



## Project Logistics Market – India

January 2011

# Executive Summary

## Market

- Project logistics refers to the handling of shipments such as heavy transports, ODC and cargo experiencing time, security and location constrain
- Economic revival along with huge demand for infrastructure development will fuel growth and simultaneously will also create demand for project logistics activity
- Company usually spend around A% of their total project cost on logistics arrangement

## Sector wise Demand

- Project logistics market will foresee huge demand from sectors such as steel, oil and gas and power (including hydro, wind and nuclear power)
- Majority of this demand has been created due to the initiative and investment made by the government and private players

## Issues & Challenges

- Permission Required from Various Authority
- Inadequate Road Infrastructure
- Need for Trained Drivers
- Understanding the Cost Structure

## Competition

Major Player			
Company 1	Company 2	Company 3	Company 3



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- **Market Introduction**
  - Sector-wise Demand
  - Issues and Challenges
  - Competition

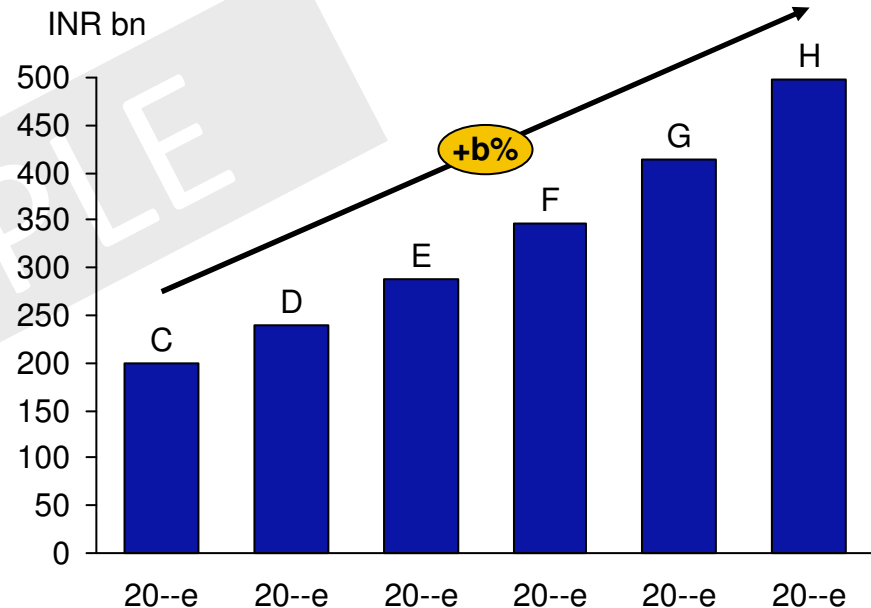


# Increasing investment in infrastructure will create demand for project logistics

## Project Logistics – Overview

- The term project logistics refers to the handling of global shipments with special characteristics such as -
  - Heavy transports
  - Over dimension cargo
  - Cargo with time and or security constraints
  - Cargo to remote and locations which are difficult to access
- Economic revival in the country in addition to huge demand for infrastructure development will fuel growth and simultaneously will also lead to the demand for project logistics activity
- It has been expected that major engineering, chemical and other heavy core industries are increasingly concentrating on India and China
  - Demand in India and China is expected to increase as compared to Europe and USA
- It has been estimated that companies spend around A% of their total project cost on logistics arrangement for bringing their equipment to the site

