## Wallenius Wilhelmsen Logistics

**Gur Prasad Kohli- MD, WWL India**

**27 - 11- 2014**

# Short Sea Shipping – How WWL is leading safer and smarter Ro-Ro operations and break-bulk transportation

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# Agenda

01. Distribution of Finished Vehicles within India

02. Export of Finished Vehicles from India

03. Seeing the whole picture and developing solutions

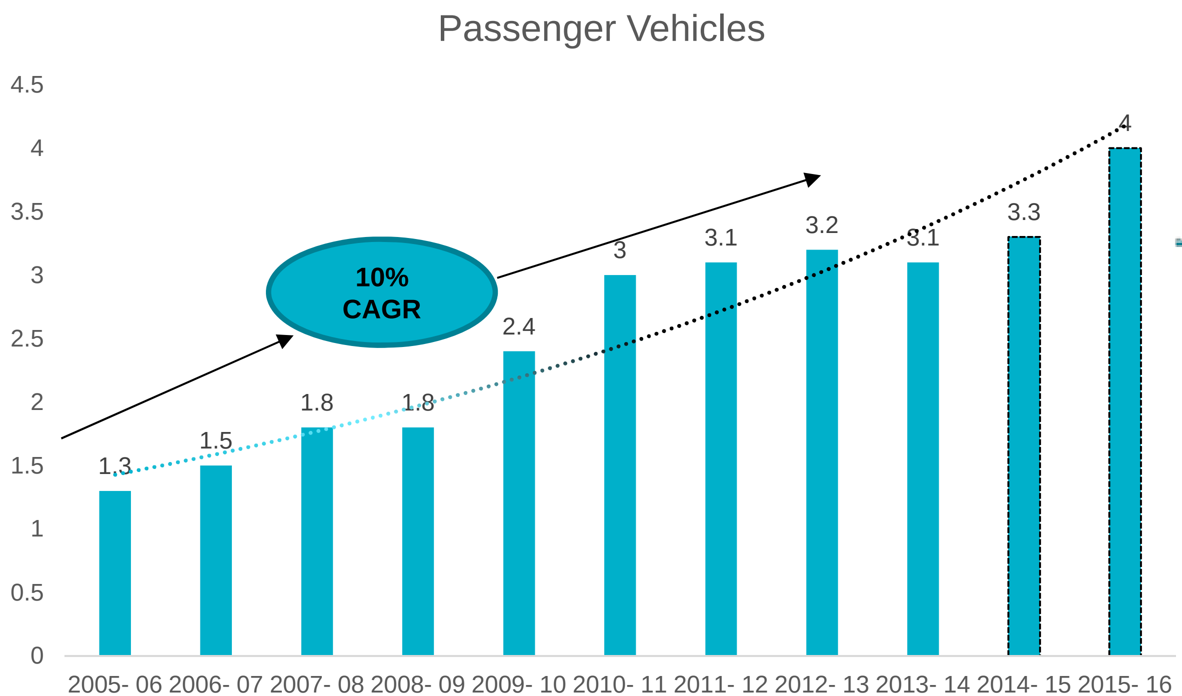
# 01

# Distribution of Finished Vehicle Logistics in India

# Auto production in India is expected to grow