Logistics Solution Provider

Industry Code (as per CMIE Prowess): 0101040509000000'

June 2022

Overall Industry Risk Score: 13/20 | Marginally Favourable

Sample Size: 33 Companies   **Median Rating Value of sample size:** BBB+

Individual Parameters Contributing to the Score

Demand & Supply Balance **8/20**

Moderate Over Supply

The severe economic disruption brought about by the Covid pandemic has impacted the transport logistics sector, the pickup in e-commerce in FY21 has partly offset the overall demand contraction. With the recovery in the economic activity in H2FY22, logistics services witnessed a revival in demand. The demand is expected to increase furthermore over the near to medium term.

Extent of Competition **12/20**

Neutral

Capacity addition in the industry has slowed down and the pandemic disruption has impacted the sustainability of the smaller logistics players. Corporates have preferred integrated logistics players offering end to end solutions. This helps the larger players to enhance their market share and profitability.

Regulatory Risk

16/20

Stable Regulatory environment

The Government plans to come out with a National Logistics Policy for seamless movement of goods across the country. The implementation of GST has streamlined the state-wise tax structure, ensuring the seamless movement of goods across the nation and facilitating the growth of pan India logistics services and larger warehousing facilities. The government has recognized the need to promote growth in the sector, launching projects focused on infrastructure development for better logistics movement. Besides the projects like Bharatmala in road segment, there are various initiatives in sectors like ports (Sagarmala) and railways (Dedicated Freight Corridors projects).

Input Related Risk

16/20

No supply disruptions / very narrow price band or fluctuations

The profitability of the industry is highly correlated with the retail fuel costs which are on an increasing trend thereby eroding the profitability of the players. The issue of availability of labour (truck drivers) have been resolved post lockdown.