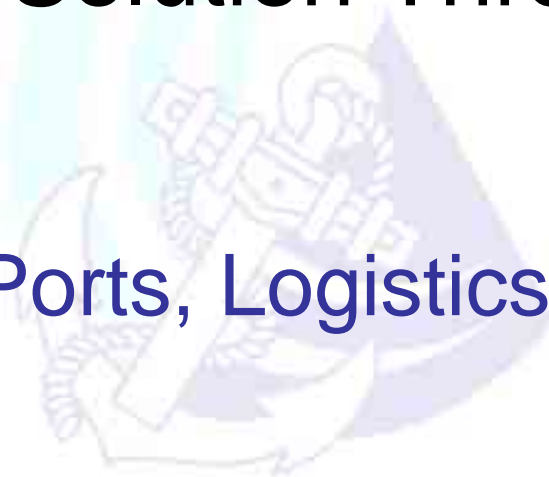


The Challenges and Opportunities in providing a complete Multimodal Logistics Solution Throughout India



Southern Asia Ports, Logistics and Shipping 2006

Mukesh G. Parikh
Senior Vice President
Mundra Port and SEZ

MUNDRA PORT
SPECIAL ECONOMIC ZONE

Multi Modal Logistics Services – Industry Scenario

- Greater level of Globalization and international competitiveness leading the end users and consumers to demand Best Value of goods and services.
- Exponential growth in the Retail and Rural Sectors coupled with increased levels of disposable incomes and accelerated shift to the organised sector vying to meet the new levels of consumer demands for “Best Value”
- These two factors lead to demand for Cost-effective and efficient Logistics Services and increased opportunities for Organised 3 PL service providers who can best match the expectations of customers
- *Size and growth rate of Indian Logistics Industry vary from US\$15 billion to US\$50 billion with 7 to 12% growth per annum variation being caused by presence of unorganised sector.

*Business India August 27, 2006

Multi Modal Logistics Service Providers

Vessel Owners / operators



Port / Terminal Operators



Rail Service Providers



Other 3 PL / road transporters



Common Concerns of Logistics Service Providers

- Lack of Timely availability of Quality Infrastructure support such as airports, seaports, highways and expressways due to Higher Pace of economic development compared to Infrastructure development
- Complex procedures and documentation requirement due to lack of focus and multi-dimensional objectives on part of policy makers
- Logistics cost in Indian economy is higher in comparison with other developed economies – due to infrastructural bottlenecks
- Steep rise in Fuel cost forces the users to shift from Road transport to alternate transport mode – coastal / inland waterways and mainly railways (despite existing monopolistic approach)
- Fragmented services – A very small and limited number of logistics service providers cover end-to-end logistics chain in true sense. A large number of fragmented service providers aspire to cover all services, however, an integrated approach is lacking

Consequences of Lack of quality Infrastructure

Duty-free wheat import gives Pune co sleepless nights

Ram Sahgal
MUMBAI

THE lack of a notification permitting private traders to import wheat duty-free has turned into a peckish affair for a Pune-based firm which imported 33,000 tonnes of Russian variety wheat at around Rs 38.5 crore. The vessel in question, MY Maritime Cassia, was off the coast of Mumbai on Sunday, a day before Union agriculture minister Sharad Pawar publicly announced that private traders could im-

port wheat at zero duty from the earlier 5%.

A delay in securing a berth means that the vessel could drop anchor at Mumbai Port early on Thursday morning, said a source, or 48 hours after the announcement was made by the minister. The lay time for the discharge of the cargo began on Monday, which gives the firm seven days' time to discharge the cargo at pay demurrage of \$20,000 per day after the lay time elapses.

The firm, according to sources, was left with no option but to make

a part duty payment and start discharging the cargo, pending issuance of the notification by the government. At the rate of 3,500-4,000 tonnes per day, the entire cargo would be discharged in 10 days. Now, with the delay the firm has no option but to make part duty payment and keep evacuating the cargo from the port for want of shed space to store the cargo.

Potential buyers, mostly millers from Maharashtra, too are waiting for the notification before making payments to lift the produce.