with 10% per year and reach 4 million units in 2016

**Development passenger vehicle production, 2006-2016F**

Million units





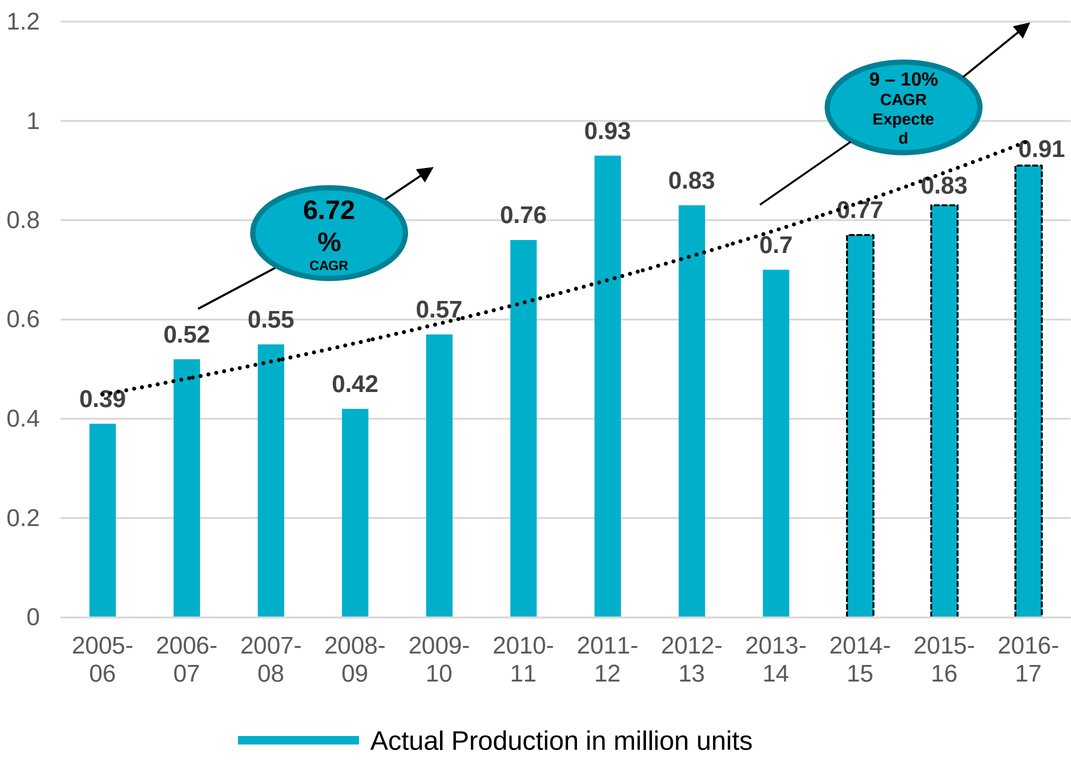
In million units — Actual Production

Source: Society of Indian Auto manufacturers (SIAM) website

# Production of commercial vehicles will pick up with investment in Mining and renewal of urban transport

The resumption of mining and infrastructure spending should lead to improvement in this segment

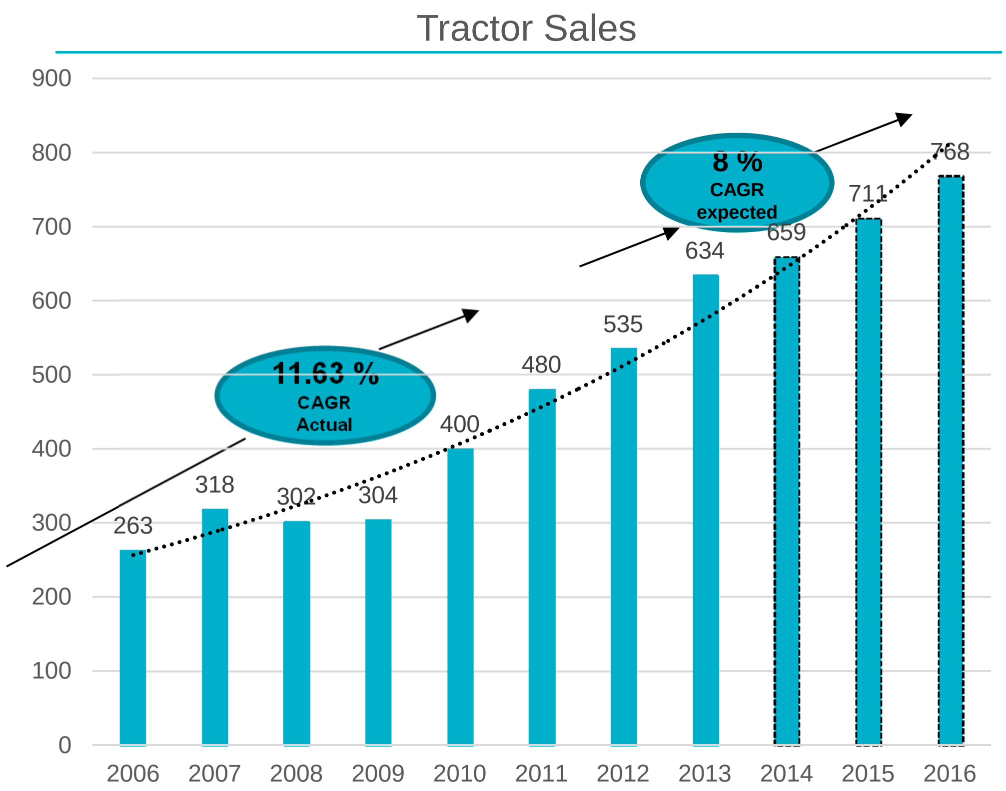
## Production of commercial vehicles, 2006-2016




