

Shipping transport infrastructure services

Industry Code (as per CMIE Prowess): 0101040504020000'

June 2022

Overall Industry Risk Score: **14/20 | Favourable**

Sample Size: 8 Companies


Median Rating Value of sample size: AA-

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The pandemic had a significant impact on trade volumes in FY21. As per Ministry of shipping data, The Cargo traffic at 12 major ports during April-May, 2022-23, increased by 7.3% to 130.84 million tonnes from 121.96 million tonnes cargo handled during April-May, 2021-22. With gradual recovery in the economy, port throughput is expected to pickup strongly in the near to medium term.

Extent of Competition  **12/20**

Neutral

The extent of competition in ports is limited given the entry barriers in terms of high capital investments and government approvals. State owned ports face increased competition from new age private ports in the states of Gujarat and Maharashtra, which have better turnaround times and customized services. Indian ports also compete with established ports in Sri Lanka, UAE, Singapore and Malaysia because of proximity and better port infrastructure.

Regulatory Risk



16/20

Stable Regulatory environment

In September 2020, Parliament has passed the 'Major Port Authorities Bill 2020'. The Bill will decentralize governance and decision making in major ports and follows the 'Landlord' (for the Government) model under a PPP arrangement with the private sector. The private sector is expected to take over management of ports under the new PPP model and fix competitive market-based tariffs.

Input Related Risk



16/20

No supply disruptions / very narrow price band or fluctuations

The cargo volumes in ports is primarily influenced by the volume of international trade, which has increased as Covid 19 related situation has normalized. The key challenge for ports is to raise long term debt at competitive pricing.