Wheat prices may rise 10%: Crisil

NEW DELHI: Wheat prices are expected to rise by about 10% in the next six months from the current level of Rs 66.7 per quintal due to tight supply situation, even though the overall foodgrain prices are likely to ease in the short term because of imports, according to Crisil Research. "The government plans to import 3.5m tonnes by February '07 hence in the short term, prices are expected to ease," it said. On pepper, the report said the global supply of the condiment is expected to decline in '06-07, led by India and Vietnam, which would result in an increase in the prices in the domestic market. Indian pepper prices are expected to rise from an annual average of Rs 65 per kg in '05-06 to above Rs 75 per kg in '06-07, it said. — Agencies

Quality infrastructure – are we ready to meet challenges of tomorrow ?

World's largest

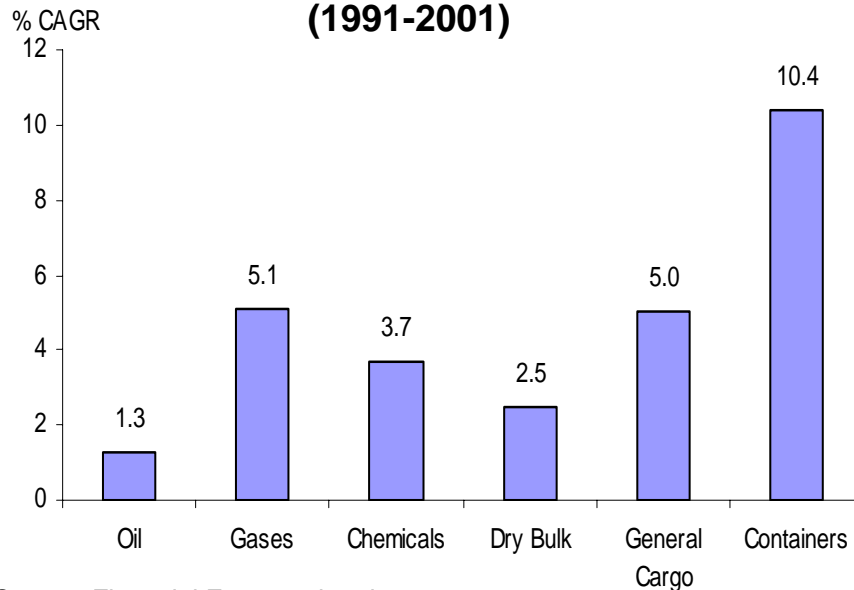


The 'Emma Maersk', the largest container ship ever built, arrives on Monday at the port of Bremerhaven, northern Germany. The ship owned by the international A.P. Moller-Maersk Group has a length of 398 metres, a beam of 56 metres and a depth of 30 metres and is able to carry around 11,000 to 15,000 TEU. — AFP

Global Port Sector Scenario – Trend

- Top 10 container ports handle 40% of total traffic.
- More than 50% of global container traffic is through Asia.
- General cargo traffic - CAGR - 5% 1991-2001,
- Container cargo - CAGR - 10.4% in the same period.
- India commands the highest tariff for movement of cargo at 8 cents (US) per tonne per km compared to developed countries*

**Cargo wise growth trends:
(1991-2001)**



Source: Financial Express dated 27.10.05

- Top 6 container ports (million TEU)

Port	2003	2002	2001
Hong Kong	20.82	19.14	17.8
Singapore	18.41	16.94	15.57
Shanghai	11.37	8.81	6.33
Shenzhen	10.70	7.61	5.08
Busan	10.37	9.45	8.07
Kaoshiung	8.81	8.49	7.54