## Market Size and Growth

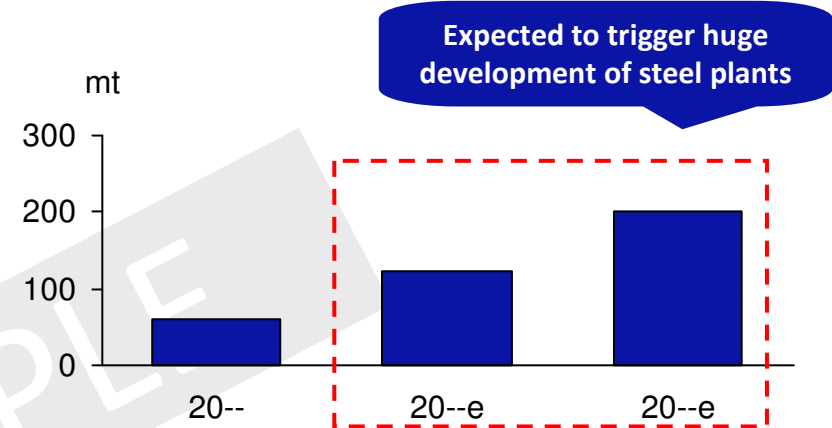


# Industry Wise Outlook – Steel (1/5)

## Steel Sector – Outlook (1/2)

- Steel industry is considered to be the backbone of all infrastructure development in an economy
  - India is currently the A<sup>th</sup> largest producer of crude steel in the world and is expected to become B<sup>nd</sup> by 20--
- Investment in infrastructure development by public and private players will trigger demand for steel
  - Till march 20--, C MOU's have been signed by various States at an estimated investment of INR D tr
    - It includes some of the major states such as Orissa, Jharkhand, Chhattisgarh, West Bengal, Karnataka, Gujarat and Maharashtra
  - Demand for steel is expected to develop from the booming construction, automobile, oil and gas sector (including refinery and pipeline)
- Construction of steel plants in the eastern parts of India will lead to additional demand for project logistics
  - These sites are at remote areas and will demand good service focusing on the transportation of key equipment including over dimensional cargo (ODC) to the required site

## Indian Steel Consumption



## Expected Steel Plant Projects

State	No of MOUs Signed	Capacity (mt per annum)
State 1	MOU 1	Capacity 1
State 2	MOU 2	Capacity 2
State 3	MOU 3	Capacity 3
State 4	MOU 4	Capacity 4
State 5	MOU 5	Capacity 5
Total	MOU Total	Capacity Total

# Obtaining permission from various authorities for transportation of materials is creating a major challenge

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## Permission Required from Various Authority

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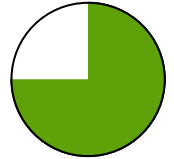
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## Impact

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- Project logistics has to deal with various authorities for getting clearance for the transport of over dimensional cargo creating a major challenges
  - These authority include the transport department, traffic police, environment department and tax department
  - Project logistics has to take separate permission from various authorities before even starting the transportation of cargo
    - Transportation may be hindered due to the rules and regulations related to operating on a particular route at a certain time of the day
    - Different rates taxes that need to be paid while entering one State from another
    - If the cargo contains items which may be a threat to the environmental balance, project logistics may not get clearance
- The cumbersome process of dealing with various authorities will cause delay in transportation and may lead to project cost overrun
  - These over dimensional cargo are considered as critical part of the project at the construction site so delay in the cargo will lead to an overall increase in project cost and time invested



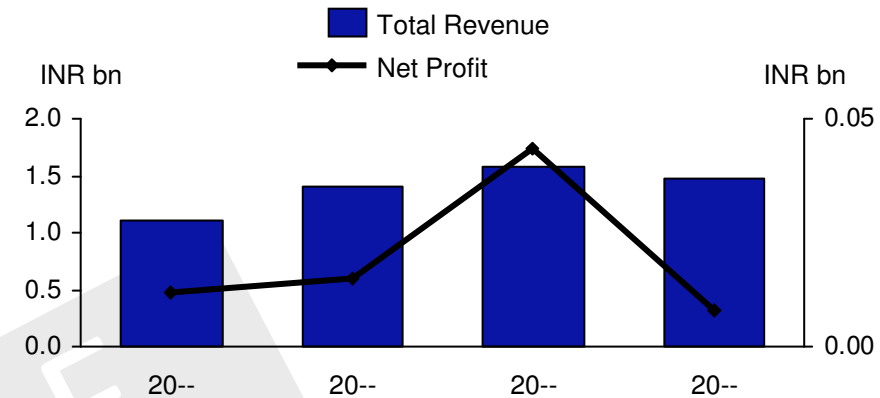
# Players in the Market (1/9)

## Company Snapshot: Company 1

### Corporate Information

<b>Headquarters</b>	State 1
<b>Founded</b>	19--
<b>Company type</b>	Listed
<b>Key People</b>	Person A

### Financial Performance



### Business Highlights

- ABC India Limited provides logistic services in India and owns a fleet of trucks, hydraulic trailers, and prime movers
  - It also offers material logistic, in-plant logistic, import-export logistic, and distribution/sales logistic services
- It has secured major orders for project logistics for infrastructure and industrial projects totaling INR A bn
  - Multimodal (road, rail and coastal) logistics of ODC for a gas-based thermal power plant from various BHEL units, to Tripura
  - Logistics and road transportation of equipment for a coal-based power plant imported by a Chinese EPC contractor, to Chhattisgarh
  - Logistics and road transportation of imported equipment for a new cement plant in Meghalaya
  - Route surveys for multimodal logistics solutions for equipment for hydropower plants with a combined capacity of B GWe
- Company has made investment plans of INR C mn in equipment and working capital to execute these projects, which will be funded by debt and internal accruals

*Note: All figures for respective financial year ending March 31<sup>st</sup>*



# Thank you for the attention

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The Project Logistics Market report is a part of Research on India's Logistics Industry Series. For more detailed information or customized research requirements please contact:

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