Source: Society of Indian Auto manufacturers (SIAM) website

# Tractor market slightly down in 2013, but large population augurs growth in the Indian AG market

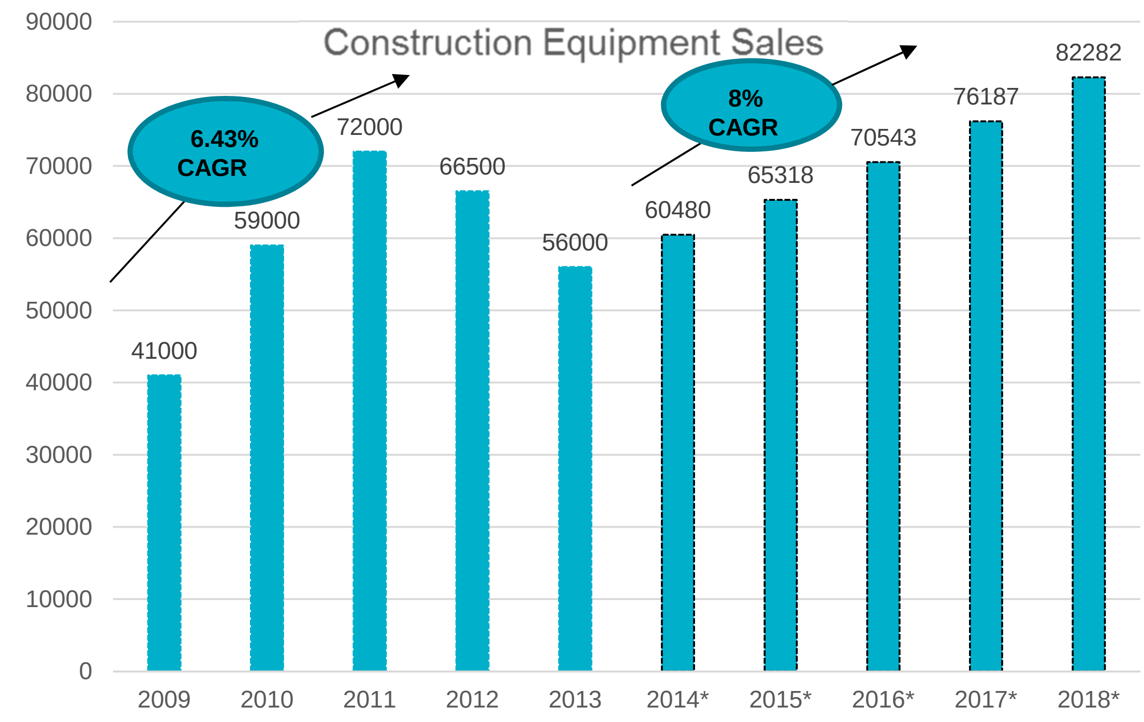
**Development agricultural equipment (tractor) sales, 2006-2016**
1 000 Tractor units, TMA actual and Off-Highway forecast




Note: Off Highway agriculture tractor sales forecast dated 2012-09
Source: Mahindra & Mahindra investor presentation 2013-04, TMA, Off Highway forecast, GMI

# 8% yearly CE sales from 2014 driven by expected strong governmental infrastructure spending

**Development construction equipment sales, 2008-2018F**
1 000 units, Off Highway estimates and forecast




Source: Off Highway, GMI

# Transportation of Finished goods by Coastal Ro-Ro reduces CO2 Emissions by 70% for Destinations in West India

97% of Finished Vehicles are transported by road on Over length carriers. This creates congestion, high CO2 Emissions and is not sustainable

Dedicated Freight Corridor by Rail expected only in 2017-18 however there are Private initiatives to invest in Rail and increase Share

The most sustainable solution for our Transportation needs is Short sea Shipping

| Movement | CO2 gms/tonne KM | Distance | No. of Cars | Wt. of Cars | Total Emission T CO2 | Emission / Car Kgs |
|---|---|---|---|---|---|---|
| Truck from Oragadam to Ahmedabad | 177 | 3501 | 3000 | 1.1 | 2044.9 | 681.6 |
| Truck from Oragadam to Chennai | 177 | 44 | 3000 | 1.1 | 25.7 | 8.6 |
| Stevedoring in Chennai | 0 | | | | 0.0 | 0.0 |
| Storage in Chennai | 0 | | | | 0.0 | 0.0 |
| Transportation from Chennai to Mundra | 40 | 3268 | 3000 | 1.1 | 431.4 | 143.8 |
| Stevedoring in Mundra | | | | | 0.0 | 0.0 |
| Truck from Mundra to Dealer (Ahmedabad) | 177 | 292 | 3000 | 1.1 | 170.6 | 56.9 |
| Truck / Ship / Truck from Oragadam to Ahmedabad | | 3604 | | | 627.6 | 209.2 |