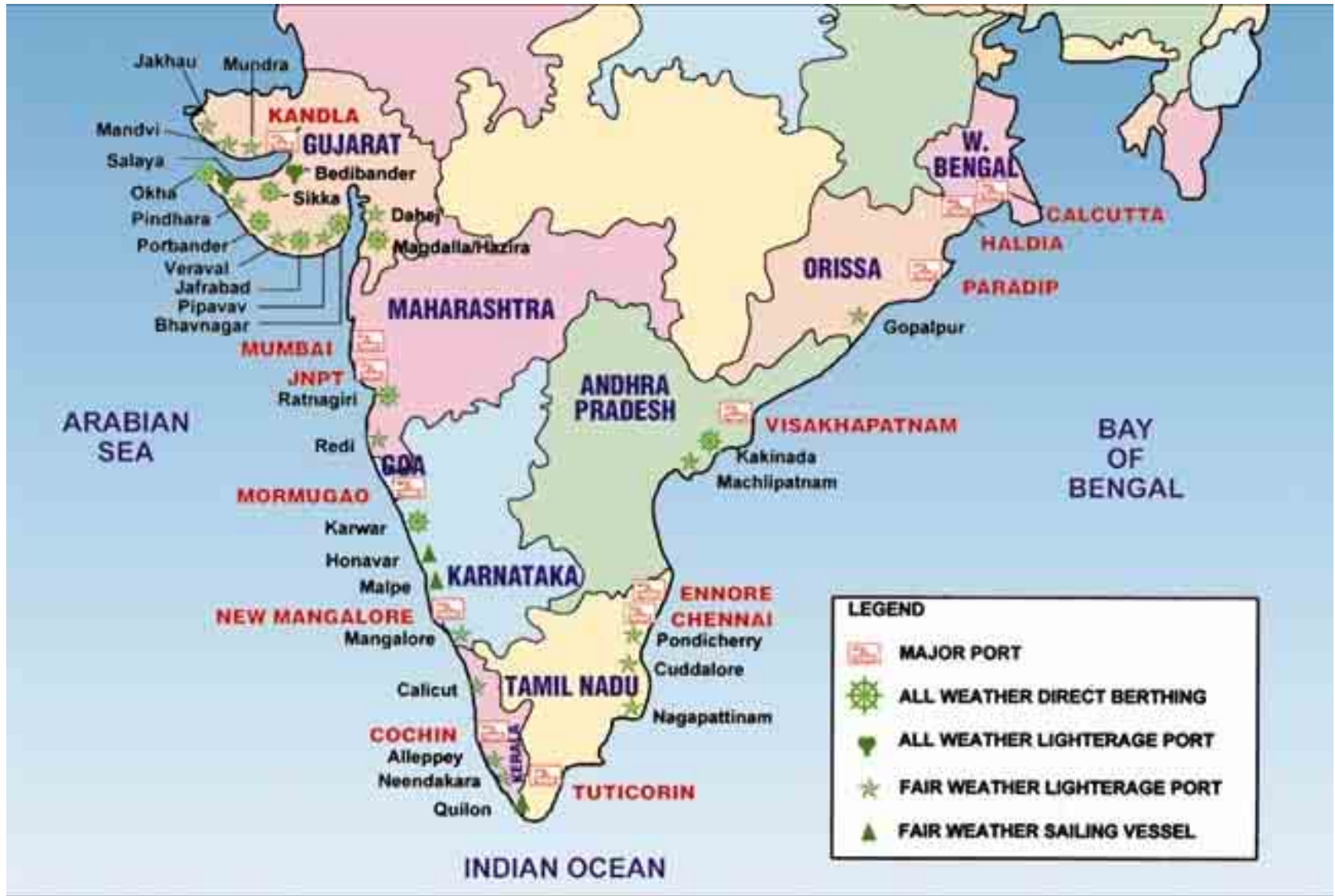
Global Scenario - Past and present

- There are more than 2000 small, medium and large size ports around the globe.
- Asia has the largest share of seaborne trade while Europe's share is second.
- Privatisation of ports is rapidly increasing; the shift is to 'a service port' from a landlord port model.

Development of international seaborne trade, selected years:

Year	Dry Cargo (mMT)	Tanker Cargo (mMT)	Total
1970	1124	1442	2566
1980	1833	1871	3704
1990	2253	1755	4008
2000	3709	2163	5872
2001	3717	2174	5891
2002	3819	2129	5948
2003	3965	2203	6168

Indian Ports



Indian Ports

- India has 7,517 km coastline, 12 major ports and 185 non-major ports.
- Sea Ports handle 95% of the country's total trade by volume and 70% by value.
- India ranks 21st in the container traffic in the world.
- India's share in global trade – less than 1.0% => future growth almost certain
- App. Rs.800 Crores per annum spent by ports on infrastructure, Rs.39,200 Crores worth private sector investment stands approved under National Maritime Development Program.

