



Feasibility study for **Logistics Park**

About Client

The client is major Infrastructure Company based out of Delhi. The client has executed multiple commercial and industrial projects in Delhi NCR.

Assignment

The client wanted Holisol to perform a detailed market research and feasibility study to evaluate the potential of developing a logistics park in Palwal. The assignment included identification of catchment area, site suitability in reference to transportation linkages & infrastructure requirements and demand analysis for the proposed facility.

Abstract

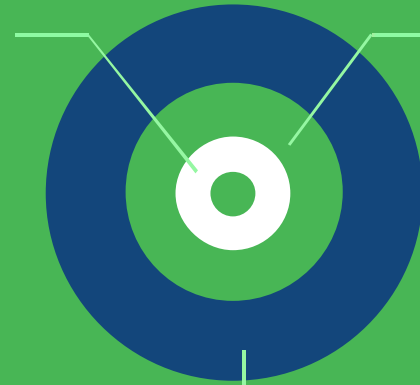
Indian government is focussed on driving the logistics sector by allowing 100 % FDI, introducing GST, improving multi-modal transportation, encouraging public-private partnership and 100 % income tax exemption for port development projects. Haryana government is also committed to boosting the logistics sector by coming up with many incentives to promote the development of industrial units. Palwal comes under Faridabad district and has been tipped as one of the potential locations to be developed as an industrial city.

Catchment area analysis

To check the suitability of Palwal as a logistics hub, Holisol conducted a thorough analysis of industries and logistics opportunities in the nearby catchment areas. Catchment areas were divided into below three categories:

Within 20 Kms : Holisol's team conducted a physical study in Palwal and nearby areas to gather accurate demand data and understand the industrial scenario in near vicinity. Holisol identified 15 companies engaged in export and import within 20 km radius. The industry mix in the catchment area was tilted towards industrial machinery manufacturing companies. 67 % of total industries were involved into manufacturing of machinery. Glass equipment and chemical industry were other prominent industries within 20 km of Palwal. One of the leading infrastructure developers is developing a SEZ near the proposed site which can further add to the demand for logistics services.

Within 20 Kms
Samalkha
Barhi-Barhi Textile Park
Ansal API Agro SEZ
Panipat
Sonipat



Between 20 to 50 kms
Rai
Kundli
Rohtak
Delhi-NCR
Bahadurgarh
Karnal

Beyond 50 kms

Industries in nearby states i.e. Haryana, U.P., H.P. and J&K., Industries developed within DMIC, The Industries within the GQC.

Between 20 to 50 kms : Industrial estates of Faridabad would be the most important catchment area for the proposed logistics hub. Holisol identified 8 industrial regions in Faridabad which would offer significant potential for logistics services. With the development of KMP expressway, other industrial areas like Greater Noida, Hodal & Daruheda would be easily accessible from the proposed facility. Holisol mapped 345 manufacturing units in Faridabad, out of which 15 were large scale manufacturers.

Furthermore, the Faridabad-Palwal node is planned to be developed in phase 1 of DMIC. This development will further boost the demand for logistics hub at Palwal.

Beyond 50 Kms : Mathura and Agra have a significant industrial presence which can provide good demand for the logistics hub. Proximity to Delhi and IGI airport serve good opportunity for air cargo movements.

Delhi, Gurgaon and Faridabad are researched in detail to measure the demand potential due to agricultural demand and factory demand. In Faridabad, 2,262 companies were identified which was led by "Fabricated metal products", machinery equipment and non-metallic mineral products. Faridabad offers good demand for logistics services for Wheat and Maize.

1,552 factories were identified in Gurgaon district. Major industries in Gurgaon are apparels, electrical machinery & apparatus and motor vehicles. In agricultural commodities, Bajra and Wheat offer good demand for logistics services.

As per the directorate of economics and statistics, there are 7,921 registered factories in Delhi. Major industries in Delhi are textile, metal products, machinery parts and paper products. Wheat and rice are the main agricultural products expected to create good business potential for logistics services.

Demand for various logistics components

Based on the market survey findings, Holisol identified three major logistics activities which offer good demand for the proposed logistics park:

- a. Warehousing
- b. ICD
- c. Cold Chains

Holisol conducted market surveys and targeted interviews to identify a list of major companies which can be potential customers for the proposed logistics hub. Holisol conducted demand assessment for each of the above categories and did a competitor analysis to identify potential business available in the region for each category.

Site Suitability Analysis

Site suitability analysis of the proposed facility was carried out in reference to the road and air connectivity. Another criterion for site suitability was infrastructure requirements for the logistics. To check the suitability of proposed site, Holisol carried out a detailed SWOT analysis considering connectivity, infrastructure requirement, demand assessment and existing competition. Total 14 logistics players were identified at the proposed location.

Financial Modelling

Holisol prepared an investment plan for setting up the logistics hub. The plan highlighted Capital Expenditure requirement for setting up the logistics facility and anticipated operational expenditure to run operations. Based on the demand assessment, Holisol also projected revenue for next 10 years and prepared profit & loss statement for 10 years.

Based on the above analysis, payback period and ROI for the project was calculated.



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