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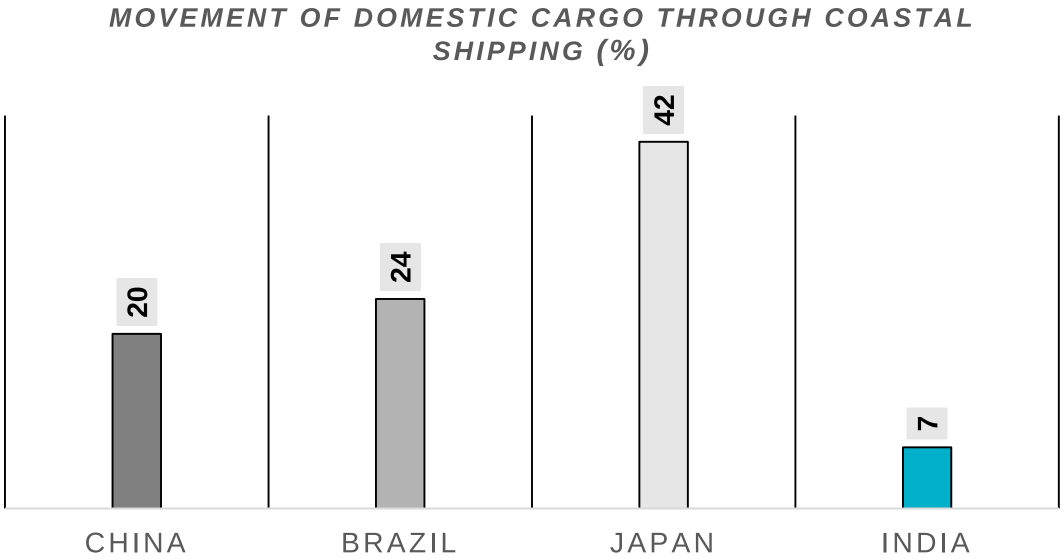
# India's movement of domestic cargo through short sea shipping is paltry in comparison to other countries




# However the Cost of coastal transportation is 30% higher than by Land.

- Port Vessel Costs in India are among the highest in the world
- Wharfage is charged on the invoice value of the cargo rather than on unit, weight or size.
- First mile and last mile connectivity from Ro-Ro ports is poor
- GOI imposes 25% import duty on Bunkers for coastal vessels– raises one way ocean freight by 40 USD per car from Chennai to Mundra. This duty must be abolished.
- Shortage of return cargo – presently few OEM's are manufacturing in Gujarat or West Bengal . This will change early next year.
- GST legislation must come into force asap to allow OEM to build inventory closer to consumption

| Port | Vessel | Tariff(USD) |
|---|---|---|
| Chennai | 52000 GRT Ro-Ro | 41,700 |
| Ennore | 52000 GRT Ro-Ro | 49,800 |
| Mumbai | 52000 GRT Ro-Ro | 29,000 |
| Singapore | 52000 GRT Ro-Ro | 12,000 |
| Laem Chabang | 52000 GRT Ro-Ro | 25,000 |
| Jakarta | 52000 GRT Ro-Ro | 30,000 |
| Shanghai | 52000 GRT Ro-Ro | 28,000 |
| Pyongtaek | 52000 GRT Ro-Ro | 16,000 |

