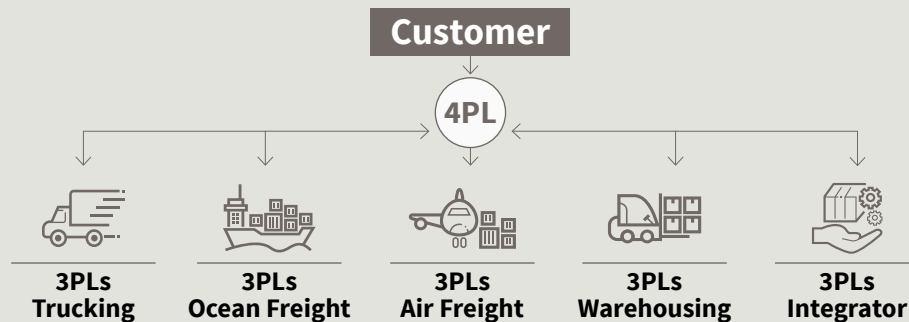


# THE INDOSPACE QUARTERLY

January 2019



## 4PL – The future of Supply Chain in India

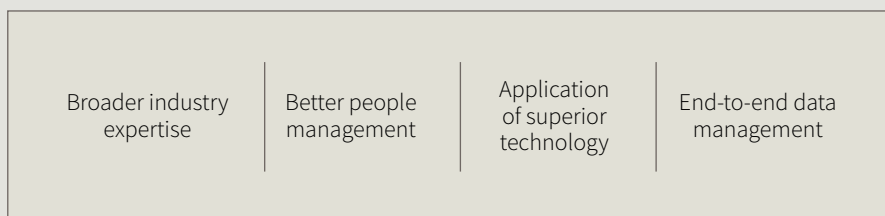


A 4th-party logistics provider (4PL), also called a lead logistics provider (LLP), operates the entire supply chain by managing other 3PLs, overseeing transportation management, supervising warehouse operations or operating other segments of supply chain. A 4PL defines processes and manages the acquisition and integration of logistics services, either directly or via subcontractors, and thus oversees every detail and meets key business need for the client.

Responding to the need for cost optimisation in logistics, a 4PL helps its customers to answer **“What to Store?”**, **“Where to Store?”** and **“How much to Store?”** in their marketing plans, in a cost-effective way. In addition, a 4PL enables customers to focus on their core business by identifying opportunities to reduce wastages and inefficiencies in their supply chain operations including,



Devising common strategic and operational values between companies and their 4PL partners can help to reduce 8-12% of supply chain costs. Other added benefits of outsourcing supply chain management to 4PLs include,



## Real Estate Assets - Key consideration for 4PLs

The Indian economy is rapidly growing with the spurt in e-commerce and technology driven consumption, which demands agile fulfillment. Real estate assets need to be given special emphasis while keeping speed and cost optimization top of mind. Storage space capable of handling adequate volumes, built as per technical specifications; and proximity to manufacturing and consumer markets is the key driver for ensuring cost-effective and a time efficient delivery platform. Sourcing of efficient Grade - A warehousing space with pan India linkage is a key requirement of 4PL service providers in their bid to maintain desired stock in the right locations.

## Data Centres – Upcoming Real Estate Asset Class in India

Data Centres, as a real estate asset class, are gaining importance considering the popularity and complexity of today's virtual world. Key drivers supporting this segment's growth include urbanization, expanding consumer markets, household wealth as well as technological developments.

### India Entering into New Era of Virtual Economy

India is one of the key consumption based economies in the world, experiencing rapid technological transformation. Hence the Government of India, found it imperative to study various issues relating to data protection and security in India and drafted legislation to this effect. The Personal Data Protection Bill, 2018 ("PDP Bill"), expected to be tabled in the winter session of the parliament, proposes that any entity (individual or organisation) dealing with personal data within Indian territory, should have a dedicated, secure storage space for it in India. Herein arises the requirement of Data Centres.

### Where to Set Up – Key Considerations

- Primary decision-making factors include the availability of infrastructure like road, power and limited exposure to extreme weather, seismic activity, etc.
- Network speed with the existence of multiple service providers
- Minimum operation cost, especially building and power cost
- This critical facility can run only by the intervention of skilled work force with 100% reliability on round the clock operations
- Adequate provision for disaster recovery facility

### Data Centres – An Investment Opportunity

The prime entry barrier into this niche segment is the high capital cost involved in its development and operations arising out of the need for information security and confidentiality. The location for this type of real estate asset demands a holistic view of the process, prioritizing and balancing all factors and parameters. As a result, Data Centres present a compelling investment case for India.

