

First mile to last mile

Pristine Logistics has been a game changer in its business



“We were in the direct firing line of exporters and importers at CONCOR during 2001-06,” recalls Amit Kumar who, along with three friends – Rajnish Kumar, Durgesh Govil and Sanjay Mawar – set up Pristine Logistics & Infraprojects Limited to provide efficient and cost-effective flow of materials and facilitate transactions between different parts of the economy. The experience in the railways was quite enriching, as they got to understand railway transportation, movement of cargo, etc. While Amit Kumar was in the corporate office, Rajnish Kumar, his friend from the college days, was handling the Inland Container Depots (ICD). In fact, Rajnish was at the helm, when the largest ICD was set up at Dadri. The third member of the team, Durgesh Govil, a civil engineer, was handling projects, such setting up railway stations and laying new tracks. And, the fourth, Sanjay Mawar, has been a serial entrepreneur all along, having tried his hands at many businesses after chucking his Bihar government job. “Pristine was formed more out of friendship than anything else,” says Amit.

“Despite drawing salaries of ₹25,000-30,000, we felt we had enough of the government jobs and, so, thought of doing something on our own,” says Amit Kumar. “Though we had many job offers, while we were at CONCOR (Container Corporation of India), we decided salary was not everything in life. That was how we started making power point presentations, trying to understand the bottom lines for the first time,” says Amit Kumar, narrating the team’s journey into entrepreneurship. Luckily for them, Gateway bought into their idea

and that was how Gateway Railway Freight Limited was set up in 2006. That was also the time when the government formulated container train policy and some 16 companies, including Gateway, were given licences. After spending two challenging years, understanding the business and the regulatory maze, they decided to jump out and floated Pristine Infraprojects in May 2008. The company was rechristened Pristine Logistics & Infraprojects in October 2009 and went public in June last year.

“Logistics used to be more of a transportation and godown business and we are happy that Pristine has contributed to the changing dynamics,” says Rajnish. Pristine was instrumental in creating the terminal ecosystem and the entire business has transformed from infrastructure focussed to customer-oriented model. It is now acknowledged that logistics is an integral part of businesses, providing efficient and cost-effective flow of raw materials and finished goods, and facilitating transactions between the consuming and producing parts of the economy.

Serving customers well

According to CRISIL, in logistics, the market size of key segments – roads, railways, warehousing, cold chain, logistics and rail freight terminals -- is estimated to be about ₹9 lakh crore in 2020-21. This is expected to grow at a CAGR of 10 per cent to ₹15 lakh crore by 2025-26, as against 5-7 per cent CAGR observed during 2016-21 period, though the logistics market declined by 4-6 per cent in 2020-21, in the wake of the pandemic.

“The company’s presence across the entire spectrum of the logistics requirements – from first-mile to last-mile, through B2B transportation

connectivity, to warehousing infrastructure, rail transportation and ancillary services, such as weighing and documentation, enables it to service its customers well,” explains Amit Kumar.

“Our door-to-door offering cements our position as a one-stop end-to-end B2B solution provider,” explains Rajnish Kumar. Pristine has been able to implement first-mile to last-mile connectivity, on the back of its fleet of 2,624 domestic standard containers, 395 dwarf containers, 390 trailers and 37 rakes with minimal fluctuations in service time.

Containerisation of break bulk and general cargo commodities has gained wider acceptance as a means of transportation. It offers advantages, such as reduction in transit time due to faster cargo movement; savings in packaging costs, as the goods can be packed in cartons instead of cases; ability to leverage mechanised cargo handling due to standardised containers.

Pristine has applied for a patent for a ‘dwarf container’ design, which enables double-stack movement for lightweight cargo on electric lines. The company has 395 dwarf containers, which are 26 inches short and 6.3 inches wider than regular containers and can have a maximum laden weight of 30.5 tonnes. The dwarf container provides 67 per cent increase in volume, with double-stacking and can carry a weight of 71 tonnes, against 40 tonnes by an ISO (International Standards Organisation) container. Dwarf containers largely carry polymer cargo from Reliance, Jamnagar. However, dwarf containers can be useful for light weight commodities such as fast-moving consumer goods (FMCG), chemicals, garments and even auto components, in addition to polymers.