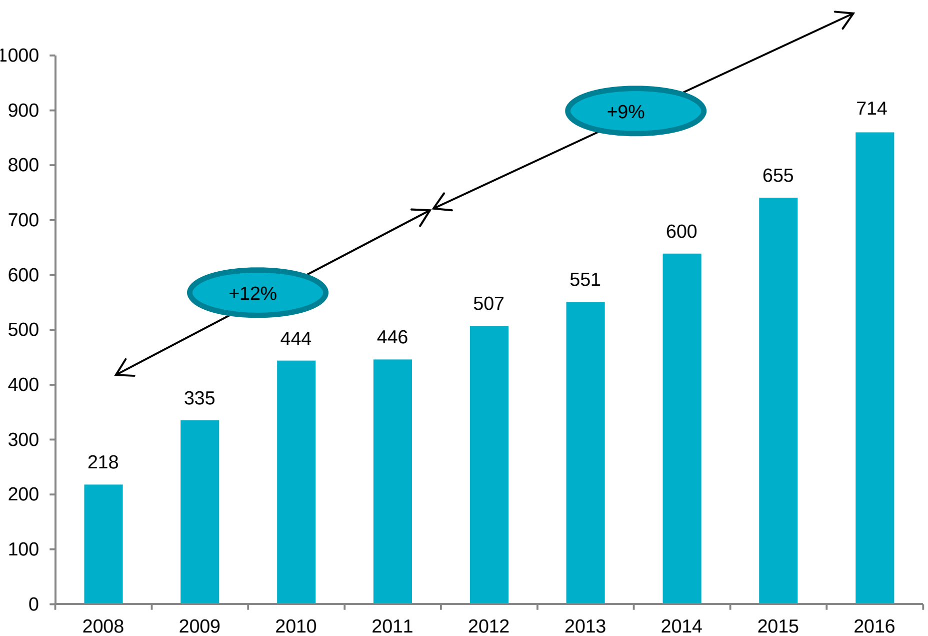
# 02

# Export of Finished Vehicles Logistics from India

# Car exports expected to reach 0.7 million by 2016, import marginal due to govt protectionism

Import
Export

| | CAGR 08-11 | CAGR 12-16 |
|---|---|---|
| Import | n.a | n.a |
| Export | 12% | 9% |




