

Transport Logistics Cos Riding Growth Wave as Covid Wanes

Cos such as TCI, FM Logistic expect strong show to sustain; DHL Express bets on its new facility

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Mumbai: India's logistics companies are riding on a wave of growth after the waning of the second wave of the Covid-19 pandemic.

Global supply chain constraints and fuel price hikes continue to pose challenges. But their customers — such as automotive companies that have been hit the hardest — have assured them of increase in production, while the overall market is able to absorb the higher fuel prices. Transport Corporation of India (TCI), one of India's leading supply chain and integrated logistics players, expects its net profit to grow 30%-40% and its revenue to grow 20% in FY22, its managing director said in an interview.

DHL Express recently opened its largest airside cargo facility in Bengaluru in one of the biggest investments it has made in India, said its India managing director to ET. French logistics player FM Logistic has recorded a 58% growth in its India turnover in the first half of

On a Roll

TCI sees supply-side constraints easing from next quarter



TCI has halved its capex plans for FY22 due to high price of assets

FM Logistic has seen 58% increase in turnover in first half of FY22



DHL Express has made one of its biggest investments yet in airside facility in Bengaluru



this fiscal year, said its India managing director.

"The estimate we are giving the Street is of a 30%-40% increase in the bottom line and a 15%-20% increase in topline," said Vineet Agrawal, managing director of TCI.

He added that TCI is helped by increased freight rates in coastal shipping. While its supply chain business has been affected due to a global shortage of semi-conductors and its impact on the automotive and white goods industry, he said auto makers have said the si-

tuation and production will improve from the October-December quarter. In FY22, the company posted a net profit of ₹134 crore compared to ₹126 crore a year earlier. Its revenue fell to ₹2,487 crore from ₹2,541 crore a year earlier but costs fell even more.

Consolidated revenue grew 38% and net profit trebled in the July-September quarter.

Agrawal, however, said it will only spend half of its planned capital expenditure of ₹200 crore due to the increase in costs of ships and

containers. About 60% of its capex was to buy new container ships and containers.

The global pandemic led to prolonged partial closure of ports across the world creating a glut of containers in some ports and abject shortage in others. Freight rates and container prices have shot through the roof. In a recent report, ING said the supply of new containers will only ease the pressure by 2023.

But in India as elsewhere, a spurt in demand in some segments such as ecommerce have kept companies bullish and encouraged them to invest on new infrastructure.

DHL Express, part of Deutsche Post DHL, one of the world's largest logistics players, recently opened an airside facility in Bengaluru airport. The gateway will handle 650,000 to 700,000 shipments a month, said RS Subramanian. It will also save 12-24 hours in terms of transit time for DHL's customers, he added.