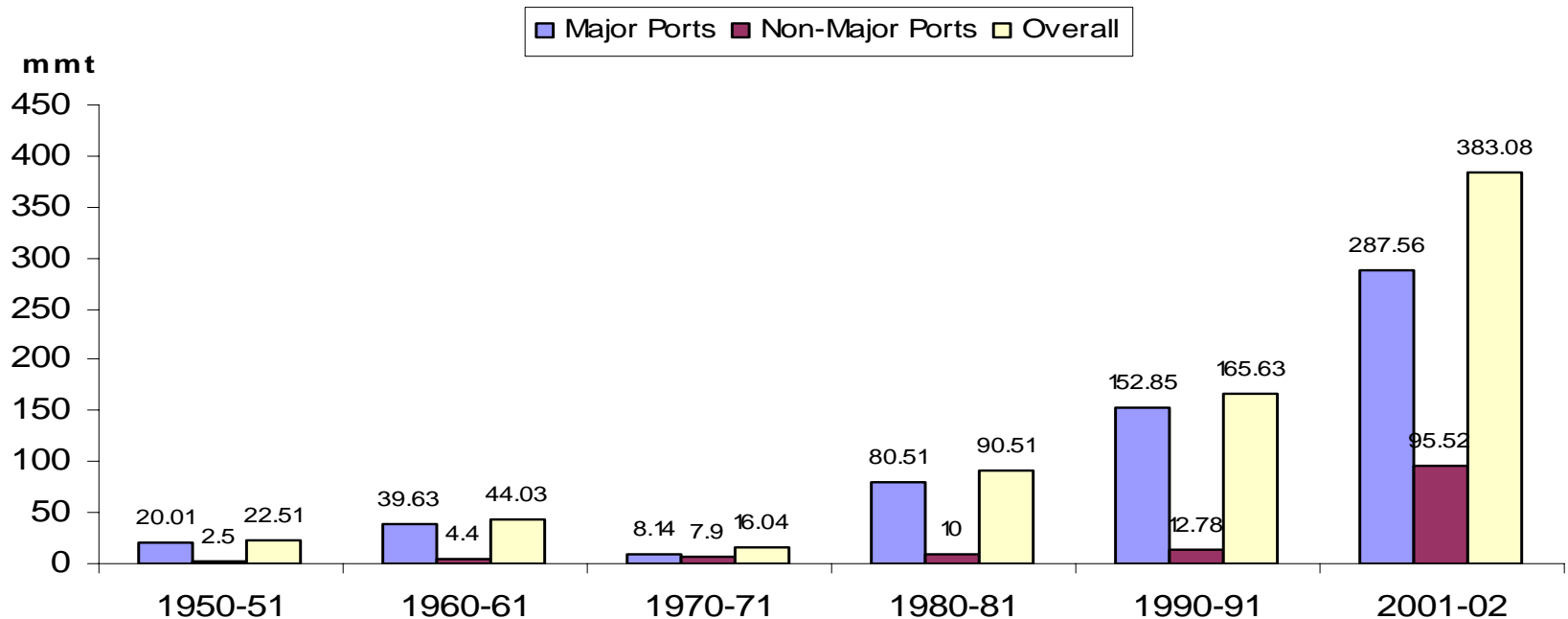


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Indian Ports - The journey so far

- Cumulative Traffic : 1951 to 1980 - 68 mMT
1981 to 1990 - 75 mMT
1991 to 2000 - 215 mMT
- Non-major ports constitute - 25% of traffic → non-major ports have tremendous potential to grow.