Development import/export of autos by RoRo, 2008-2016

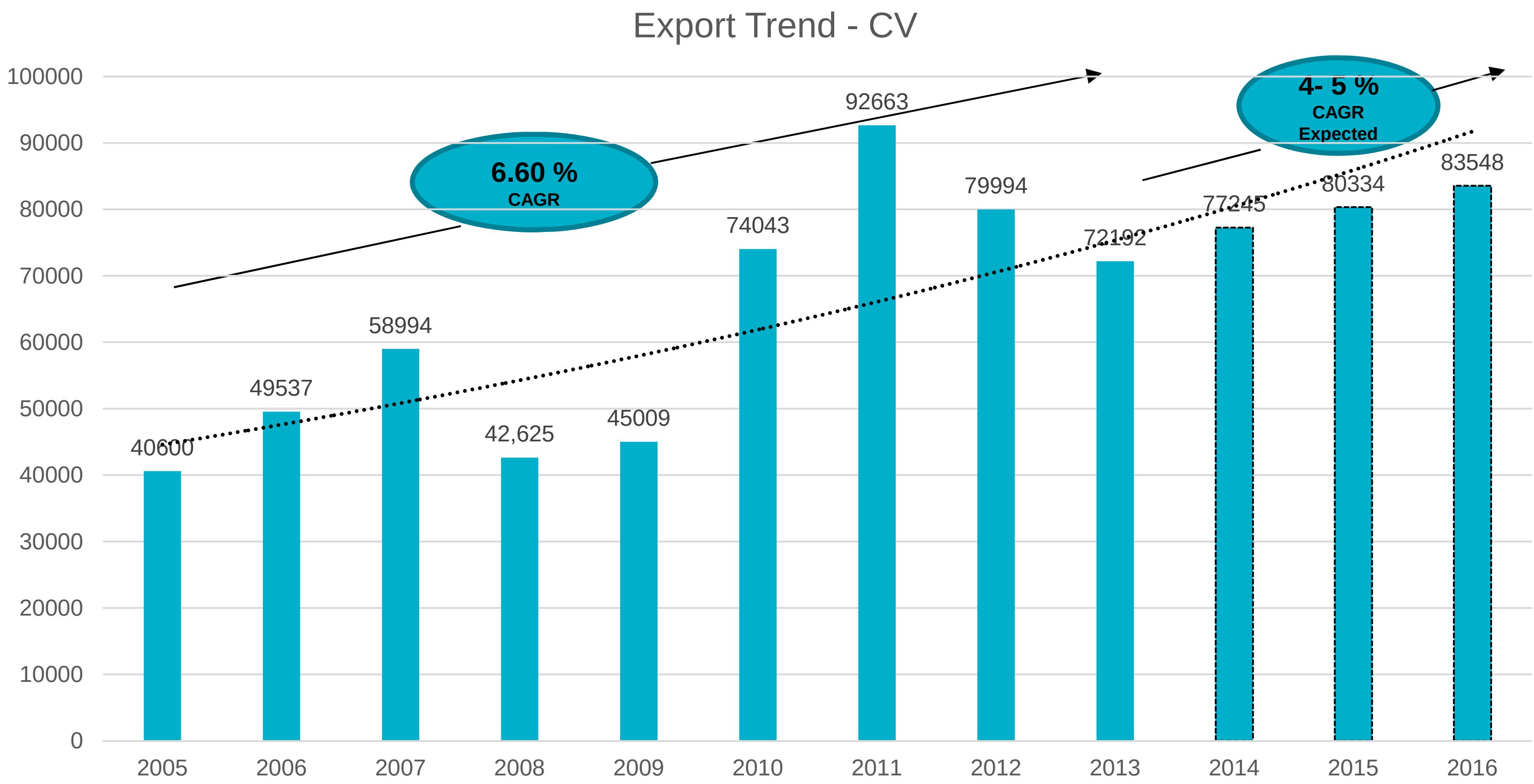
**Comments**

**Import**
- Auto import market is marginal due to high import and excise duties – 106% on CBU.
- **Export**
- Export are ~551K units per year (2012-13). Will reach 0.7 million by 2016.
- Several market factors favors continued growth in exports
  - Several OEMs plan to establish their Indian plant as a production hub for Small / Compact cars
  - Incentives provided by the government will fuel export
  - Export market provides a cushion against volatility in domestic sales
- ***Growth markets for exports across all OEM's are ME, Africa and South America.***