Pristine terminals have a hybrid



Durgesh Govil, Rajnish Kumar, Amit Kumar, Sanjay Mawar: set to scale new heights

model for catering to both, EXIM trade and domestic container traffic and it has also optimised usage of these facilities for non-container business. For instance, at Bihta terminal, the company has monetised the land by building a warehouse for a customer.

In a unique initiative, Pristine has deployed a solution for transporting edible oil, which is imported at 25-30 degrees from Malaysia. The company transports the oil from Kandla port to its Kanpur terminal by train and from there to Ludhiana terminal by pipeline. Then, tankers carry it to customers. Both the terminals have melting and storage facilities. This helps save costs as well as multi-level handling of the oil. This is an example of one of Pristine's well-synergetic business models, focusing on location, scale, operational efficiencies, says Rajnish Kumar.

"Our CTO (container train operator) business is scalable, as we operate on an optimum mix of 14 owned and 23 leased rakes, which allows us to address the requirements of our long-standing customers," says Amit Kumar. Pristine operates five logistics parks, which include rail-linked logistics parks, comprising private freight terminals (PFTs) and ICDs and one dry port each, operated through its subsidiaries, located at Kanpur, Ludhiana, Siliguri, Patna and Birgunj (Nepal). Its ICD at Bihta, Bihar, is expected to be operational within a year.

"The company will continue its focus on under-served geographies, witnessing rapid economic growth, particularly in the eastern, central and southern regions of India and aim to expand its fleet of rolling-stock of containers, as

well as other commodities. It is already in the process of setting-up a facility, which will serve as its gateway to the western DFC. The Railways have okayed this", adds Amit.

Looking for acquisitions

Pristine plans to pursue commercially sustainable opportunities to invest in strategically located logistics facilities, assets and technologies. It will also look for acquisitions of other logistics businesses and infrastructure assets that will allow it to enhance its scale and market position and reach to new geographic markets. For example, through its subsidiary, Pristine Malwa Logistics Park it has submitted a resolution plan for the acquisition of Sical Logistics, which is undergoing a corporate insolvency resolution process. Sical primarily operates in South India, particularly at Ennore, Mangaluru, Tuticorin and Chennai, and conducts stevedoring operations at Visakhapatnam. The acquisition of Sical, if successful, would facilitate Pristine to enjoy a gateway into the logistics space in the South Indian region, where it lacks a strong presence. It has also collaborated with a Nepal-based Valley group to take over operations at an ICD at Birgunj.

Pristine plans to go public and it has already filed its Draft Red Herring Prospectus (DRHP) with the market regulator, Securities & Exchange Board of India (SEBI). The IPO consists of a fresh issue of ₹250 crore and offer-for-sale of up to 20,066,269 equity shares. ICICI Securities, HSBC Securities & Capital Markets (India) and JM Financial are the book running lead managers and Link Intime India is the registrar to the offer. The equity shares are proposed to be listed on BSE and NSE.

Impressed by Pristine's business model, growth potential and in-depth sectoral experience of promoters, institutions such as UTI Capital, CDC group plc and IIF II have invested in the company – UTI coming in with ₹60 crore and CDC, with ₹150 crore in 2011-12 and 2014-15 respectively. Both have been paid off and they exited with good returns. In 2017-18, Global Infrastructure Partners invested ₹550 crore in the company; it will exit partially through the IPO, bringing its shareholding down from 57.5 per cent to below 25 per cent.

Between 2009-10 and 2020-21, the installed capacity of ICDs and PFTs has expanded from 108,000 twenty-ft equivalent unit (TEU) to 648,000 TEU, since the opening of Pristine's first port in Kanpur in 2010. Container Corporation of India and Gateway Distriparks are two of Pristine's listed competitors. CONCOR, Adani Logistics, GRFL and DP World compete in the PFT market, whereas CONCOR, Adani Logistics, GRFL, Hind Terminals and DP World compete in the CTO market.

Pristine Logistics' revenues from operations increased 18.68 per cent from ₹469.27 crore in 2019-20 to ₹556.93 crore in 2020-21, due to the commencement of the Birgunj and Siliguri terminals, resulting in a surge in handling and transportation services. Revenue for the nine-month period ended December 2021 stood at ₹494.75 crore. This is a significant record, considering the ups and downs, as also the lockdown shocker, as the company began with a turnover of mere ₹73.5 lakh in 2011-12. Pristine appears to be on the right track set to scale new heights, as Amit and his team get aggressive now. ♦

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