



## Indian Port Logistics Sector

*Consolidation continues as large players see growth opportunities amidst a weak business environment*

### Trends & Outlook

*December 2019*

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# 1. Executive Summary

*Consolidation trends picking up as large players see growth opportunities*

# Executive Summary

*Consolidation trends continue as large players see growth opportunities amidst a weak business environment*

*CTO volume growth impacted due to subdued EXIM trade. DFC continues to witness delays*

- Due to pressure on profitability and need for better and wider network, the port logistics industry has witnessed consolidation trend in last one year
  - DP World has formed a JV with NIIF – Hindustan Infralog Pvt Ltd, which has acquired Continental Warehousing Corporation (Nhava Sheva) and ~76% stake in Kribhco Infrastructure Limited
  - Adani Logistics bought Innovative B2B Logistics Solutions Pvt Ltd, a Northern and Eastern India focused CTO
  - Allcargo Logistics Limited has announced the acquisition of Gati Ltd (in December 2019)
  - Several private equity investments have happened in warehousing segment
- DPD volumes remain stable at about 50% of total containers moving by road at JNPT for the last few months. Significant proportion of this volume still moving through the existing CFSs although their average storage days have come down thus impacting average realisations and thus margins of CFS players
- During Q2 FY2020, the overall CTO volumes witnessed some improvement, although the market leader CONCOR witnessed moderation in market share as it focused on profitable cargo. The overall growth for the full year FY2020 is expected to be muted on account of subdued EXIM trade environment. Going forward, the commencement of DFC and improved circuit building by players with ICD/PFT network are expected to provide boost to CTO volumes.
- DFC implementation is progressing at slower than expected pace and while some sections have been completed, the overall project continues to witness delays and the Eastern and Western Corridor is now expected to be completed by 2021.

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