### Is India Ready?

India poses a unique opportunity due to its rapid growth in adoption of technology, change in consumption patterns, urbanization, regulatory compulsion, reduction in bandwidth cost, as well as a significant supply of skilled workforce that are the major drivers of Data Centre industry's growth. Though the industry is in the nascent stage, the growth curve also provides a first mover platform for investment with smart

**50 Crores**

Internet Connections In India

**65%**

Increase from Mar 2016 to Sep 2018<sup>1</sup>

**USD 2.2 billion**

In 2015

**USD 4.5 billion**

In 2018

The Data Centre Market Size In India<sup>2</sup>

#### Hosted Data Centre

Netmagic Solutions | Tulip Data Centre | CTRLS Data Centre  
Spectranet Solutions | National Informatics Centre (NIC) | Sify Hosting

#### Captive Data Centre

Bharti Airtel | Reliance Communications | Tata Communications  
ITC | Wipro | Infosys | Accenture | BSNL

#### Data Centre Market

##### TIER 1 Cities

Mumbai | Chennai | Bengaluru | Pune | Hyderabad | Kolkata

##### TIER 2 or 3 Cities

NOIDA | Gurgaon | Kochi | Chandigarh | Coimbatore

financing route, e.g. PE funds, REITs. In addition, the Personal Data Protection Bill 2018 further escalates the demand for the data centres. Now it's time to establish India's place on the global Data Centre map by ensuring supply of specialised real estate asset at optimum cost and with adequate security.

<sup>1</sup> Telecom Regulatory Authority of India (TRAI)

<sup>2</sup> Internet and Mobile Association of India

## India Warehousing Snapshot

Cities	Supply Addition	Absorption
AHMEDABAD	↔	↔
BENGALURU	↔	↗
CHENNAI	↔	↔
DELHI NCR	↑	↔
HYDERABAD	↗	↗
KOLKATA	↔	↔
MUMBAI	↔	↔
PUNE	↔	↗

Growing ↑ Stable ↔ Stagnant ↗



## IndoSpace Supply Update — Projects, 2018

### INDOSPACE @ COIMBATORE

**About Coimbatore** - Coimbatore, one of the key economic hubs of Tamil Nadu is emerging as a focus destination for logistics due to its strategic geographic location in South India. Evolving from a major agriculture and textile hub of South India, Coimbatore has diversified into manufacturing sectors such as automotive, heavy engineering, gems & jewellery and electronics. Supported by a robust industrial linkage and an aspiring millennial population driving consumer demand, the city has catapulted into an important warehousing destination of Tamil Nadu, second only to Chennai.

**IndoSpace @ Coimbatore** - Located on the Palladam - Cochin Frontier Road (SH 163) in Coimbatore district's Pappampatti village, the IndoSpace Industrial and Logistics Park at Coimbatore has the strategic advantage of being well-connected to the states of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh by road, rail and air. In addition, key national highways connect the district to all the states giving the site seamless access to multiple markets.

### INDOSPACE @ KHOPOLI

**About Khopoli** - Khopoli is a busy industrial locality situated in the Khalapur taluka of Raigad district in Maharashtra. This place has the unique distinction of being one of India's well-planned districts in terms of infrastructure, construction, development and transport facilities. Its excellent connectivity to the Mumbai-Pune Expressway, Central Railway and Nhava Sheva Port makes Khopoli a strategic location for industrial development.

**IndoSpace @ Khopoli** - IndoSpace has 2 projects in Khopoli, just 2 kms away from each other. IndoSpace Industrial and Logistics Park Khopoli I and IndoSpace Industrial and Logistics Park Khopoli II, are located 8 kms and 6 kms away from the Mumbai-Pune Expressway, respectively. They are also located near NH 48, a key national highway that seamlessly connects the site with Gujarat and Karnataka. Major companies in the region include Mahindra Ugine Steel, Uttam Galva Steel, Bhushan Steel, Ispat Steel, Colour Labs, Wartsila India and Alta Laboratories. Godrej has also recently set up its facility here.



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## Becharaji: The Future of Industrial and Warehousing Development

**Becharaji – Now:** Mandal Becharaji Special Investment Region (MBSIR) is spread across approx. 10,000 Ha of land. The major industrial developments include:

- 900- acre plant of Maruti Suzuki (partly operational)
- 250-acre plant of Honda Motorcycle and Scooter
- Japanese Industrial Cluster spread over 200 acres with nearly 20 Japanese MSME companies

**Becharaji – Future:**

- 600 acres acquired by Maruti Suzuki to set up an Electric Vehicle Plant in collaboration with Toyota. Production expected to start from 2021
- 400 acres acquired by Honda for 4-wheeler production
- Raymond, the textile major, is in process of acquiring 300 acres of land

**IndoSpace @ Becharaji**

The proposed site is located 6 km from Maruti Suzuki Plant

- The site has direct access from Becharaji Surendranagar State Highway (SH 19)
- Sanand Industrial Estate (Tata and Ford plants) – 80 km
- Kandla Port – 310 km
- Mundra Port - 275 km



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