Source: Society of Indian Auto manufacturers (SIAM) website

# Export Trend of Commercial Vehicle growing towards Africa, SAARC and Middle East.

## Export Trend of commercial vehicles, 2005-2016



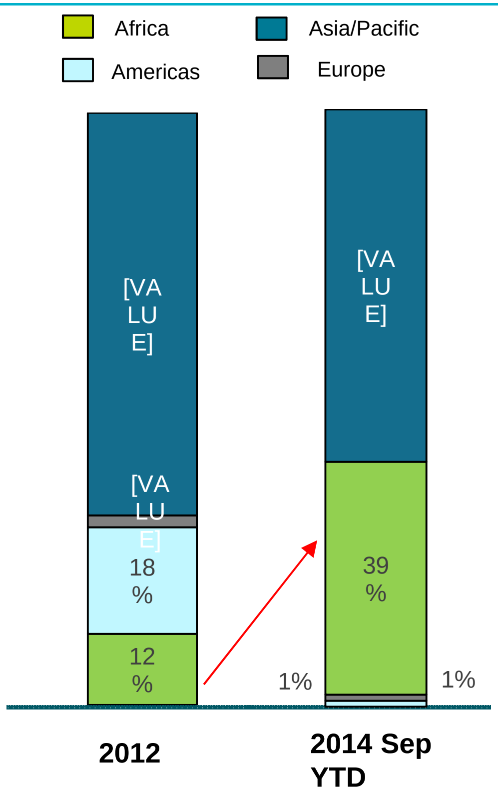

Source: Society of Indian Auto manufacturers (SIAM) website

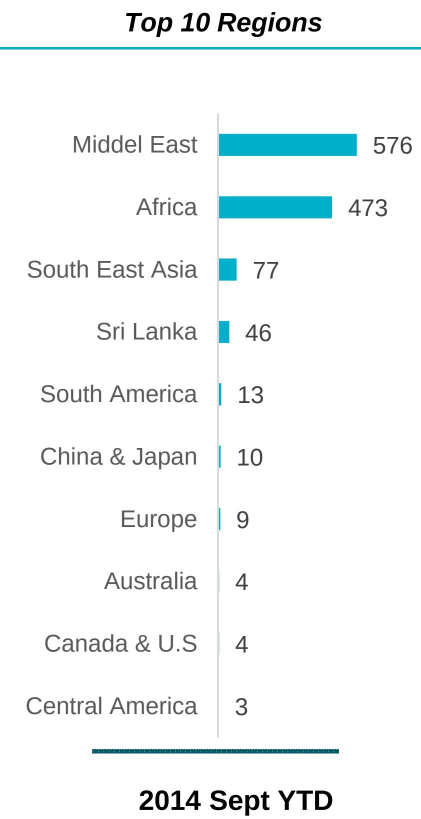


YTD Aug 2014 - 55658

# Export Trade flows from India grow predominantly to Americas, Africa and intra Asia.

**Exports of CE from India, including partner regions & countries**
Units, Global Trade Atlas, top 10 partner countries

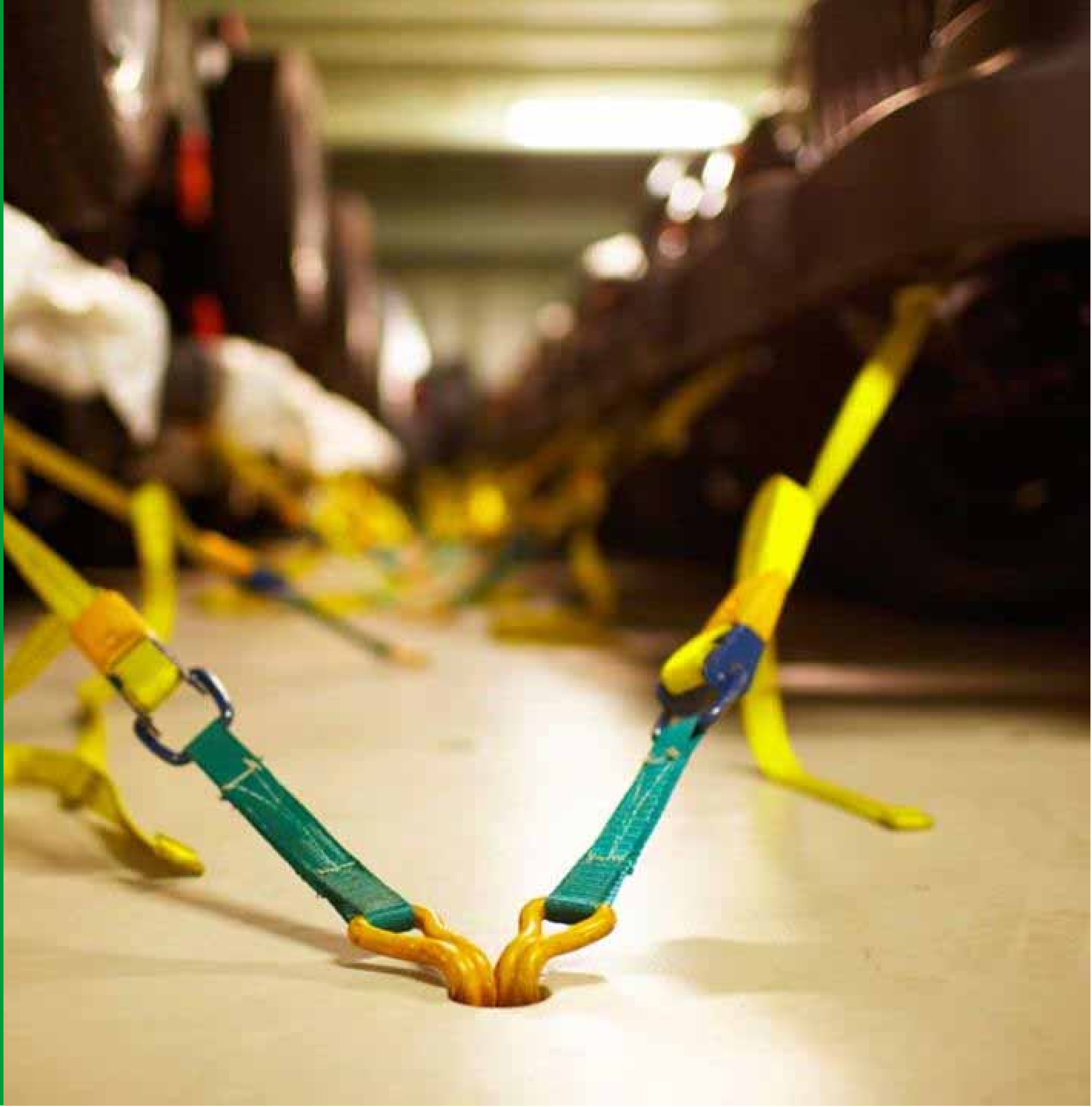



Source: GTA, GMI

# 03

## Seeing the whole picture and developing solutions



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# WWLs' approach is to seek improvements by considering the Total Cost of the logistics chain

