

# TCI ready to ride logistics 'boom'

The logistics space is set to see a boom, riding on growth in the auto, organised retail, manufacturing and infrastructure sectors, feels Vineet Agarwal, executive director of Transport Corporation of India (TCI). In an interview to DNA Money's Ramiya Bhas, Agarwal talked about the expected growth in the sector and how the company plans to make the most of it, among other things. Excerpts:

## What accounts for the 92% surge in TCI's profit after tax for the second quarter?

Being an integrated logistics provider gives the company stability during periods of uncertainty and downturns. Moreover, stable market conditions, increased optimisation and cost control measures adopted across divisions helped us achieve good profit margins. We are also expecting a surge in our market sales with the onset of the festive season, coupled with the boom noticed in

the auto and FMCG sectors. **What's your take on revival in the logistics sector?**

The future of the logistics sector appears to be encouraging since the economy is reviving. The sector is projected to grow from Rs 4,00,000 crore to Rs 5,00,000 crore by 2010 and further to Rs 7,50,000 crore by 2012. This escalation is expected on account of rapid growth in the manufacturing and service sectors, substantial domestic and international freight growth, consumption proliferating in Tier II and Tier III cities and the government's proposal to invest \$17 billion in transportation infrastructure by 2010. **Revival of the logistics sector has been a topic of discussion among analysts and the industry, especially auto and retail. Your observations...**

It is true that the logistics sector in India is expected to revive and grow on account of a boom in the



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## q&a

auto and organised retail sectors and also the manufacturing and infrastructure sectors. According to Indian Resource Centre, India's overall retail sector is expected to see a 10% compound annual growth rate (CAGR) to \$833 billion by 2013 and \$1.3 trillion by 2018. Similarly, the automobile sector is a booming market, which is set to grow five-fold by 2016 and thus looks promising for the logistics sector.

## What are TCI's expansion plans?

We are planning a capital expenditure of Rs 160 crore in 2009-2010 and are eyeing annualised growth at 15-20%. Also, we plan to increase our warehousing space from 7.8 msf currently to 10 msf by 2011 at an investment of Rs 150-200 crore. This will service a large number of clients in the cold

chain and retail verticals. We are also expanding our international network to 29 countries over the next five years and will have an indirect presence in 30 countries through exclusive tie-ups. TCI is proposing to build warehouses in south, east, north, west and central India. We have purchased the land parcels to build them in separate special purpose vehicles in order to keep the company asset light. We have already built a 1.50 lakh sq ft logistics warehouse in Pune.

## What is the planned capex on warehouses?

We plan to increase our warehousing space from 7.8 msf to 10 msf by 2011-12 with an investment of Rs 150 crore to service a large number of clients in cold chain and retail verticals.