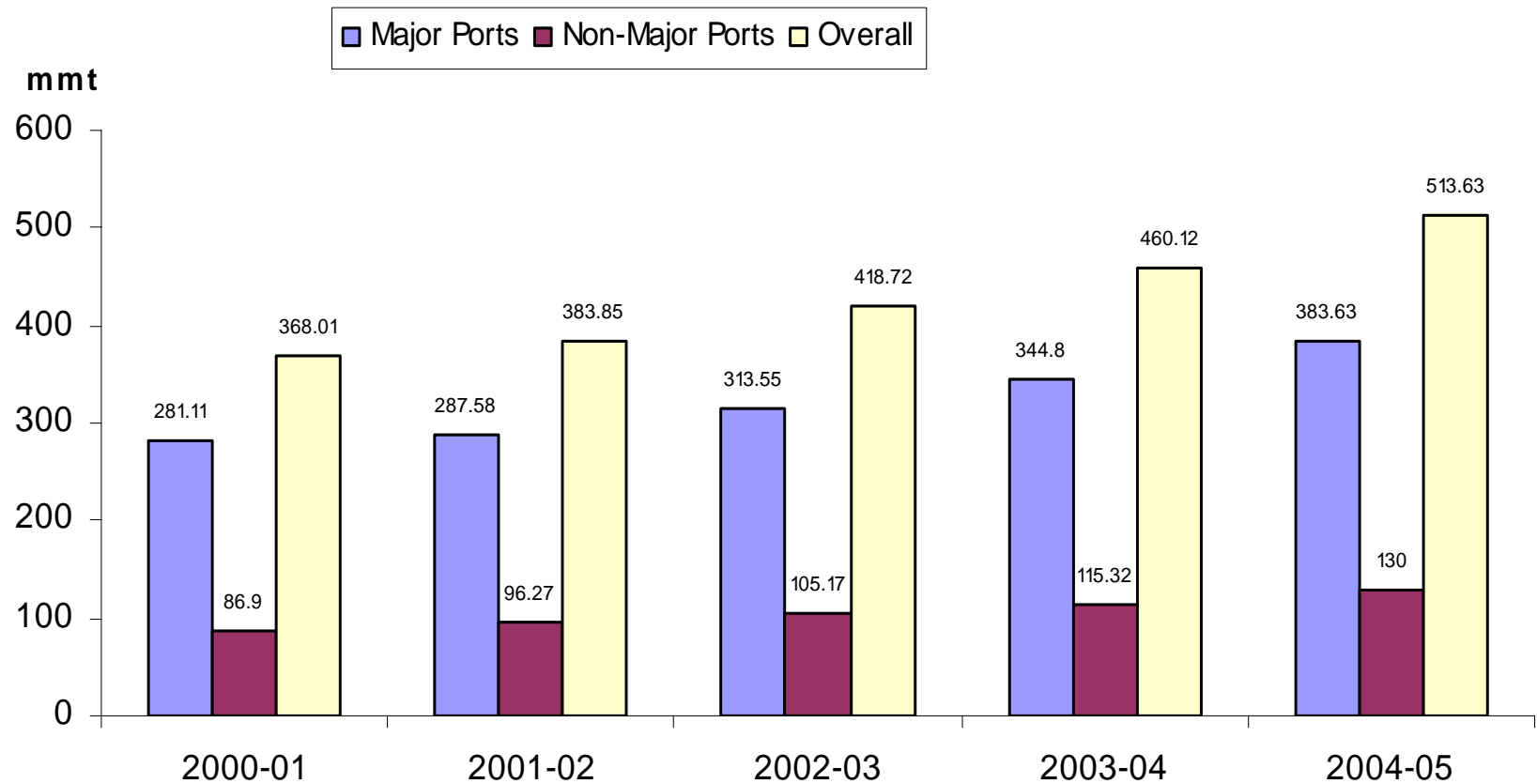
Cargo Traffic – 1950 - 2001



Source: India infrastructure report

Indian Ports - Cargo Traffic

➤ Non-major ports handled 8% of total cargo in '91-92, reached to 25% of total cargo in '03-04



Source: India infrastructure report

Common Concerns of Logistics Service Providers

Experience of Mundra Port



- Timely availability of Quality Infrastructure support
- Simplified procedures and documentation – a common feature and advantage of Port based Special Economic Zone
- Logistics cost advantages – rail connectivity and operations of double stack container trains + Pipeline connectivity
- Participation in privatisation of rail services including Private ICDs

Mundra Port and SEZ – Quality Infrastructure

**Multi-Purpose Terminal
(Bulk)**
Five berths + 3 additional
berths under construction



**Multi-Purpose Terminal
(Liquid) Four berths**



Container Terminal
Two berths + 2 berths
under construction



**Single Point Mooring
(Crude Oil)**



Year 2010 Target Volume : 50 Million M.Tons

Mundra Port and SEZ – Quality Infrastructure Container Terminal



Mundra Port and SEZ – Quality Infrastructure

Single Point Mooring

First VLCC at Mundra SPM



- One of the largest SPM in India with 32 meter draught
- Can accommodate very large crude carriers upto 360,000 DWT
- Can handle 25million MT crude cargo a year