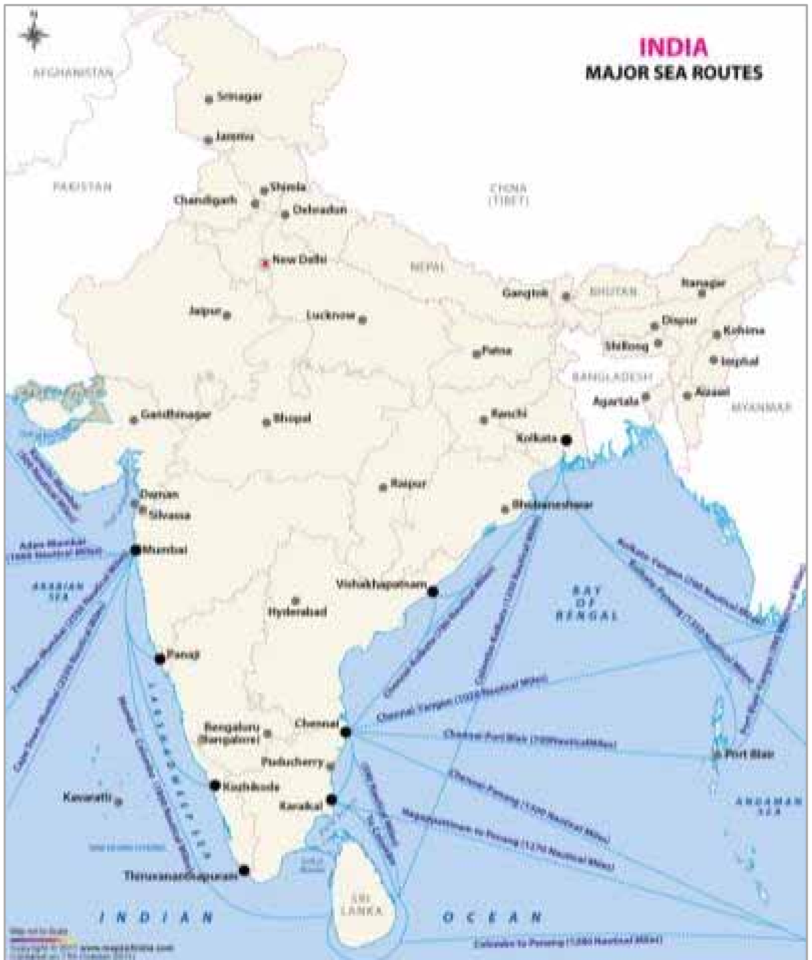

Coastal and Short sea Shipping

Factory to Port Solutions

Multi User Depots

- Hub and Feeder Solutions
- Reduce Dwell Time
- Reduce Damage Ratio

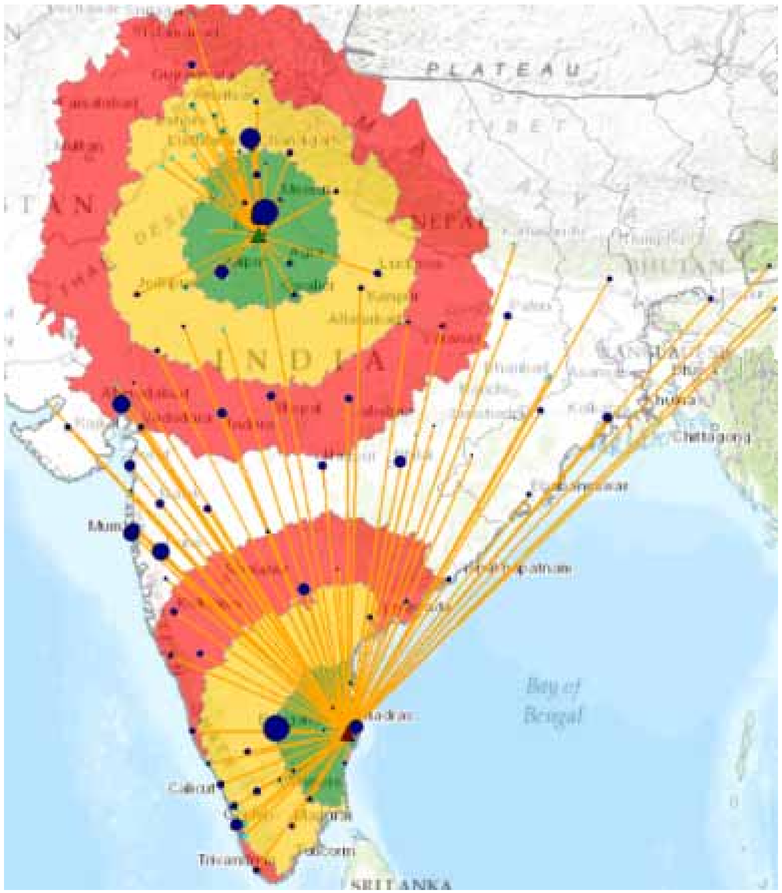
# There is an Opportunity to combine coastal movement with Export / Import movements to SAARC and a Distribution Hub




Benefits

- This solution allows operating coastal shipping at rates prevalent in land based transportation
- This solution allows the Carrier to pick up bunkers at international rates
- There is a significant transhipment / export opportunity that can be used as Return cargo
- Reduced Congestion and Pollution
- Development of Hub ports on Shipping lanes to EU, Africa and South America

# What if you had a Distribution Hub close to your Customer




GST becomes a reality by 2016 and acts as an Enabler


from
factory
to
dealer

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