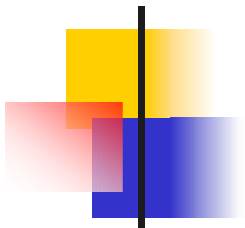




LOGISTICS SECTOR



*Current Status of Logistics Infrastructure
And
Key Demand Drivers of Logistics*



CURRENT STATE OF LOGISTICS INFRASTRUCTURE IN INDIA

- Lack of sustained investment in planned infrastructure like warehouses, transport centers, ICDs etc
- Cold Chain infrastructure is very sporadic. The concept of “Integrated Cold Chain” is non existent
- Major investments on these infrastructures have come from Government agencies like CWC, SWC, CONCOR etc
- Current private sector initiatives are small and sporadic
- Private sector warehousing are of poor quality,small, fragmented and does not meet infrastructure standards
- No quality standards or benchmarks are followed in infrastructure creation



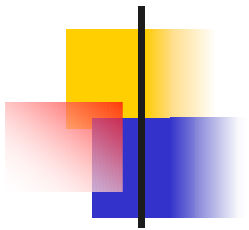
KEY DEMAND DRIVERS OF LOGISTICS

- Need for Exim based logistics infrastructure
 - Number of ICDs needed would be doubled in next 5 to 10 years
 - Critical need for Free Trade Warehousing Zones (FTWZ)

- Urgent need for air cargo processing space, in light of cargo capacity enhancement at airports and arrival of wide bodied jets capable of carrying substantial cargo at an economical costs. Current capacity is 50000 sq.m. and the total processing space required is 200000 sq.m.

- Urgent need to create modern agro warehouses. This would be critical for sustaining for sustaining agriculture. As per Planning Commission, agro warehousing needed is 35 mn MT in next 5 to 10 years

- At present organized retail accounts for 3 percent of the total; by 2010 this share reach 10 percent. This would require creation of huge backend infrastructure for this sector



Business Opportunity In Logistics Sector



ESTIMATE OF BUSINESS SPACE IN LOGISTICS SECTOR

S. No.	Type of Infrastructure	Estimated nos./demand in next 5-10 years	Investment Needed Approx. (Rs. In crores)
1	ICD/ FTWZ	50 nos.	7500
2	Air Cargo Centers	1.50 lac sq.m.	300
3	Agro Warehouse	35 mn M.T.	600
4	Integrated Transport Centers	15 nos.	4875
Total Investment needed (approx.)			13275



CONTAINERIZED CARGO

- Total TEUs handled in 2005-06 - 4.61 Mn
- Growth rate – 13.56% (CAGR)
- No. of ICDs present in the country – 45
- No. of ICDs required in next 5-7 years – 40
- Business proposition
 - Identifying ICD Development Opportunities with private operators
 - Total size of the project :Rs. 5,500 Crores



AIR CARGO...(1/2)

■ Size of Business

- Current worth is Rs. 100 bn which is expected to increase to Rs. 400 bn in next five years
- International Air Freight – 0.92 Mn MT
- Domestic Air Freight – 4.3 Mn MT
- 80% of international cargo is handled at Delhi & Mumbai

■ Government Initiatives

- Modernization / restructuring of Delhi, Mumbai, Chennai and Kolkatta Airports
- Greenfield airports at Bangalore, Hyderabad, Goa, Pune and Navi Mumbai
- City side development of 35 Non-Metro airports
- MoCA planning to allow foreign airlines to stake of upto 75% in cargo airlines
- Indian has started automation of cargo operations

Religare Report 2006 - Current Growth Rate of Indian Air Cargo is 30% YoY



AIR CARGO...(2/2)

- Business Opportunity:
 - Total warehousing & processing space required- 2,00,000 sq. m.
 - Total available space- 50,000 sq. m. => Infrastructure Gap of 1,50,000 sq. m.
 - Project size = Rs. 300 Crore (@ Rs. 20,000/ sq. m. of development)
- Prospective Areas:

Location	Type of Infrastructure
Delhi, Mumbai	Complete Air Cargo Center
Bangalore, Kolkata	Bonded Warehousing
Ranchi, Jammu, Madurai, Varanasi	Air Cargo Center