13/12/2005

Mundra Port and SEZ – Quality Infrastructure

Liquid Cargo handling and storage at Mundra Port and SEZ



Existing 65 tanks of total 2,78,000 KL storage capacity in 8 separate enclosures – Largest Port based single point liquid storage terminal with state-of-the art safety, health and environmental standards

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Mundra SEZ Ltd. – simplified procedures

Prime Features of Mundra SEZ

- Land acquired for development of First Phase
- Integrated with a World class Dry, liquid & container cargo handling Mundra Port
- Broad gauge rail and National Highway connectivity
- Air Port within the vicinity
- Utilities on site

Incentives for units in SEZ

- Duty free imports for Exports
- 100% FDI allowed with repatriation of profits
- Tax holidays to the developer and entities in SEZ
- Freedom to retain entire Foreign exchange earnings

Mundra Port developed 63 KM own railway line. Acquired 2 locomotives For Rail connectivity

Mundra Port has invested with equity stake in Kutch Rail Corporation for undertaking various gauge conversions

Seven Rail sidings inside Port area



MUNDRA PORT and SEZ:

Rail Route – Mundra / Delhi



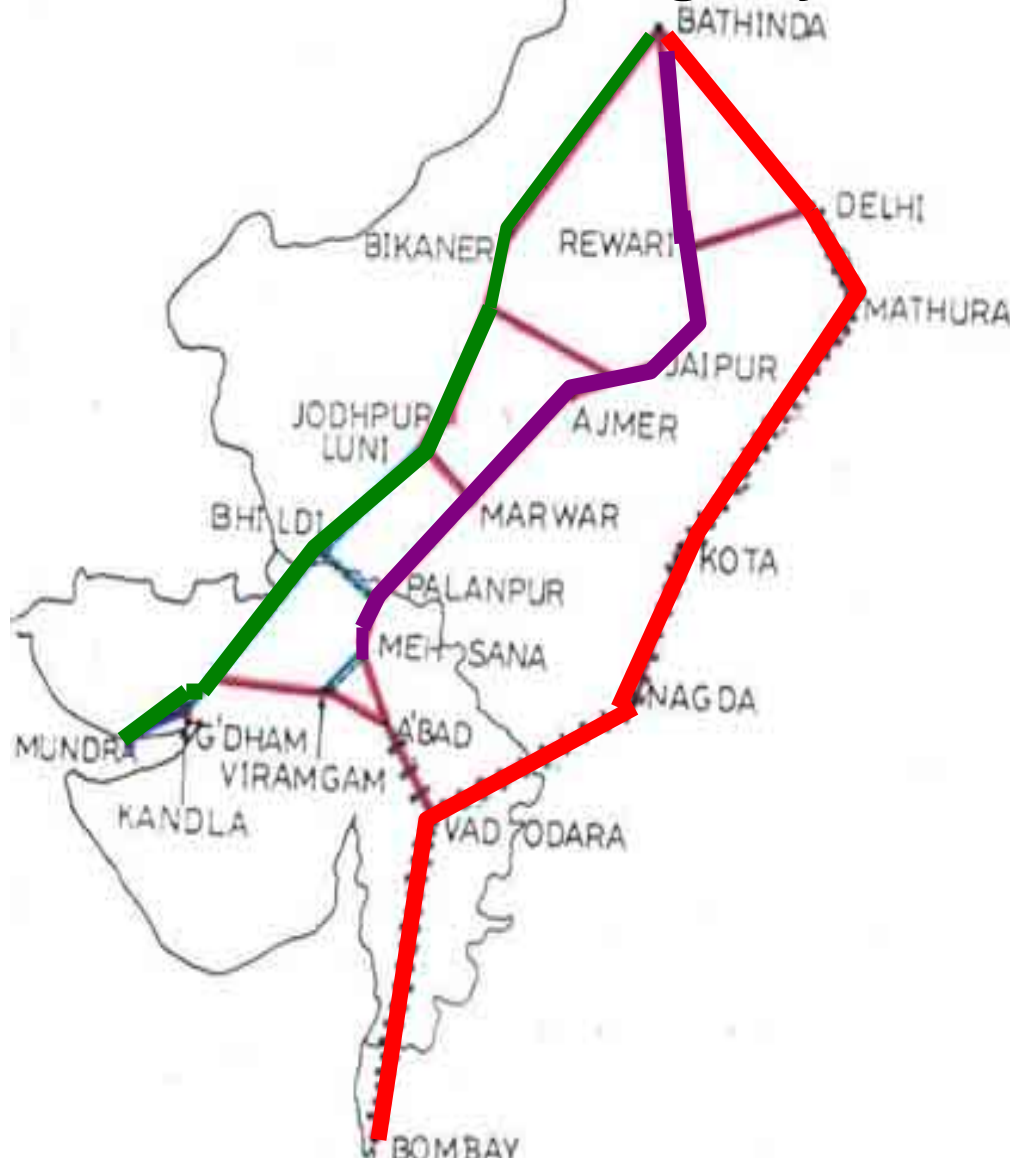
218 Kms Distance advantage vs Mumbai



**Mundra Port – Adipur –
Gandhidham - Palanpur
(gauge conversion
completed) - Jaipur- Delhi**

**Double Stack container
Trains to / from Mundra Port
operational resulting in
savings of rail freight**

Mundra Port: Rail Linkage by 2008



Destination: Bhatinda
Bhildi – Luni Route

1708 Kms 

JNPT – Vasai – Vadodara –
Kota – Mathura – Delhi –
Bhatinda

1270 Kms 

Mundra Port – Adipur –
Gandhidham – Bhildi – Luni
- Bhatinda

