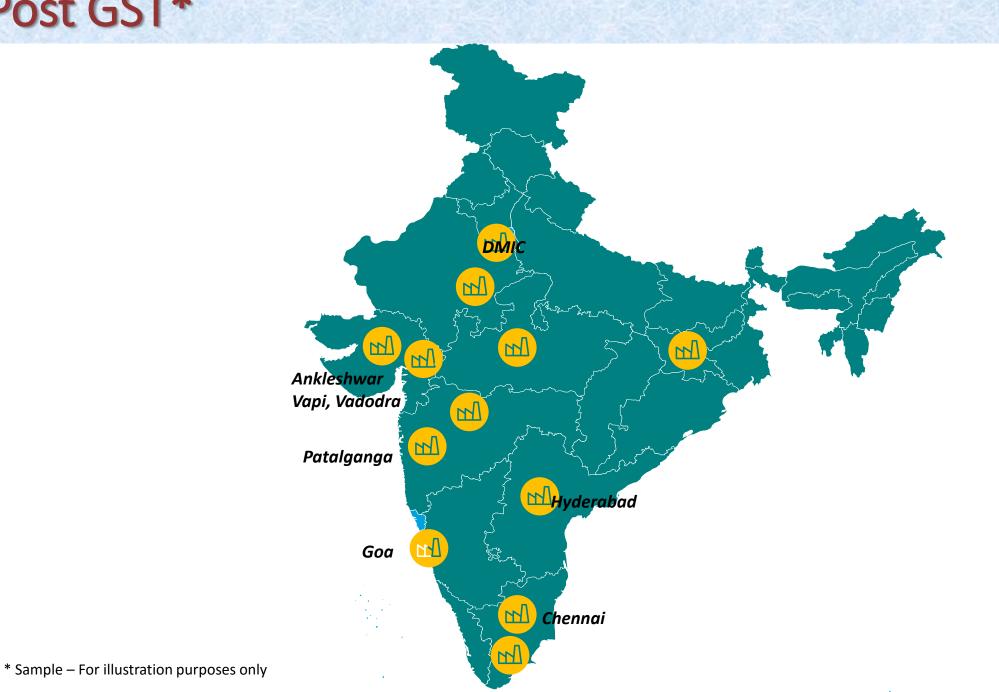


Pre GST



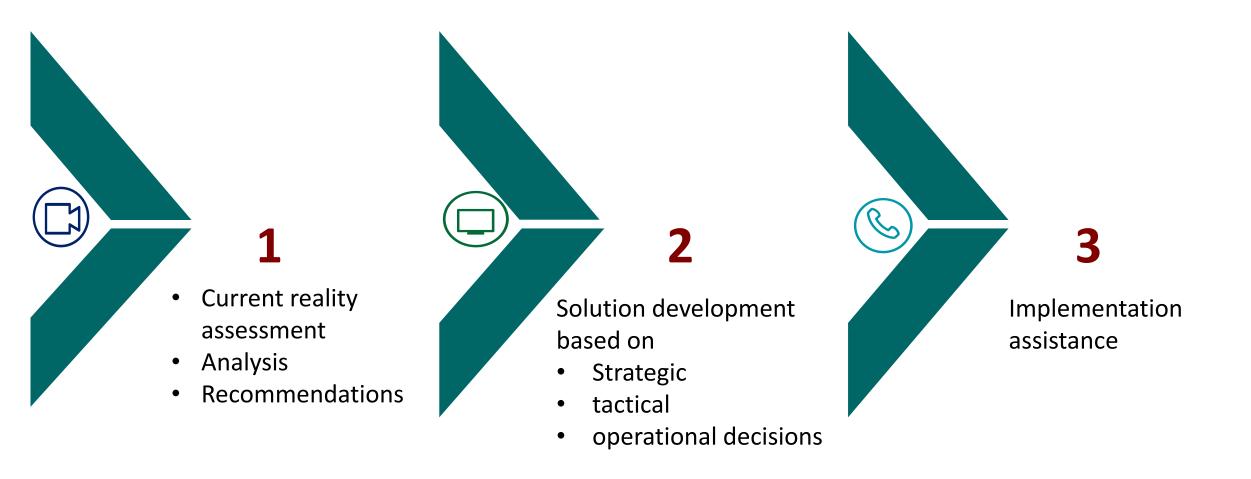


Post GST*





Our Proposal – Supply Chain and IT Modules





About Us

SynCore specializes in providing companies with customized solutions to improve sales and profitability, through 'operational excellence' and 'marketing and sales effectiveness'.

Through our partnership model and effective solutions, our clients have achieved dramatic results in KPI performance.

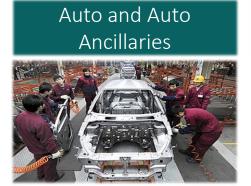
With SynCore, you can be assured of quick and correct analysis, followed by training and systems readiness and then rapid implementation.

SynCore has been named as one of the "Top 25 Most Promising Business Consultants in India" by the Consultants Review Magazine in 2014.

SynCore has conducted industry research and workshops for associations like ACMA, CII, IAAPI, PMI and PPMAI.



Domain - Vertical Matrix





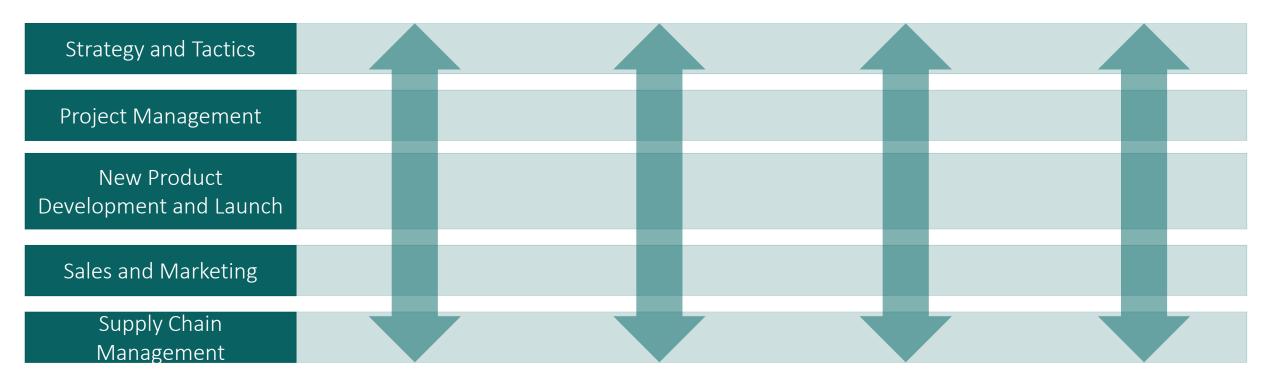


Consumer Durables



Retail







Our Engagement Results and Select Clients & Industry Associations

Improvement in Profitability by 50%

50% **Capacity Release**

Improvement in **Inventory Turns by**

40%

Availability increased to more than

95%

Improvement in Revenues by

25%

Due Date Performance improved to

100%

Clients





















TATA COMMUNICATIONS

Industry Associations











We Make People Smile



See What our Clients say About us

Within 4 months of implementation, significant improvement in availability at the plant warehouses and depots was observed.

Mr. VS. Iyer, Vice President (Operations), Nilkamal Ltd.

We have found SynCore team knowledgeable, enthusiastic, systematic and ready to get involved on a one- to- one level to get the job done. I would recommend SynCore Group to any CEO and his team wanting to see their organization through a different lens and develop breakthrough solutions

Mr. Rajen Shah, Managing Director, Arihant Industrial Corporation Ltd.

I recommend SynCore to the senior management of any organization wanting to create everlasting solutions for achieving project excellence

Mr. KG Ranganathan, Vice President, GSPI, Tata Communications Ltd.



Lets Begin...

