

INDIAN PORT LOGISTICS SECTOR

**Port logistics sector likely to see
volume growth in FY2023**

JUNE 2022



Highlights

Container volumes witnessed a recovery of 11% on YoY basis in FY2022. However, there was some moderation in volumes in Q4 FY2022. The volumes are expected to grow in the range of 7-10% for FY2023.

The impact of any subsequent wave of the pandemic remains a sensitivity factor.



- The container volumes at the Indian ports witnessed a healthy growth in FY2022 despite the second wave of the Covid-19 pandemic. The trend is expected to continue in FY2023. However, any subsequent waves of the pandemic and the consequent containment measures will remain a monitorable. The growth level of container volumes is expected to be in the range of 7-10% for FY2023.



- Recovery in container volumes also resulted in improved throughput for the CFS/ICD segment in FY2022. However, the profit margin witnessed some moderation on a YoY basis due to the lower ground rental income, which had increased during the first wave due to disruptions caused by the stringent containment measures related to the pandemic.



- The container train operators' (CTO) segment also witnessed a volume improvement in FY2022. Going forward, the commencement of the direct freight corridor (DFC) is likely to improve rail volumes, although the DFC commencement targets witnessed some slippage due to the impact of the pandemic in the last two years.



- The National Logistics Policy may be approved in the current fiscal. The policy aims to reduce the cost of logistics from ~13% of GDP to ~8% over a five-year period. ICRA believes that the policy is aimed at integrating and optimising the various elements of the logistics value chain to ensure a seamless, multi-modal growth of an efficient logistics sector in the country



- The long-term outlook for the container segment remains favourable. However, consolidation in the CFS/inland container depots (ICD) and CTO segments is expected during the growth phase.

1 Container Cargo Trends



2 Port Logistics – Key Updates



3 Aggregate Industry Financials and Projections



4 Peer Comparison



5 Rating Distribution





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