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C ZONE

438 Kms Distance advantage vs JNPT

Mundra – Connected to Major Pipe Line Network



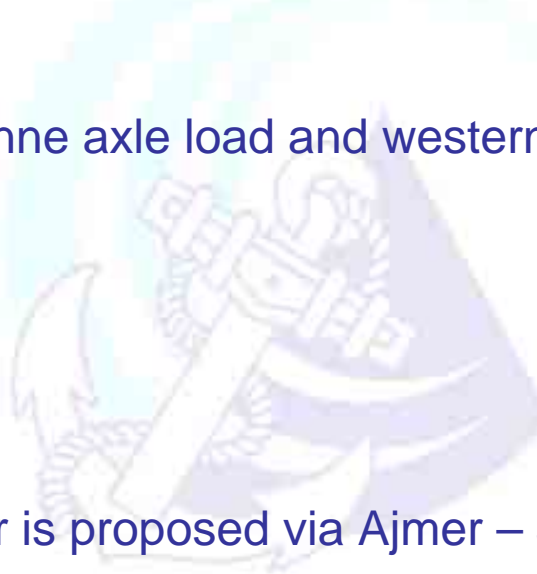
Inland Container Depots

- Setting-up network of ICDs in Mundra hinterland, the area contributing maximum container cargo
- ICDs to be located in Northern Region (Upper Punjab, Rajasthan)
- Synergistic benefits for Mundra Port
- Land acquired for ICDs in Punjab area



Dedicated freight corridor

- Delhi –Mumbai & Delhi – Kolkata are proposed dedicated rail freight corridors
- Corridor will have 30 tonne axle load and western corridor will run double stack containers
- Delhi – Mumbai corridor is proposed via Ajmer – Jaipur.
- Mundra Port would be connected through short feeder route from Palanpur.



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FCI Silos Project

- Development & operation of bulk food grains handling, storage and transportation facilities under BOO arrangement for FCI in 2 circuits
- Service Agreement signed on 28/6/05 with Adani Agri Logistics Ltd.
- Project comprises of construction of Silos, Food grain handling equipment & procurement of wagon
- Guaranteed annual tonnage of 2 Lac Tn p.a. for each circuit by FCI
- Revenue comprises of handling & storage of food grains and reimbursement of railway freight



Container Rail

Private container rail policy

- Government has permitted private players to run container rakes
- Number of private rail operators would run the rakes to & fro Mundra Port with own ICD networks in the hinterland
- Double stack rakes – trial runs carried out successfully. Fully operational by early

2007

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Thank you