WAREHOUSING

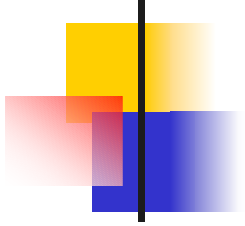
- As per planning commission & industry estimates:
 - Total existing warehousing capacity- 80 Mn MT
 - Required additional warehousing capacity- 35 Mn MT (in next 5-10 years)
- Business opportunity: Creating warehouse infrastructure with warehousing partners of commodity exchange
- Strategy:
 - Identification of locations (30 already identified)
 - Land verification
 - Formation of an SPV with a warehousing company of exchange
 - Creation of infrastructure

Approx cost of project: Rs 600 crore



INTEGRATED TRANSPORT CENTER

- Logistic centers to replace existing unorganized transport hubs at industrial locations
- Business opportunity
 - Each location where a CONCOR DCT is located
 - No. of locations – 15; Total Project Cost – Approx Rs. 1125 Cr.




IL&FS Initiatives in Logistics Sector

FREE TRADE AND WAREHOUSING ZONES (FTWZ)...(1/2)



Need for FTWZs

- Primary objective is to **create trade related infrastructure**, envisaging world-class infrastructure for warehousing of various products
- FTWZ addresses these issues effectively as they would enable supply chain / logistics to function much more efficiently by removing the cargo bottlenecks witnessed at the ICDs
- In addition, such zones are envisaged to provide common infrastructure such as storage and handling equipments, shared storage space, etc. which would enable the apportionment of associated capital costs across a larger base of users leading to significant costs reduction.



FREE TRADE AND WAREHOUSING ZONES (FTWZ)...(2/2)

Components of FTWZs

- Standard and Bonded Warehouse Complex
- Rail / road sidings
- Processing Area

IL&FS Initiatives

IL&FS is partnering MMTC and Mitsui in creation of FTWZs across strategic locations in the country



INLAND CONTAINER DEPOTS (ICD)

- Robust growth of exim trade and capacity constraints in movement and evacuation of cargo has lead to a surging demand for green field ICDs and expansion of existing facilities
- At least 40 to 50 new rail/ road ICDs/ CFS across the country needed to handle the projected traffic in next 5 – 10 years
- IL&FS is initiating development of ICDs on PPP format with agencies like CONCOR as well as private enterprises with the objective of filling up this critical infrastructure need
- To create economies of scale, the business plan of ICD is being expanded to include SCM functions like warehousing, C&F and other value added services to give the project shape of “Mega Logistics Park”



AIR CARGO

- Huge requirement for air cargo centers due to growth in air cargo as well as upgradation of infrastructure at various airports
- It is anticipated that air cargo activity shall expand from metro airports to mini metro and non metro airports post development of necessary infrastructure
- IL&FS is partnering Mysore Sales International Ltd (MSIL), a Government of Karnataka enterprise in setting up air cargo center near Bangalore International Airport
- Assisting DDA to set up air cargo based integrated freight complex at Dwarka in Delhi



AGRO WAREHOUSING / AGRI PARKS

Agro Warehousing

The major corporates and international players are interested in setting up agri based retail outlets across the country

IL&FS is currently working with ITC on “concept to execution” basis for Rural Hyper mall initiative (e-Caupal and e-Sagar) which entails creation of integrated supply chain and retail facility in rural/semi-urban areas.

Agri Park

IL&FS is working with Continental Warehousing Corporation Ltd to set up six agri parks across India



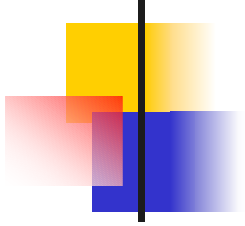
INTEGRATED TRANSPORT CENTER

- The unplanned development of transport nagars across major industrial townships, metros, mini metros etc.
- This has led to inefficient utilization of space, shabby infrastructures, road jams and danger to human life
- IL&FS has initiated development of integrated and modern logistics cum transport centers across major locations in the country on PPP format
- The centers will lead to integrated development of warehousing, transportation and traffic planning leading to a much better logistics operations
- Development of such integrated estates on in Uttaranchal, Chattisgarh, North East and Jharkahnd, in collaboration with respective State Governments



CONTACT DETAILS

Mr. Manish Tripathi
Assistant Vice President
IL&FS Infrastructure Development Corporation Limited
UG Floor, Mahindra Towers,
2A, Bhikaji Cama Place,
New Delhi
Phone No. – 011 26709244
Email: manish.tripathi@ilfsindia.com



Thank You!